

CITY OF BURLINGTON, VERMONT



\$31,000,000*
General Obligation Public Improvement Bonds,
Series 2025A

Detailed information regarding this issue (the “Series 2025A Bonds”) is set forth herein.

* Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 13, 2025

NEW ISSUE: FULL BOOK-ENTRY ONLY

Ratings: Moody's "Aa2"
(See "Ratings" herein)

In the opinion of Paul Frank + Collins P.C., Bond Counsel, based upon an analysis of existing laws, regulations and rulings, and assuming, among other matters, the accuracy of certain representations of the City and the compliance with certain covenants, interest on the Series 2025A Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is further of the opinion that, under existing law, the interest on the Series 2025A Bonds is not subject to the Vermont personal income tax or the Vermont corporate income tax. See "Tax Exemption" and "Appendix C – Form of Proposed Opinion" herein.

OFFICIAL STATEMENT



\$31,000,000*

City of Burlington, Vermont General Obligation Public Improvement Bonds, Series 2025A

Dated: Date of Delivery

Due: November 1, 2026-2045

Minimum Bid: \$30,752,000 (99.2% of Par)

Good Faith: \$310,000

The \$31,000,000* General Obligation Public Improvement Bonds, Series 2025A (the "Series 2025A Bonds") are general obligations of the City of Burlington, Vermont (the "City"), within which all taxable real property is subject to the levy of ad valorem taxes to pay the Series 2025A Bonds and interest thereon. The proceeds of the Series 2025A Bonds shall be used for the purposes of: (i) financing certain capital improvement projects for the City, the City's Electric Light Department, and the City's School District, (ii) financing capital infrastructure improvements for the City, (iii) financing capital improvements to Burlington High School and Burlington Technical Center, including new construction, and (iv) paying certain costs of issuance of the Series 2025A Bonds.

The Series 2025A Bonds are being issued pursuant to the following provisions of the City Charter, resolutions of the City Council, and, in certain cases, approval by the voters of the City: (i) \$7,000,000 in principal amount is issued pursuant to Sections 62 and 63 of the Charter of the City; (ii) \$7,000,000 in principal amount is issued pursuant to Sections 62 and 63 of the Charter of the City and voter authorization at an annual meeting of the City held on March 4, 2025; (iii) \$14,000,000 in principal amount is issued pursuant to Section 63 of the Charter of the City and a vote of the City taken at a special meeting held November 8, 2022 for bonds for the Burlington High School project; and (iv) \$3,000,000 in principal amount is issued pursuant to Section 63 of the Charter of the City and a vote of the City taken at an annual meeting held March 7, 2017 for bonds for City school projects.

The Series 2025A Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Series 2025A Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Series 2025A Bonds purchased.

Principal of the Series 2025A Bonds, payable annually on each November 1, commencing November 1, 2026, and interest on the Series 2025A Bonds, payable on each May 1 and November 1, commencing May 1, 2026, will be paid to DTC which will in turn remit such principal and interest to its participants for subsequent dispersal to the beneficial owners of the Series 2025A Bonds as described herein. (See "Book-Entry Only System" herein.) The Series 2025A Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

REGISTRAR/PAYING AGENT:

Zions Bancorporation, National Association
Chicago, Illinois

BANK QUALIFIED:

The Series 2025A Bonds will not be designated "Qualified Tax-Exempt Obligations."

BOND COUNSEL:

Paul Frank + Collins P.C.
Burlington, Vermont

BIDS RECEIVED:

Thursday, November 20, 2025, at 10:30 A.M., Eastern Time
By PFM Financial Advisors LLC
45 South 7th Street, Suite 2950
Minneapolis, MN 55402
(Electronic bids may be submitted)

BIDS CONSIDERED:

By the City's Chief Administrative Officer on Thursday, November 20, 2025, at 4:00 P.M., Eastern Time

DELIVERY:

Expected on or about December 4, 2025.

The date of this Official Statement is November 13, 2025.

(THIS PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION).

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULES

\$31,000,000*
Series 2025A Bonds
Serial Bonds

<u>Maturity</u> <u>November 1*</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or Yield</u>	<u>CUSIP**</u>
11/1/2026	\$1,080,000			
11/1/2027	1,130,000			
11/1/2028	1,185,000			
11/1/2029	1,250,000			
11/1/2030	1,310,000			
11/1/2031	1,375,000			
11/1/2032	1,445,000			
11/1/2033	1,520,000			
11/1/2034	1,600,000			
11/1/2035	1,680,000			
11/1/2036	1,375,000			
11/1/2037	1,450,000			
11/1/2038	1,525,000			
11/1/2039	1,595,000			
11/1/2040	1,680,000			
11/1/2041	1,770,000			
11/1/2042	1,865,000			
11/1/2043	1,955,000			
11/1/2044	2,055,000			
11/1/2045	2,155,000			

The Series 2025A Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

[†]Priced to the call date of November 1, 2035*.

* Preliminary, subject to change.

**The CUSIP numbers appearing in this Official Statement have been assigned by an independent organization not affiliated with the City and the City is not responsible for the selection or use of CUSIP numbers. The CUSIP numbers appearing in this Official Statement are included solely for the convenience of holders of the Series 2025A Bonds and no representation is made as to the correctness of any CUSIP number appearing in this Official Statement. Any CUSIP number assigned to any of the Series 2025A Bonds may be changed during the term of the Series 2025A Bonds based on a number of factors including without limitation the refunding or defeasance of such issue or the use of secondary market financial products. The City has not agreed to, nor does it have any duty or obligation to, update this Official Statement to reflect any change or correction in any CUSIP number included in this Official Statement.

(The remainder of this page has been left blank intentionally.)

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

IN MAKING ANY INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Other than as to matters expressly set forth in “Appendix A – City of Burlington, Vermont - Audited Financial Statements for FY 2024, as excerpted from the City of Burlington, Vermont Annual Financial Report” and “Appendix B – Audited Financial Statements-Burlington School District for FY 2024” herein, the Independent Auditors of the City and the School District are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

The City deems this Official Statement to be “final” for purposes of Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(1) (the “Rule”), but this Official Statement is subject to revision or amendment to the extent provided for by the Rule.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan”, “expect”, “anticipate”, “estimate”, “budget”, “forecast”, or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, occur.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in the Rule.

The cover page, inside cover, this page and the appendices attached hereto are a part of this Official Statement.

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CITY OF BURLINGTON, VERMONT

		Initial Term <u>Commenced</u>	Current Term <u>Expires</u>
<i>Emma Mulvaney-Stanak</i>	<i>Mayor</i>	<i>2024</i>	<i>2027</i>

City Council

<i>Carter Neubieser</i>	<i>Ward 1</i>	<i>2024</i>	<i>2026</i>
<i>Eugene Bergman</i>	<i>Ward 2</i>	<i>2022</i>	<i>2026</i>
<i>Joe Kane</i>	<i>Ward 3</i>	<i>2024</i>	<i>2026</i>
<i>Sarah E. Carpenter</i>	<i>Ward 4</i>	<i>2020</i>	<i>2026</i>
<i>Ben Traverse, City Council President</i>	<i>Ward 5</i>	<i>2022</i>	<i>2026</i>
<i>Becca Brown McKnight</i>	<i>Ward 6</i>	<i>2024</i>	<i>2026</i>
<i>Evan Litwin</i>	<i>Ward 7</i>	<i>2024</i>	<i>2026</i>
<i>Marek Broderick</i>	<i>Ward 8</i>	<i>2024</i>	<i>2026</i>
<i>Allie Schachter</i>	<i>East District</i>	<i>2025</i>	<i>2027</i>
<i>Melo Grant</i>	<i>Central District</i>	<i>2023</i>	<i>2027</i>
<i>Mark Barlow</i>	<i>North District</i>	<i>2021</i>	<i>2027</i>
<i>Ranjit Singh</i>	<i>South District</i>	<i>2025</i>	<i>2027</i>

City Administration

<i>Katherine Schad</i>	<i>Chief Administrative Officer</i>
<i>Joe Turner</i>	<i>City Assessor</i>
<i>Jessica Brown, Esq.</i>	<i>City Attorney</i>
<i>Ann Barton</i>	<i>Comptroller</i>

Financial Advisor

PFM FINANCIAL ADVISORS LLC
Minneapolis, Minnesota

Bond Counsel

PAUL FRANK + COLLINS P.C.
Burlington, Vermont

INTRODUCTION TO THE OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding the City's \$31,000,000* General Obligation Public Improvement Bonds, Series 2025A (the "Series 2025A Bonds") and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the appendices hereto. Investors must read the entire Official Statement to obtain information essential to making an informed decision.

Issuer:	City of Burlington, Vermont.
Security:	General obligation, unlimited tax levy.
Purpose:	For the purposes of: (i) financing certain capital improvement projects for the City, the City's Electric Light Department, and the City's School District, (ii) financing capital infrastructure improvements for the City, (iii) financing capital improvements to Burlington High School and Burlington Technical Center, including new construction, and (iv) paying certain costs of issuance of the Series 2025A Bonds.
Redemption Provisions:	The Series 2025A Bonds maturing on or after November 1, 2036* are subject to optional redemption on November 1, 2035*, and on any date thereafter, in whole or in part, at a price of par plus accrued interest thereon to the date of redemption.
Denominations:	The Series 2025A Bonds will be issued in denominations of \$5,000 and integral multiples thereof.
Registration:	The Series 2025A Bonds will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2025A Bonds.
Principal Payments:	Annually November 1, 2026-2045.
Interest Payments:	Semiannually, on each May 1 and November 1, commencing May 1, 2026.

* Preliminary, subject to change

Tax Status:	Interest on the Series 2025A Bonds is generally exempt from federal and state income taxes (see “Tax Exemption” herein).
	The Series 2025A Bonds will not be designated as Qualified Tax-Exempt Obligations under the Internal Revenue Code of 1986.
Professional Consultants:	<i>Financial Advisor:</i> PFM Financial Advisors LLC Minneapolis, Minnesota <i>Bond Counsel:</i> Paul Frank + Collins P.C. Burlington, Vermont <i>Registrar/Paying Agent:</i> Zions Bancorporation, National Association Chicago, Illinois
Legal Matters:	Legal matters incident to the authorization and issuance of the Series 2025A Bonds are subject to the opinion of Paul Frank + Collins P.C., Bond Counsel, as to validity and tax exemption. The opinion will be substantially in the form set forth in “Appendix C – Form of Proposed Legal Opinion” attached hereto. Other than as to matters expressly set forth herein as prepared by Bond Counsel or as the opinion of Bond Counsel, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.
Authority for Issuance:	The Series 2025A Bonds are being issued pursuant to the following provisions of the City Charter, resolutions of the City Council, and, in certain cases, approval by the voters of the City: (i) \$7,000,000 in principal amount is issued pursuant to Sections 62 and 63 of the Charter of the City; (ii) \$7,000,000 in principal amount is issued pursuant to Sections 62 and 63 of the Charter of the City and voter authorization at an annual meeting of the City held on March 4, 2025; (iii) \$14,000,000 in principal amount is issued pursuant to Section 63 of the Charter of the City and a vote of the City taken at a special meeting held November 8, 2022 for bonds for the Burlington High School project; and (iv) \$3,000,000 in principal amount is issued pursuant to Section 63 of the Charter of the City and a vote of the City taken at an annual meeting held March 7, 2017 for bonds for City school projects.
Delivery:	Expected on or about December 4, 2025, at the Depository Trust Company, New York, New York, on behalf of the purchaser of the Bonds.
Book-Entry Only:	The Series 2025A Bonds will be issued as book-entry only securities through the Depository Trust Company, New York, New York.

Limitations on Offering or
Reoffering Securities:

No dealer, broker, salesperson or other person has been authorized by the City or the Financial Advisor to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the City or the Financial Advisor. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Series 2025A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

No Litigation:

There is no litigation now pending or, to the knowledge of City officials, threatened which questions the validity of the Series 2025A Bonds or of any proceedings of the City taken with respect to the issuance or sale thereof. See “LITIGATION” herein.

Continuing Disclosure:

The City will covenant to provide continuing disclosure with respect to the Series 2025A Bonds. See “Appendix D – Form of Continuing Disclosure Certificate” for the Form of Continuing Disclosure Undertaking.

Questions regarding the Series 2025A Bonds or the Official Statement can be directed to, and additional copies of the Official Statement and the City’s audited financial reports may be obtained from, PFM Financial Advisors LLC, 45 South 7th Street, Suite 2950, Minneapolis, Minnesota 55402, (612/338-3535), www.pfm.com, the City’s financial advisor.

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FINANCIAL SUMMARY

(This summary is subject in all respects to more complete information contained in this Official Statement.)

ESTIMATED MARKET VALUE 2025/26	\$ 5,919,018,567
ASSESSED VALUE 2025/26	\$ 6,121,169,135
GRAND LIST (1% OF ASSESSED VALUATION) 2025/26	\$ 61,211,691

GENERAL OBLIGATION DEBT: (Does not include the Series 2025A Bonds)

Levy Supported	\$ 106,092,000
School Supported	\$ 183,834,130
Revenue Supported	\$ 44,765,000

OTHER NOTES PAYABLE: \$ 21,340,000

REVENUE DEBT: \$ 69,014,543

OVERLAPPING GENERAL OBLIGATION DEBT
(As of June 30, 2025) \$ --

POPULATION (2020) 44,743

AREA 16.1 square miles

DEBT RATIOS:

	<u>Debt Outstanding</u>	<u>Per Capita (44,743)</u>	<u>% of Estimated Market Value</u>
General Obligation Debt			
Levy Supported	\$106,092,000	\$2,371	1.79%
School Supported	183,834,130	4,109	3.11%
Revenue Supported	44,765,000	1,001	0.76%
Overlapping Debt	--	--	--%
Total	<u>\$334,691,130</u>	<u>\$7,481</u>	<u>5.65%</u>

DESCRIPTION OF THE OBLIGATIONS

Authorization and Purpose

The Series 2025A Bonds are being issued pursuant to the following provisions of the City Charter, resolutions of the City Council, and, in certain cases, approval by the voters of the City: (i) \$7,000,000 in principal amount is issued pursuant to Sections 62 and 63 of the Charter of the City; (ii) \$7,000,000 in principal amount is issued pursuant to Sections 62 and 63 of the Charter of the City and voter authorization at an annual meeting of the City held on March 4, 2025; (iii) \$14,000,000 in principal amount is issued pursuant to Section 63 of the Charter of the City and a vote of the City taken at a special meeting held November 8, 2022 for bonds for the Burlington High School project; and (iv) \$3,000,000 in principal amount is issued pursuant to Section 63 of the Charter of the City and a vote of the City taken at an annual meeting held March 7, 2017 for bonds for City school projects. The proceeds of the Series 2025A Bonds shall be used for the purposes of: (i) financing certain capital improvement projects for the City, the City's Electric Light Department, and the City's School District, (ii) financing capital infrastructure improvements for the City, (iii) financing capital improvements to Burlington High School and Burlington Technical Center, including new construction, and (iv) paying certain costs of issuance of the Series 2025A Bonds.

Security

The Series 2025A Bonds are general obligations of the City to which its full faith credit and unlimited taxing powers are pledged and are payable from unlimited *ad valorem* taxes duly assessed on the grand list of all taxable property in the City. The portion of the Series 2025A Bonds issued to finance capital improvements for the City's School District, including capital improvements to Burlington High School and Burlington Technical Center are payable from funds received by the City's School District from the State of Vermont Education Fund.

Registration

The Series 2025A Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Series 2025A Bonds. Individual purchases may be made in book-entry form only. Individual purchases of the Series 2025A Bonds may be made in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Series 2025A Bonds purchased.

Interest Computation

Interest is payable semi-annually on the Series 2025A Bonds on May 1 and November 1, commencing May 1, 2026.

Interest on the Series 2025A Bonds will be computed on a 360-day year, 30-day month basis. Payments coming due on a non-business day will be paid on the next business day.

Redemption Provisions

Optional Redemption

The Series 2025A Bonds maturing on or after November 1, 2036* are subject to optional redemption on November 1, 2035*, and on any date thereafter, in whole or in part, at a price of par plus accrued interest thereon to the date of redemption.

* Preliminary, subject to change

General Provisions

If redemption is in part, the Series 2025A Bonds to be redeemed will be selected by the City. If only part of the Series 2025A Bonds having a common maturity date are called for redemption, the City will notify The Depository Trust Company, New York, New York (“DTC”) of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant’s interest in such maturity to be redeemed and each particular participant will then select by lot the beneficial ownership interests in such maturity to be redeemed.

In the event the Series 2025A Bonds are called for redemption, notice will be sent by registered or certified mail not less than thirty (30) days prior to the redemption date to DTC. It will be the responsibility of DTC and its participants to give notice of the redemption to beneficial owners of the Series 2025A Bonds. Failure to mail notice of the redemption to the registered owner of any other Series 2025A Bonds, any defect in the notice to such an owner, or failure by DTC and its participants to provide notice of redemption to the beneficial owners of the Series 2025A Bonds will not affect the redemption of the Series 2025A Bonds.

Certain Investment Considerations

Purchase of the Series 2025A Bonds involves a degree of risk. While the following descriptions summarize some of the risk factors associated with the Series 2025A Bonds, it does not purport to be a complete description of all risks associated with an investment in the Series 2025A Bonds. The factors affecting the City’s financial condition and operations described throughout this Official Statement are complex and are not intended to be summarized in any one section. This Official Statement should be read in its entirety.

General – The financial and economic condition of the City as well as the market for the Series 2025A Bonds could be affected by a variety of factors, some of which are beyond the City’s control. There can be no assurance that adverse events in the State of Vermont, the City, or other jurisdictions in the country will not occur, which might affect the market price of and the market for the Series 2025A Bonds. A significant default or other financial crisis in the affairs of the State of Vermont, the City, or another jurisdiction or any of the agencies or political subdivisions of the foregoing could adversely affect the market for, and market value of, outstanding debt obligations, including the Series 2025A Bonds. The collection of sufficient taxes to pay debt service could be impaired if growth of the value of taxable property within the City slows or reverses in comparison to tax supported debt and expenses. The City’s revenues, expenses, and infrastructure burden could also be adversely affected by consequences of climate change or other material disasters occurring within the City or the State of Vermont, such as increases in the severity of storms or similar events. The City’s ability to obtain insurance on commercially reasonable terms for casualty and liability claims may also be impacted by changes in the insurance market and other factors outside of the control of the City.

Public Health Risks – The outbreak of the 2019 novel coronavirus (“COVID -19”) pandemic significantly affected, and may continue to affect, general economic conditions and the housing market in the City. While the City has taken numerous steps to address the significant challenges due to the COVID-19 pandemic, the ultimate impact of the COVID-19 pandemic on the City’s operations and finances, the economy, and development within the City is still not known, and it may be some time before the full adverse impacts of the COVID-19 pandemic are known. Other pandemics, epidemics, and public health emergencies may adversely impact the City in the future and the City’s revenues, expenses, financial conditions and business environments. The City cannot predict duration and extent of such pandemics, epidemics, or other health emergencies. The City cannot quantify the magnitude of their ultimate impact on the State of Vermont, the regional economy, or on the revenues, expenses, and operations of the City.

Cybersecurity – The City, like other public and private entities, relies on technology to conduct its operations. The City and its departments face cyber threats, including and not limited to hacking, phishing, spoofing, malware, and other attacks on computer systems. To mitigate the risk of impact on its operations from such cyber incidents, the City undertakes various forms of cyber security and controls. The City currently has cyber insurance policy to limit potential damages and costs associated with cybersecurity risks. No assurance can be given that such measures the City undertakes to reduce risks from threats will be completely successful to guard against cyber threats and attacks.

Marketability – The market value of the Series 2025A Bonds will also be affected by changes in the level of interest rates and generally rising interest rates may cause the market value of the Series 2025A Bonds to decrease either

during the extended order period or in the secondary market. There can be no assurance that any sale of the Series 2025A Bonds prior to maturity will be at a price at least equal to the price paid by a purchaser at the time of initial issuance or the date of purchase of any Series 2025A Bonds.

Undertaking to Provide Continuing Disclosure on the Obligations

At the time of the delivery of the Series 2025A Bonds, the City will execute a Continuing Disclosure Certificate (the “Undertaking”) in the form attached hereto as Appendix D. Said Undertaking will constitute a written agreement or contract of the City for the benefit of holders and/or beneficial owners of the Series 2025A Bonds, to provide, or cause to be provided to, the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board (“MSRB”) established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto, the financial and other information included in the form of Undertaking in Appendix D hereto.

Failure of the City to comply with the Undertaking shall not constitute an event of default under the Series 2025A Bonds or under any authorizing resolution for the Series 2025A Bonds.

The City’s Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Series 2025A Bonds shall have been paid in full or in the event that those portions of SEC Rule 15c2-12 which require the Undertaking, or such provision, as the case may be, do not or no longer apply to the Series 2025A Bonds. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the City, and no person or entity, including a Holder of the Series 2025A Bonds, shall be entitled to seek or recover monetary damages thereunder under any circumstances.

The City reserves the right to amend or waive the Undertaking in any way so long as such amendment or waiver would not, in and of itself, violate SEC Rule 15c2-12.

Failure by the City to comply with the Undertaking could adversely affect the market price of the Series 2025A Bonds.

During the previous five years, the City has failed to comply with its continuing disclosure undertakings as set forth herein.

The City was late in filing the event notices for the incurrence of its \$10,000,000 Grant Anticipation Note and \$11,100,000 Revenue Anticipation Note for the City’s Airport Department, each entered into on November 17, 2021, although audited financial statements for the Airport Enterprise Fund filed on November 30, 2021, noted the incurrence of these obligations as subsequent events. The City filed the event notices for incurrence of a financial obligation on December 15, 2021.

The City was late in filing the event notice for the issuance of its \$2,560,000 Stormwater Revenue Bond on November 15, 2021, and subsequently filed the event notice on December 20, 2021.

The City was late in filing the event notice for the lease-purchase arrangement, with a principal amount of \$790,000, for the lease-purchase of certain equipment for use by the Burlington Electric Department, the funding of which occurred on or about July 20, 2021, and subsequently filed the event notice on August 13, 2021.

The City was late in filing the event notice for the issuance of its \$1,571,022 Water System Revenue Bonds, Series 2022 on November 23, 2022, and subsequently filed the event notice on January 19, 2023.

The City expects to have its audited financial statements available within 270 days after the end of each such succeeding fiscal year in order to facilitate timely filings of annual financial information and operating data for the preceding fiscal year with EMMA as required by the Undertaking.

In November 2012, the City entered into a Disclosure Dissemination Agreement with Digital Assurance Certification, L.L.C. (“DAC”) as a disclosure dissemination agent to assist the City in its continuing disclosure undertakings pursuant to a Disclosure Dissemination Agreement. In November 2014, the City put in place written continuing

disclosure procedures that provide for a disclosure manager, appointed by the City's Chief Administrative Officer, to coordinate with DAC to make sure all of the required filings are timely made, review filings, and monitor and maintain the efficacy of the City's disclosure procedures on an ongoing basis. The City shall amend the Disclosure Dissemination Agreement with DAC to include assistance with respect to its disclosure undertakings with respect to the Series 2025A Bonds.

Book Entry-Only System

The information contained in the following paragraphs of this subsection "Book-Entry Only System" has been extracted from a schedule prepared by The Depository Trust Company, New York, New York ("DTC"), entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE." The City makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC will act as securities depository for the Series 2025A Bonds. The Series 2025A Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each annual maturity of the Series 2025A Bonds, each in the aggregate principal amount of such annual maturity, and such certificates will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission. DTC has rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2025A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025A Bonds on DTC's records. The ownership interest of each actual purchaser of each certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2025A Bonds, except in the event that use of the book-entry system for the Series 2025A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the

actual Beneficial Owners of the Series 2025A Bonds; DTC's records reflect only identity of the Direct Participants to whose accounts such Series 2025A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2025A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2025A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in 'street name,' and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursements of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2025A Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2025A Bonds are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2025A Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

NEITHER THE CITY NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE SERIES 2025A BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO CERTIFICATEHOLDERS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS CERTIFICATEHOLDER; OR (5) THE SELECTION BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF SERIES 2025A BONDS. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2025A BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDOWNERS AS REGISTERED OWNERS OF THE SERIES 2025A BONDS SHALL MEAN CEDE & CO. (OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2025A BONDS.

THE CITY OF BURLINGTON

Description of the City

The City of Burlington, Vermont (the “City”) is the largest city in Vermont and located in northwestern Vermont on the eastern shore of Lake Champlain directly across from northern New York State. The City is the commercial center of Chittenden County and encompasses 16 square miles. The City is 90 miles south of Montreal, Quebec, 220 miles northwest of Boston, Massachusetts, and 300 miles north of New York, New York.

Highways serving the City include State Highways 2 and 7 and Interstates U.S. 89 and 189. The Lake Champlain Transportation Company operates ferries on Lake Champlain between Vermont and New York.

The Patrick Leahy Burlington International Airport serves over 1.2 million passengers per year and accommodates non-stop air service to all three New York City metropolitan area airports, Philadelphia, both Washington D.C. airports, Chicago, Atlanta, Charlotte, NC, Detroit, and seasonally to Orlando/Sanford, Florida. Passengers can reach nearly any destination world-wide with just one connection from Burlington.

Bus service is provided by Greyhound Lines, Megabus, and Vermont Trans Lines (operated by Vermont Agency of Transportation). Freight service is provided by the Vermont Railway Corporation and Rail America. Green Mountain Transit, which represents Burlington, Essex, South Burlington, Shelburne, Williston, Winooski, Milton, Hinesburg and a portion of Colchester, provides local bus service. LINK Express routes serve Montpelier, Middlebury, and St. Albans commuters. The Amtrak Ethan Allen Express train recently extended its passenger rail service from Burlington to New York City.

Form of Government

Burlington was incorporated as a City in 1865. On November 7, 2000, voters approved amendments to the City Charter which provided for direct Mayoral appointment of department heads with City Council confirmation, clarified the Mayor’s authority as the City’s Chief Executive Officer, established the position of Chief Administrative Officer, and provided that City commissions would become advisory except when authority was re-delegated by the City Council.

About the Burlington Community

Located between the highest section of the Green Mountains and the widest part of Lake Champlain, the City of Burlington enjoys superb scenery and outstanding year-round recreational opportunities.

Cultural activities abound and are encouraged by the participation of businesses, educational institutions, and government. Several theaters for the performing arts, theater troupes, museums, fairs, and festivals fill the City’s cultural calendar, while Burlington City Arts, a City Department, provides a well-known gallery for the display of contemporary art, as well as events including music, film, and performance.

The University of Vermont Medical Center is the state’s academic medical center and serves approximately one million people in Vermont and New York. UVM Medical Center includes three founding organizations – Medical Center Hospital of Vermont, Fanny Allen Hospital, and University Health Center – and the UVM College of Medicine. The Vermont Regional Cancer Center and the Vermont-New Hampshire Regional Red Cross Blood Center are also located in Greater Burlington.

Burlington is also known throughout the state and the nation for its innovative and entrepreneurial spirit. The City of Burlington was the first city in the country to use 100% renewable energy for the electricity needs of its residents. The Burlington International Airport is leading the industry with its continued amenity upgrades, such as the Mamava nursing mothers’ pod, green roof (including solar panels and a garden), as well as free wifi and convenient access.

Meanwhile a range of notable companies, from Seventh Generation to Dealer.com to Burton, are proud to call Burlington home.

Burlington is regularly recognized in nationally published periodicals as one of the best places to live. The City's location, economic climate, and abundance of community resources contributed to its award as the most livable city in America for cities of less than 100,000 people by the U.S. Conference of Mayors in 1989. Since then, the City has enjoyed numerous awards from national publications recognizing the City for its beauty, sustainability, and livability.

Employee Relations

As of June 30, 2025, the City of Burlington employed approximately 671 full time employees, excluding school employees. The City does not anticipate a significant increase in such staff in the foreseeable future and relations with its employees are generally good. All public employees except most supervisors, confidential employees, and certain school district employees in the State of Vermont have the right to organize and the right to bargain collectively with their public employers on matters of wages, terms and other conditions of employment other than managerial policy. The City has four separate labor associations: American Federation of State, County, & Municipal Employees, AFL-CIO, Council 93, Local 1343 (AFSCME) (the School District negotiates separately for the school AFSCME employees), the International Brotherhood of Electrical Workers, AFL-CIO Local 300 (IBEW), the Burlington Police Officers' Association (BPOA) and the Burlington Firefighters Association, International Association of Fire Fighters Local 3044 (BFFA). The AFSCME and IBEW contracts are in effect for the period of 2022 to 2026. The BFFA and BPOA contracts are in effect for the period of 2022 to 2025. The Burlington School District has contracts with AFSCME, the Burlington Education Association (BEA) and the Burlington Administrators' Association (BAA). The AFSCME and BAA contracts are in effect for the period of 2022 to 2025 and the BEA contract is currently being negotiated.

Retirement System

The Burlington Employees' Retirement System became effective as of July 1, 1954, and covers virtually all City employees, except the majority of teachers who are eligible for the Vermont Teachers Retirement System. The Vermont Teachers Retirement System is funded by employee contributions of 5% of the teacher's contract and the remainder is funded from the Annual State of Vermont budget. Membership in the Burlington Employees Retirement System (the pension plan) is divided into two classes. Class A consists of members of the Fire and Police Departments not including clerical employees. Class B represents the remainder of the City's work force.

The City's contribution to the Burlington Employees' Retirement System (BERS), excluding operational expenses, consists of two components.

1. Normal Contribution:

This portion covers the cost of benefits expected to accrue under the Plan during the fiscal year following the valuation date, net of required employee contributions. Class A members contribute 11.0% of compensation, and Class B members contribute 4.2% of compensation. Effective July 1, 2022, all employees contribute 30% of the total contribution required, with the City contributing the remaining 70%. For Fiscal Year 2025, this results in maximum employee contribution rates of 14.0% for Class A members and 7.0% for Class B members.

2. Past Service Contribution:

This portion represents payments toward unfunded actuarial accrued liabilities (UAAL), amortized over a 20-year period in accordance with the policy adopted by the Retirement Board. As of June 30, 2024, the unfunded past service cost totaled approximately \$120.0 million, based on a total pension liability of \$364.9 million and a plan fiduciary net position of \$244.9 million (67.11% funded).

For Fiscal Year 2024 (contributing toward FY 2025 funding), the City's total contribution to the Plan was \$11.7 million, representing 18.3% of covered payroll (\$64.0 million). The Plan's funded ratio improved to 67.1%, compared to 64.4% in FY 2023.

The long-term expected rate of return on plan investments remains 7.10%, and the total pension expense recognized under GASB 68 for the fiscal year ended June 30, 2024, was \$21.2 million.

The City's share of the system is funded partially on an annual funding basis by a special government tax levy. This retirement portion of the tax rate is determined by the City's Retirement Board through the yearly budget preparation process and subject to appropriation in the annual budget approved by the City Council and is not subject to limit.

Governmental Accounting Standards Board ("GASB") Statement No. 68, approved on June 25, 2012 ("GASB 68"), requires governments that provide defined pension benefits to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB Statement 68 is effective for fiscal years beginning after July 1, 2014.

For further information regarding the City's pension fund, refer to Note 25 of the Notes to Financial Statements contained in Appendix A to this Official Statement.

The following table sets forth the historical funding ratios of the Retirement System as of the actuarial valuation dates listed below including among other things, the unfunded actuarial accrued liability. The schedule below is pre GASB 67 per 62nd Actuarial Valuation for June 30, 2024.

Valuation Date (June 30)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)(b)	Excess of Assets over AAL (a-b)	Funded Ration (a/b)	Covered Payroll (c)	Excess as a % of Covered Payroll
2020	\$209,861,722	\$293,171,198	\$(83,309,476)	71.58%	\$52,984,543	157.23%
2021	219,377,787	310,788,910	(91,401,123)	70.59%	53,775,322	169.97%
2022	227,048,886	325,818,016	(98,769,130)	69.69%	55,392,895	178.31%
2023	232,271,118	347,249,878	(114,978,760)	66.89%	65,752,934	174.86%
2024	241,858,948	364,944,227	(123,085,279)	66.30%	64,019,663	187.48%

Schedule of Net Pension Liability for June 30, 2024, (measurement date for June 30, 2025 financial statements) is as follows:

Total pension liability	\$364,944,227
Plan fiduciary net position (Market Value)	(244,921,332)
Net pension liability (asset)	\$120,022,896

Plan fiduciary net position as a percentage of the total pension liability 67.11%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the System's net pension liability calculated using the discount rate of 7.10%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.10%) or 1 percentage –point higher (8.10%) than the current rate:

NPL 7.1%, \$120,022,896, NPL 6.1%, \$162,155,472, NPL 8.1%, \$84,878,694

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% increase (8.10%)
Primary government	\$146,891,430	\$108,579,855	\$75,650,123
Discretely presented component unit	<u>15,264,042</u>	<u>11,443,041</u>	<u>8,228,571</u>
Net pension liability	<u>\$162,155,472</u>	<u>\$120,022,896</u>	<u>\$84,878,694</u>

The following table sets forth the historical employer contributions.

Year Ended (June 30)	Annual Required Contribution	Actual Contribution	Percentage Contributed
2019	\$9,516,913	\$9,516,913	100.00%
2020	9,715,892	9,715,892	100.00%
2021	10,236,862	10,236,862	100.00%
2022	10,821,716	10,821,716	100.00%
2023	11,254,693	11,254,693	100.00%
2024	11,716,667	11,716,667	100.00%

Insurance

Effective January 1, 2007, the City entered into a comprehensive insurance program primarily underwritten by Travelers Insurance Company for all City departments with the exception of the operating entities of the electric department, the airport, and the department providing telecom (internet, phone and television services) related services.

Travelers & Liberty Mutual currently provides the following insurance for the City: Property (building and contents), Boiler and Machinery, Business Interruption, Contractors Equipment, Electronic Data Processing Equipment, Valuable Papers (i.e. library periodicals and books) and Fine Art. Coverage for the waterfront marine activities, including the boathouse, is provided by International Marine Underwriters (Intact).

Additionally, the City transfers its catastrophic risk of loss to Travelers Insurance Company in the following areas: General Liability coverage (covering negligent acts committed by the City resulting in property damage, bodily and personal injury to third parties), Sexual Abuse Liability, Auto Liability, Public Officials Liability (including coverage for employment related practices suits), Crime, Police Professional Liability as well as First Response Medical Professional coverage for EMTs and Ambulance Attendants.

In addition to the primary liability coverages highlighted in the preceding paragraph, the City of Burlington has purchased an Excess Liability policy to a limit of \$10,000,000 with Berkley National Insurance Company. Cyber coverage is purchased with a \$2,000,000 liability for all City's Operations with XL Insurance.

All coverage provided by Travelers, Liberty Mutual, and Intact, with the exception of workers' compensation, is offered on a guaranteed cost basis with deductibles ranging from \$0 to \$50,000. The workers' compensation program is a "paid large deductible" structure with each occurrence deductible of \$500,000. The City obtains a Standby Letter of Credit annually in an amount of \$1,850,000 as required by Travelers Insurance as part of the contract to provide the City with workers' compensation insurance.

The City also has purchased an environmental liability policy from the Chubb Insurance Company protecting the City against third party suits related to certain known and unknown exposures to pollutants, which has a liability limit of \$10,000,000 and a \$250,000 deductible.

The City contracts with an external risk manager, Hickok & Boardman, Inc., to coordinate insurance coverage as well as acting as an intermediary in obtaining claims adjudication and loss prevention services through Travelers Insurance Company, Liberty Mutual, Intact, Berkley National, XL Insurance, and Chubb Insurance Company.

No assurance can be given that these insurance arrangements can be renewed on the same terms in the future and increases in cost and/or decreases in availability of insurance could adversely affect the City.

Health Benefits

In June 2018, GASB issued Statement No. 75, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions (“GASB 75”). GASB 75 establishes standards for the measurement, recognition, and display of Other Post-Employment Benefits (“OPEB”), including Post Employment healthcare and other forms of Post-Employment benefits such as life insurance. While GASB 75 requires recognition of unfunded OPEB liability, there is no requirement that such liability be funded.

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2024	\$324,278	5.70%	\$4,945,753
2023	316,282	5.60%	5,649,329
2022	446,755	8.21%	5,439,976
2021	422,580	6.09%	6,938,319
2020	239,652	3.64%	6,584,236
2019	213,616	4.00%	5,334,976

City Services

The City provides municipal services including police and fire protection, emergency medical services, street construction and maintenance, solid waste management, traffic signalization, planning and zoning, community and economic development, parks and recreation, library services, youth services, arts programs, educational and general administrative services. The City also operates the following major enterprise funds: (1) electric, (2) water, (3) sewage collection and treatment, and (4) airport facilities.

Public Safety

The City’s Police and Fire Departments provide crime prevention, firefighting, emergency medical and fire prevention services.

The City is currently engaged in an effort to bolster its police staffing and response. As of July 1, 2024, there were 66 sworn police officers and 42 professional employees, including 5 Community Service Officers (CSOs) and 5 Community Support Liaisons (CSLs). Burlington CARES, or Crisis Assessment Response and Engagement Services, is a new service offered by the City, housed in the Police Department. CARES provides in-the-field clinical services and crisis response and, when fully operational, is expected to provide in-the-field medical services as well, meeting clients where they are and reducing the emergency department’s workload. The City’s plan to increase staffing levels in the Police Department is reflected in the FY25 budget, which authorized and supported the hiring of additional sworn officers, up to the currently authorized total of 87, and 6 additional CSOs, up to the authorized limit of 11. The FY25 budget also included significant funding for Police Department recruitment and retention and included a requirement that the Police Department report quarterly to the City Council about its recruitment efforts.

In November 2024, then-Police Chief Jon Murad announced that he would not seek re-appointment following the conclusion of his term. In February 2025, Mayor Mulvaney-Stanak announced the selection of Shawn Burke as the interim Police Chief, effective as of March 2025.

As of July 1, 2024, the Fire Department is at nearly full staffing, with 95 full-time firefighters, and carries an ISO Class 3 fire insurance rating. The Fire Department operates out of 5 fire stations, staffing 7 suppression apparatus and 3 ambulances with paramedic-level coverage throughout the City. The Fire Department has seen a more than 10% increase in responses over the last year. In an effort to bolster its response for persons struggling with addiction, the Fire Department piloted a new response model, the Community Response Team (CRT). The CRT not only responds to emergent calls for unresponsive and overdosed persons, but also offers outreach to this community to connect them with services. The Fire Department administers a recruit academy once per year, which is designed to train prospective

firefighters and EMTs, allowing for a greater pool of candidates when vacancies arise. Additionally, the Fire Department is continuing to work on lateral hiring, allowing for a quicker upfit of new employees and a deeper pool of experienced responders. The Fire Department continues to work diligently on ensuring its responders are trained in all aspects of response, including firefighting, advanced EMS, and all manners of technical rescue. Fire Department employees participate in state response teams, including Urban Search and Rescue and Hazardous Materials, and the Fire Department supports both in-state and national response to areas with heavy storm impacts.

Voters approved a dedicated tax to support Police and Fire Department activities effective in 2003. Voters approved an increase of 2.5 cents in 2005 to this tax, an additional 3-cent increase in 2020, and another additional 3 cents in 2024. The City's Administration implemented 2 cents of the approved 3 cents, leaving an additional cent should it be needed for next year.

Department of Public Works

The Department of Public Works ("DPW") consists of four divisions. The Maintenance Division maintains highways and sidewalks, repairs sanitary and stormwater sewer collection systems, removes snow and ice, provides recycling services, and maintains all 300+ City vehicles except for vehicles belonging to the School Department and Airport. The Technical Services Division includes Engineering and Planning, which are responsible for the technical work and contract management for public rights-of-way, as well as traffic engineering and the drafting of parking policy citywide. The Water Resources Division provides Water, Wastewater and Stormwater services for the City (detailed below). The Parking & Traffic Division manages on-street and off-street parking resources, maintains signs, signals and pavement markings, and operates the school crossing guard program.

Permitting and Inspections

The Permitting and Inspections Department consists of three divisions - Code Enforcement, Inspection Services, and Zoning. The City's Department of Permitting and Inspections provides public health and safety regulatory enforcement and inspections, including a minimum housing inspection program.

Libraries

The Fletcher Free Library (the "Library") is the City's public library, which is one of the largest and busiest public libraries in Vermont. The Library's mission is to inform, enrich, and nurture a community of lifelong learners. The Library contributes to the City's economic, social and cultural growth by facilitating universal access to knowledge, building community connections, and enabling and facilitating lifelong learning. The Library's collection includes over 128,000 items, including 7,050 DVDs; 4,200 books on CD or MP3; 495 Non-Traditional items, and 116,950 books. We have over 40,000 items in our digital library collection that can be checked out. The Library serves over 13,300 active patrons. The Library reference team assisted 5,600 people with technology help and answered over 31,700 reference questions. In fiscal year 2024, the Library offered over 1000 enrichment and literacy programs for early learners, youths, teens, and adults, benefitting over 16,700 participants. In close collaboration with community partners, the Library also coordinates the City's annual Summer Challenge Program, encouraging children 0-18 to read and maintain their reading achievement over the summer months. The 2025 Summer Challenge Program visited 16 parks and nutrition sites weekly, with over 1,700 kids, teens, and adults visiting the traveling library, and gave away 810 books to youth to build their own home libraries.

Recreation

In November 2009, the City voters authorized an additional 1 cent increase in the Parks tax rate for Parks capital projects called Penny for Parks. The dedicated tax supports ongoing work to maintain and improve assets in the Burlington Parks System. In November 2012, the City voters approved a half cent increase in the general city tax rate to provide funds for bike path maintenance, which was effective for fiscal year 2014.

Burlington City Arts

Since 1983, the City has partially funded the Burlington City Arts Department ("BCA"), which was established to make arts more accessible to all segments of the population. BCA brings a broad spectrum of arts programming to the

City and encourages partnerships between business, educational, artistic and governmental organizations in the production of cultural events. Securing and exhibiting national-level artists from Vermont and elsewhere, the BCA Center's mission is to bring a unique arts experience to the public that will challenge, teach and engage. The BCA Center features three floors of contemporary art exhibition and associated programming throughout the year including music, film and performance. BCA festivals and events encourage social connections among residents, support local artists, and stimulate economic activity through year-round programming of public spaces. Activities also include coordinating art-based volunteers and showcasing artwork within the local hospital, placing artists in schools and Head Start classrooms, working with government and non-profit partners to encourage creative placemaking, and presenting artist awards and grants for community arts projects. After moving out of Memorial Auditorium at the end of 2016, BCA renovated a leased space at 409 Pine Street into studio facilities for clay, printmaking, photography, and fine arts, and has offered classes and community studio use in the location since July 2017. In 2021, the City passed a 1% for public art ordinance to provide funding for public art in capital projects funded wholly or in part by the City. BCA is charged with preparing an annual budget for use of this Percent for Public Art Fund that may include commissioning public art, maintenance of the City's public art and administration of the City's Art in Public Places program.

Community and Economic Development

The development and implementation of a comprehensive community and economic development strategy for the City and the promotion of new development within the City's Municipal Development Plan falls under the direction of the Community and Economic Development Office ("CEDO") and the Office of City Planning.

CEDO provides funding for community development programs primarily funded by federal grants and local dedicated tax revenues, supporting programs related to workforce development, small businesses, community justice, housing and other various economic development projects. In July 2025, the City's Department of Business & Workforce Development was merged into CEDO. The Office of City Planning develops planning documents and regulations designed to guide development consistent with the community's goals and priorities.

Church Street Marketplace District

Established in 1981, the Church Street Marketplace District (the "District") is a four-block pedestrian mall and business improvement district located in the heart of Burlington's downtown. The City's Marketplace Department manages the public right of way on Church Street by providing maintenance, marketing and administrative services. As per the City's charter, no general fund dollars may be used for the operations of the District, and the Marketplace Department's operating budget must be funded entirely through fees and sponsorships. The majority of operating revenues are derived from a "common area fee" charged to all properties in the District. The Church Street Marketplace District Commission consists of nine members appointed by the City Council to staggered three-year terms. Their role is to set policy for the District and recommend the annual common area fee. Church Street has received the Great American Main Street Award from the National Trust for Historic Preservation and been recognized as one of America's "Great Public Spaces" by the American Planning Association. The Church Street Marketplace welcomes over 1.5 million visitors a year.

City Parking System

The Parking and Traffic Division of the Department of Public Works is responsible for the management, operation, enforcement, maintenance and repair of two (2) multi-level parking structures totaling approximately 1,500 spaces; six (6) metered surface lots totaling approximately 340 spaces; approximately 1,120 on-street parking meters and six (6) multi-space kiosks.

Operations and maintenance of parking infrastructure are organized within the Traffic and Parking Facilities Funds, both special revenue funds. By City Charter, all revenues generated by the Parking Facilities Fund (parking fees in garages and lots) are strictly limited to supporting the operation and maintenance of off-street parking facilities. Similarly, revenues generated by the Traffic Fund (on-street meters) are restricted for traffic-related expenditures. Enforcement of parking payment and regulations is done by Parking Services, and revenues generated through parking tickets and residential permits contribute to the General Fund. Although financially separate, all three funds operate

together to provide an integrated parking experience. Additionally, Parking Services works with Burlington Parks, Recreation and Waterfront to administer and enforce its facilities.

The Parking Facilities Fund has a typical, annual expected revenue budget of approximately \$3 million and the Traffic Fund has a typical, annual expected revenue budget of approximately \$2 million. Capital expenditures are programmed into the operating budget as either cash expenses or in the case of large equipment and major repairs, a lease-purchase financing over a multi-year term. Both funds retain excess revenue as rolling fund balance. Parking Services has a typical, annual expected revenue budget of approximately \$1.5 million. Revenues typically exceed expenses with excess revenue being contributed to the General Fund.

City Enterprises

Patrick Leahy Burlington International Airport – Airport Commission

Established in 1920, the Patrick Leahy Burlington International Airport has been in operation for over 100 years and has been the site of significant military and general aviation and scheduled commercial service since 1932. While COVID negatively affected the Airport and air travel industry overall, the Airport has seen increasing enplanements closer to pre-pandemic levels since fiscal year 2022. The Airport recorded 643,647 enplanements in fiscal year 2024 and 717,143 enplanements in fiscal year 2025. The Airport accommodates non-stop air service to all three New York City area airports, including Newark, LaGuardia, and JFK, Philadelphia, both Washington D.C. airports, including Washington National and Dulles, Chicago, Charlotte, NC, Atlanta, Detroit, Orlando, Tampa, Raleigh, and seasonally to Denver and Minneapolis. Passengers can reach nearly any destination world-wide with one stop from Burlington.

On March 15, 2021, the City issued its \$5,175,000 Airport Revenue Refunding Bonds, Series 2021A (Taxable).

On June 28, 2022, the City issued its \$10,635,000 Airport Revenue Refunding Bonds, Series 2022A.

As of September 1, 2025, \$17,000,000 of Airport Revenue Bonds were outstanding under the general bond resolution authorizing the issuance of Airport Revenue Bonds (the “Airport Resolution”). See Table 10, Revenue Debt.

The Airport Resolution contains a rate covenant of 1.25x Debt Service on all outstanding Airport Revenue Bonds. The City implemented changes in the Airport’s operations and met the Airport Resolution rate covenant for fiscal years 2011 through 2024. Moody’s Investors Service upgraded the Airport rating to Baa2 in May 2018, with a stable outlook. Moody’s has subsequently upgraded the rating to Baa1 with a stable outlook in December 2024. Fitch upgraded the Airport’s rating to BBB with a stable outlook in September 2018. Due to the uncertainty of COVID-19, Fitch affirmed the Airport’s rating at BBB but changed its outlook to negative in September 2020. In March 2022, Fitch revised its outlook to stable and affirmed this rating in March 2024 and March 2025.

The City may issue Airport Revenue Bonds from time to time, payable from a pledge of airport revenues. Additionally, the City may, from time to time, issue grant anticipation notes payable from and secured by Federal Aviation Administration grants for airport improvement projects. See “Revenue Debt” herein.

Income from landing fees, terminal rents, concession fees and more than 60 businesses on and around the airfield allows the Airport to be self-supporting. The Airport supports more than 3,000 total direct jobs which has an estimated \$480 million positive economic impact on the region.

Electric Department

During fiscal year 2023, Burlington Electric Department’s (“BED” or “the Department”) 50% ownership in the McNeil Generating Station provided 33% of the City’s energy needs. BED’s wholly owned Winooski One Hydro Facility provided an additional 8%. Burlington’s Gas Turbine peaking facility provided a very small (about 0.02%) proportion of the City’s energy needs. BED’s two owned solar generators provided 0.22% of the energy needs (meaning BED received more energy from its 600 kW of solar arrays than it produced at its 25,000 kW oil unit). The balance of the City’s energy needs was supplied through long-term arrangements for energy from the New York Power Authority, Great River Hydro, Vermont Wind, Hydro Quebec, Hancock Wind, and Georgia Mountain Community

Wind, as well as several smaller resource arrangements such as solar contracts. In total, BED's power supply covered 103% of its energy needs.

In June 2024, the City issued on behalf of BED a \$10,000,000 General Obligation Revenue Anticipation Note with a local bank, as a line of credit, which Note matured as of June 2026. The Note was subject to renewal as agreed upon by the City and the bank by its terms. In June 2025, the City renewed the Note to extend the maturity date to June 2027. See "Authorization of Direct Debt" herein.

In April 2022, BED issued \$18,045,000 in new Electric System Revenue Bonds, 2022 Series A (Net Zero Energy Projects). Such bonds were issued for the purposes of financing various improvements to the City's electric plant in furtherance of the City's Net Zero Energy goals, including grid and distribution system upgrades, technology systems upgrades, renewable generation, and electric vehicle charging infrastructure.

In August 2025, BED issued its \$6,450,000 Electric System Revenue Refunding Bond, Series 2025 to currently refund its Electric System Revenue Bonds, Series 2014A. The Bond was issued to the Vermont Bond Bank under a loan agreement with the Vermont Bond Bank.

As of August 1, 2024, \$31,435,000 of Electric System Revenue Bonds was outstanding under the Department's general bond resolution. See Table 10, Revenue Debt.

The Department's net position at June 30, 2023 increased \$1,638,994 when compared to net position at June 30, 2022, primarily due to an increase in retail electric rates of 3.95% effective August 1, 2022 and decreased purchased power costs due to the deferral and amortization of a revenue shortfall due to reduced price for sales of excess winter energy (purchased power owned or under contract in excess of the Department's load) to ISO-New England.

Water Resources Division

The Water Resources Division oversees the Drinking Water, Wastewater and Stormwater Enterprise funds.

Drinking Water

The Water Utility of the Department of Public Works provides drinking water, distribution and metering services through approximately 9,800 connections. During the fiscal year 2024, an average of 3.625 million gallons per day (MGD) was treated at the water treatment plant. The plant is staffed 24/7 and water is pumped through 121 miles of water mains in the City. Storage of 7 million gallons is provided in the two covered reservoirs and pressure is provided to the high service area by two elevated storage tanks that contain a combined capacity of 650,000 gallons. Water is also provided to Colchester Fire District #2 (CFD#2) through a connection off Plattsburgh Avenue. CFD#2 has been a customer since 1965 and is the largest user. The next largest users within the City limits are the University of Vermont and Fletcher Allen Hospital.

Operating and debt service are supported by the retail water rate which includes a "readiness to serve" fixed monthly charge by meter type, a private fire protection charge, meter class based volumetric rates including higher rates for irrigation, an inclining block rate structure for single family, duplex and triplex properties and a bill discount program for income constrained customers, seniors with an economic hardship and non-profit affordable or senior housing properties. There is a separate wholesale rate for CFD#2.

In November of 2016, the voters approved \$8,344,000 in revenue bonds to support capital improvements to the City's waterworks system. Use of this funding focused entirely on improvements (replacement and relining) of high priority areas of the City's water main system. Following the full expenditure of this authorization, in March 2025, voters approved \$20,000,000 in revenue bonds to support the City's drinking water system, including improvements to the City's drinking water reservoir and pump station, the drinking water treatment plant, and underground pipe and water distribution system. Planned uses for the proceeds of such bonds includes a significant investment to replace the City's reservoir pump station and make other improvements to the 7 million-gallon reservoir, continue investment in the City's pipe distribution network, and make several initial resiliency improvements to the Water Treatment Plant. Long-term planning is also beginning for a comprehensive upgrade and capacity expansion as needed of the water treatment plant, with an additional bond vote to support those investments anticipated within the next 2-3 years.

The FY26 budget included an 11.94% rate increase across the board for retail rates and 5% for wholesale rates to support typical operational expense escalations and debt service.

Wastewater

The Wastewater Utility of the Department of Public Works provides wastewater collection and treatment services through three different Treatment Plants located in the City. Most of the flow is transported to the plants via gravity, but there are 25 pump stations located throughout the City in areas where flow must be pushed or boosted. There is a network of over 100 miles of pipe collection system that in some cases carries wastewater only, and in other areas of the City transports wastewater and stormwater (combined sewer) in one pipe. The largest plant, Main Wastewater serves the part of the City with the largest combined flow and this often treats storm events in excess of a flow rate of 100 MGD. The three plants Main, East, and North are permitted for flows of 5.3, 1.2 and 2.0 million gallons per day respectively. Over the course of FY24, the plants treated an average of 6.18 million gallons per day of wastewater and wet weather/stormwater flow.

Operating and debt service expenses are supported by the retail wastewater rate which, like the water utility, also includes a fixed monthly charge by meter type and a volumetric charge based on water usage. Services such as sludge dewatering are provided for a fee.

Construction of the Headworks Improvements Project at all three wastewater plants began in 2025. This project is Stage 0 of a three (Stage 0, 1, and 2) stage wastewater treatment plant systems upgrade that is expected to occur over the next 4-5 years. Stage 0 (\$18.24 M) is funded via a Vermont Clean Water State Revolving Fund loan, a pollution control grant and ARPA funds. Completed projects on the wastewater side also include an upgrade of Main Plant's SCADA/PLC system, upgrades of the disinfection systems at all three wastewater plants, upgrades of the Flynn and the Fletcher pump stations and replacement and renewal (lining) of the City's highest risk sewer pipes.

The foregoing projects were also funded by up to \$29,958,000 in revenue bonds approved by voters in November 2018 in furtherance of the City's Clean Water Resiliency Plan, which bonding authority has been substantially used to date. In March 2025, voters approved \$152,000,000 in revenue bonds to support the City's wastewater and stormwater systems, with an estimated \$138,000,000 to be allocated to wastewater projects, including improvements to the City's wastewater treatment plants and pump stations and collection system. Of this, approximately \$127 million is programmed for Stage 1 of the Wastewater Treatment System upgrade and will focus specifically on upgrades at the City's largest Wastewater Treatment Plant, including replacing outdated infrastructure, adding additional treatment capacity and installing tertiary treatment to remove additional phosphorus. An additional \$11 million is expected to be reserved for pump station, sewer main and combined sewer overflow (sewer separation) related improvements.

The FY26 budget included a 16.08% rate increase for retail rates to support typical operational expense escalations and debt service as well as a significant capital expense to rebuild a belt filter press during FY26 and contribute to capital reserves for future capital investments. This rate increase is part of a series of anticipated increases over the next 5 years to meet the revenue and debt service coverage requirements related to the planned financing for Stage 1 of the Wastewater Treatment System upgrades.

Stormwater

The Stormwater Utility of the Department of Public Works provides for the operation and maintenance of the City's separate stormwater collection system (approximately 37 miles of pipe, over 2000 storm drains and 102 outfalls) in compliance with the City's Municipal Separate Stormwater Sewer System (MS4) permit as well as improvements in the management of stormwater runoff quantity and quality to both the separate and combined stormwater sewer systems. The Stormwater Utility also administers the stormwater management and erosion prevention and sediment control regulations under Chapter 26 of the Burlington Code of Ordinances.

Operating and debt service expenses are supported by the stormwater user fee, which is based on impervious surface. Single family, duplex and triplex properties are assessed flat fees, which are based on the average amount of

impervious associated with those types of properties. All other properties are directly assessed and pay according to the amount of impervious measured on their individual properties.

As discussed above under “Wastewater”, in November 2018 the voters approved a \$29,958,000 Clean Water Resiliency Plan revenue bond to support an initial phase of reinvestment in wastewater and stormwater infrastructure. Such bonding authority has been substantially drawn down to fund a stormwater sewer pipe replacement and renewal (relining) project and the construction of a large outfall project that is expected to be constructed in 2026.

As discussed above under “Wastewater,” in March 2025, voters approved \$152,000,000 in revenue bonds to support the City’s wastewater and stormwater systems, with an estimated \$14,000,000 to be allocated to stormwater projects, including improvements to the City’s stormwater treatment and collection system, combined sewer overflow mitigation projects, and stormwater outfall rehabilitation. The City also expects to continue to secure various grants to fund stormwater improvements in order to supplement the revenue bonds authorized by the March 2025 vote.

The FY25 budget included a 15.64% rate increase for the stormwater user fee to support typical operational expense escalations and debt service.

Burlington Telecom

Burlington Telecom (“BT”) was formed under the City’s Charter as an enterprise of the City to provide internet, phone and cable television services over a “fiber to the premises” network to customers in the City.

In August 2007, the City entered into a municipal lease-purchase financing arrangement for equipment used in the Burlington Telecom system. The lease-purchase agreement terminated in accordance with its terms when the City did not appropriate funds to make such payments for the City’s 2011 fiscal year. In September 2011, Citibank, N.A. (“Citibank”), as the assignee of such financing, filed suit against the City asserting multiple claims against the City. On January 29, 2014, the City reached a mediated settlement agreement with Citibank, of claims by Citibank against the City concerning the lease-purchase arrangement. The settlement called for a payment of \$10.5 million to Citibank, along with some additional compensation as the settlement was completed. That payment came from several sources, including about \$6 million in financing from a local company, Blue Water Holdings, LLC (“BWH”). The settlement was contingent on approval by the Public Service Board, which occurred in November 2014, followed by the closing on the financing on December 31, 2014.

The financing arrangement was designed as a bridge to an eventual arm’s-length sale of the BT system. On December 29, 2017, the City and BWH entered into an Asset Purchase Agreement with Champlain Broadband, LLC and Schurz Communications, Inc. for the purchase and sale of the BT system. The sale was subject to regulatory approval by the Vermont Public Utility Commission (“PUC”), which approved the sale by order entered February 19, 2019, finding that the sale was in the general good of the State of Vermont. In March 2019, the City and BWH closed on the sale of the assets of Burlington Telecom to Champlain Broadband, LLC. The City received approximately \$7 million from the sale, together with other certain rights relative to the operations of the telecom system in the City and an option to acquire an ownership interest in Champlain Broadband, LLC in the future.

Education

Burlington Schools

The Charter of the City vests management and control of all the City’s public schools in a Board of School Commissioners. The Board of School Commissioners is comprised of twelve school commissioners, who are elected separately from the City Council, and serve two-to-three-year terms. General management of the City’s public schools is under the supervision of a Superintendent appointed by the Board of School Commissioners. The Board of School Commissioners is responsible for preparing and adopting an annual school budget. This annual school budget must be presented to the City Council, and the education spending portion of the budget must be approved by voters at the annual City meeting. While the Board of School Commissioners is responsible for adopting the annual school budget, the City is responsible for the issuance of bonds for school purposes, subject to certain statutory limitations. See

“Property Valuations and Taxes - Act 60 – State Education Fund” herein for more information concerning the issuance of bonds for school purposes. The City Charter provides that the school commissioners shall be responsible for allocating annually sufficient funds for the payment of any principal and interest due or coming due on bonds issued by the City for school purposes.

The school system of the City consists of one senior high school, two middle schools and six elementary schools. There are also three parochial elementary schools and one parochial secondary school in Burlington. For the FY 24 academic year, approximately 900 public school employees have been budgeted plus a variable number of seasonal or part-time employees. The public school system prepares its own budget and authorizes its own expenditures. The City issues debt secured by a dedicated tax to support its public school system. Enrollment figures for Burlington Public Schools as of September of each of the last ten years are presented in Table 1.

Table 1
Burlington Public School District Enrollment

	Elementary <u>Schools⁽¹⁾</u>	Secondary <u>Schools</u>
2015/16	2,408	1,097
2016/17	2,345	1,076
2017/18	2,740	980
2018/19	2,889	979
2019/20	2,798	1,024
2020/21	2,564	988
2021/22	2,522	980
2022/23	2,562	967
2023/24	2,547	1,023
2024/25	2,518	957

⁽¹⁾ Includes students enrolled in preschool partner programs.

Burlington High School

Together with the proceeds of the 2025A Bonds, proceeds from the City’s General Obligation Public Improvement Bonds, Series 2023A and Series 2024A are being used to finance the construction of the Burlington High School for the City. In August of 2020, while preparing for a major renovation of Burlington High School, the City’s School District (the “School District”) discovered extensive contamination of Polychlorinated Biphenyls (“PCBs”) significantly exceeding health and safety standards in the Burlington High School and Technical Center campus. The School District then closed the campus to in-person learning and decided to abandon the renovation project in favor of constructing a new high school and technical center. Since March 2021, Burlington High School students have been attending school at nearby department store located in the City’s downtown converted for such purpose.

In August 2022, the Board of the School District requested that the City Council warn a special meeting for the voters of the City to authorize \$165 million to go towards the total project costs of a new Burlington High School and Technical Center, with total project costs estimated at \$190 million. In November 2022, the voters of the City authorized such bond issuance. Donations to the School District and other available funds are expected to be used for project costs in addition to proceeds from bond issuances.

The contaminated building has been demolished and construction of the new building is underway.

The School District filed a lawsuit in federal court in December 2022 against Monsanto for its role in manufacturing, marketing and distributing PCBs. Among other relief, the lawsuit seeks to recover for the School District’s injuries associated with the demolition and replacement of the Burlington High School and Technical Center. Over 90 other school districts in Vermont have also filed a separate federal lawsuit against Monsanto seeking damages. In addition, the Vermont attorney general has also sued Monsanto over PCB contamination in Vermont’s schools and natural resources.

The Vermont Legislature allocated \$16 million in the State budget in a grant to the Burlington School District to defray the costs of PCB remediation and disposal at the Burlington High School. The law making such allocation further stipulates that if a school district in Vermont recovers money through litigation or other award for work for demolition and removal of PCB contamination, then such school district shall reimburse the State of Vermont for the lower of the amount of the grant from the State or the amount of the recovery. Thus, if the School District is successful in its lawsuit against Monsanto, the School District expects to be obligated to repay the \$16 million allocation to the State's Education Fund.

Prior schedules estimated completion of construction of the new high school in April 2026 with building occupancy scheduled for July 2026. Such schedule has been impacted by the work needed to address PCB contamination, asbestos remediation and delays in unforeseen underground site testing, as well as limited labor resources. Other delays may arise from additional construction site matters and change order as construction proceeds.

Higher Education

As reported on the Agency of Education's Vermont Education Dashboard, the graduation rate for Burlington High School for 2023 was 84% and for 2024, 75%. The University of Vermont, Champlain College, and St. Michael's College offer continuing education for day, evening and weekend programs. Vermont State University also has campuses in Randolph, Williston, Castleton, Lyndon, and Johnson. The approximate enrollment of area colleges is presented below:

Table 2
University Undergraduate Full Time Student Enrollment
(as per current data from each institution's website)

<u>Institution</u>	<u>Enrollment for academic year 2024</u>
University of Vermont	11,743 ⁽¹⁾
Community College of Vermont	10,800 ⁽²⁾
Vermont State University	4,775 ⁽³⁾
Middlebury College	2,760 ⁽⁴⁾
Norwich University	2,127 ⁽⁵⁾
Champlain College	1,691 ⁽⁶⁾
St. Michael's College	1,120 ⁽⁷⁾
Vermont Law and Graduate School	690 ⁽⁸⁾

Source:

- (1) <http://www.uvm.edu/oira/enrollment>
- (2) <http://ccv.edu/about/facts-figures/>
- (3) <https://vermontstate.edu/about/quick-facts>
- (4) <https://www.middlebury.edu/assessment-institutional-research/institutional-data/middlebury-college>
- (5) <https://www.norwich.edu/offices/institutional-effectiveness/fact-book>
- (6) <http://www.champlain.edu/about/quick-facts>
- (7) <https://www.smcvt.edu/about-smc/saint-michaels-college-at-a-glance>
- (8) <https://www.vermontlaw.edu/admissions/class-profile>

Overlapping Governmental Units

Governmental entities which overlap with the City of Burlington, but which are not under the authority of the City Council are Chittenden County, the Chittenden County Transportation Agency, the Chittenden Solid Waste District and the Winooski Valley Park District.

Chittenden County

Chittenden County is primarily responsible for the operation of the sheriff's department for the County.

Green Mountain Transit (GMT)

Green Mountain Transit operates the public transit system within the County. GMT is funded through rider fees, state and federal funding programs and contributions from underlying governmental units.

The charter of GMT authorizes GMT to borrow money. The obligation to repay such borrowing is the joint and several obligation of GMT and each member municipality of GMT, which obligation is allocated among such member municipalities as determined by GMT's annual budget; provided that, the formula for such allocation may only be changed by GMT with the consent of at least 75% of its member municipalities.

Chittenden Solid Waste District (CSWD)

The Chittenden Solid Waste District ("CSWD" of the "District") is a union municipal district organized and established under Vermont law in 1987. The District's overall purpose is to manage solid waste generated by CSWD member municipalities and their residents. CSWD serves a population of approximately 157,000 consisting of the Cities of Burlington, South Burlington, and Winooski and the Towns of Bolton, Charlotte, Colchester, Essex, Hinesburg, Huntington, Jericho, Milton, Richmond, St. George, Shelburne, Underhill, Westford, and Williston and the Village of Essex Junction.

CSWD commenced operation of the Interim Phase III Landfill on December 22, 1992. This landfill reached capacity and was closed on August 19, 1995. CSWD has reserved funds for the estimated costs of all necessary closure and post-closure activities for such landfill. While CSWD continues to evaluate additional landfill sites, municipal solid waste is transported to privately owned waste disposal facilities.

A public/private partnership, the Materials Recovery Facility ("MRF"), located in Williston, opened in April 1993. The MRF is owned by CSWD and operated by a private business. This facility is capable of accepting commingled recyclable materials for sorting and baling prior to shipping to markets. Proceeds from the sale of recycled materials defray a portion of the operating costs of the facility. CSWD is in the process of constructing and equipping a new MRF.

CSWD owns and operates the Hazardous Waste Depot in South Burlington and the Rover. The Rover is a mobile household hazardous waste collection unit that travels around Chittenden County between the months of April and October. CSWD's Unregulated Hazardous Waste Program has been nationally recognized as one of the most cost-effective programs that collects hazardous waste materials from households and businesses.

CSWD owns and operates six Drop-Off Centers located throughout Chittenden County. The Drop-Off Centers are intended to be self-supporting and accept solid waste generated by households and small businesses from within Chittenden County.

CSWD processes a variety of special waste materials. The Wood and Yard Waste Depot accepts organic materials. Green Mountain Compost diverts compostable materials from the landfill waste stream and redirects it to the composting facility located in Williston, Vermont.

The CSWD Charter provides that, if anticipated user fees and revenues from CSWD services and facilities are not sufficient to pay for any obligations or liabilities of CSWD, each member municipality of CSWD shall be assessed a

percentage of the sum of CSWD obligations and liabilities equal to the ratio which the solid waste generated by such member municipality bears to the total solid waste generated within the District. The board of commissioners of CSWD may annually determine the percentage of solid waste generation attributed to each member municipality of CSWD, which determination shall be based on waste generation information for the most recent 12-month period for which information is available. The amount of solid waste generation allocated to the City may vary from time to time. CSWD may also incur short term indebtedness or, with a vote of the voters within the District, bonded indebtedness for capital projects. The amount of such debt service shall be allocated as a joint obligation of the City and the other member municipalities of CSWD based upon such ratio. At a special meeting held November 8, 2022, voters within the District approved the issuance of bonds in a principal amount not to exceed \$22 million to finance the construction of a new MRF in Williston, Vermont. Pursuant to such voter authorization, CSWD issued its \$10,000,000 General Obligation Bond (Materials Recovery Facility Project) in March 2023, and its \$12,000,000 General Obligation Bond (Materials Recovery Facility Project) in August 2025, both through and under a loan agreement with the Vermont Bond Bank.

DEBT STRUCTURE

Debt Summary

Table 3 presents a summary of the City's outstanding debt as of June 30 for the last ten fiscal years.

Table 3
Historical Summary of Outstanding Debt

	<u>General Obligation Bonds</u>			<u>Certificates of Participation and Capital Lease Debt</u>
<u>June 30</u>	<u>General</u>	<u>Enterprise</u>	<u>Revenue Bonds</u>	
2016	\$55,418,571	\$46,375,714	\$81,179,458	\$17,817,996
2017	35,424,143	47,605,714	80,077,692	27,102,645
2018	50,344,143	47,845,000	86,942,462	15,583,568
2019	56,054,143	48,045,714	79,123,749	13,206,627
2020	77,167,853	48,995,000	70,167,621	8,066,580
2021	69,213,546	48,705,000	65,175,340	5,088,550
2022	61,407,000	47,910,000	82,089,321	13,164,321
2023	102,087,000	46,985,000	80,397,788	13,592,788
2024	104,462,000	45,945,000	74,292,022	8,576,120
2025	106,092,000	44,765,000	74,231,619	5,424,858

Source: Compiled from annual audited financial statements.

Authorization of Direct Debt

Pursuant to the City Charter, the City's general obligation debt is generally authorized by a two-thirds vote of the legal voters in the City or, for school purposes, by a majority of the electorate. Urban Renewal Debt is authorized pursuant to provisions of the Vermont Statutes, which authorization generally provides for general obligation debt to be issued for urban renewal projects by a majority vote. Revenue debt is authorized by a majority vote. Tax increment financing debt may also be authorized by a majority vote. The City Charter also authorizes the City to borrow in anticipation of taxes an amount not exceeding during any quarter of any fiscal year twenty-five percent (25%) of the annual tax assessment.

The City Charter allows the City Council to pledge the credit of the City by temporary loans in anticipation of the receipt of revenue from the airport department, or the traffic division, wastewater or water divisions of the public works department during any fiscal year.

The City Charter further provides that the City Council may authorize the pledging of the credit of the City by temporary loans in anticipation of the receipt of revenue from the electric department in an aggregate amount not to exceed \$10,000,000 and for up to a two-year period.

For capital improvements of the City during any fiscal year, an amount not to exceed \$2,000,000 is authorized for capital improvements for the City in general, an amount not to exceed \$2,000,000 is authorized for the City's school department and an amount not to exceed \$3,000,000 is authorized for the City's electric department, without requiring a vote of the legal voters of the City pursuant to the City Charter.

Debt Limit

The debt limit provided by Vermont law is ten times the amount of the last Grand List, or approximately 10% of the assessed value of real and personal property in the City. Tax anticipation bonds and most revenue-supported debt are outside the limit. A computation of the City's general obligation borrowing limit is presented below.

Table 4
Debt Limit Computation
(June 30, 2024)

	<u>June 30, 2024</u>
Computation of Borrowing Capacity – Debt Limit ⁽¹⁾ (10% of \$5,855,225,293)	\$ 585,522,529
Less: Outstanding Bonds and Bonds Subject to Limit	<u>123,415,108</u>
Net Borrowing Capacity (85%)	<u>\$ 462,107,421</u>

⁽¹⁾ The Grand List is equal to 1% of the assessed value of property in the City after deduction of the Veteran's exemption.

Authorized but Unissued Debt

General Obligation Debt

In November 2012, the City voters approved the issuance of up to \$6,050,000 of general obligation bonds or notes in order to finance public improvements that serve the City's Waterfront Tax Increment Financing ("Waterfront TIF") district, specifically for the Waterfront Access North Project and for Bike Path improvements. In March 2014, the City voters approved the issuance of \$9,600,000 of special obligation tax increment financing bonds in order to finance public improvements that serve the City's Waterfront TIF district.

Pursuant to the November 2012 and March 2014 voter authorizations, the City issued \$7,800,000 of tax increment general obligation bonds in July 2014 and issued its \$405,000 Series 2018C Bonds and \$745,000 Series 2018E Bonds. The City issued a note to the U.S. Housing and Urban Development for a HUD Section 108 loan in the principal amount of \$2,091,000 for improvements to the Waterfront TIF District and pledged its tax increment revenues from the Waterfront TIF District for such loan. The City issued its \$3,559,000 General Obligation Tax Increment Bonds in December 2019.

In May 2016, the Vermont legislature passed Act 134, which extended the time period by which the City could incur indebtedness against revenues of the Waterfront TIF District for the three properties located within the Waterfront TIF District at 49 Cherry Street and 75 Cherry Street (together, the "Parcels") to June 30, 2021, and extended the period in which the City could retain the municipal and education tax increment for the Parcels to June 30, 2035. In November 2016, voters of the City approved the issuance of up to \$21,830,000 of general obligation tax increment bonds for the purpose of funding public improvements and related costs attributable to projects serving the Waterfront TIF District. Such projects include certain upgrades and streetscape construction as well as the acquisition and public

dedication of certain city streets, being accomplished in connection with the development of the Burlington Town Center. The City issued \$810,000 in bonds in December 2019 pursuant to such authorization for the purpose of paying costs of certain street improvements and engineering cost. Subsequently, the Vermont legislature passed Act 73, effective July 1, 2021, which further extended the time period by which the City could incur indebtedness against the revenues of the Waterfront TIF District for the Parcels to June 30, 2023. Such extension is subject to the City's submission to VEPC of an executed construction contract with a completion guaranty by the owner of the Parcels evidencing a commitment to construct not less than \$50 million of private development on the Parcels. The developer of the Burlington Town Center and the City entered into a development agreement with respect to the improvements to be made and the payment of the public improvements and dedication of public streets. The City submitted a substantial change request to VEPC on February 2, 2023, providing the required executed construction contract and guaranty, and requesting formal authorization to incur the remainder of the authorized indebtedness under the Waterfront TIF District, which substantial change request was approved by VEPC on March 30, 2023. Subsequently, in June 2023, the City issued its \$18,840,000 General Obligation Waterfront Tax Increment Note, Series 2023, which the City refunded at maturity with its \$18,840,000 General Obligation Waterfront Tax Increment Note, Series 2024, and refunded again at maturity with its \$18,840,000 General Obligation Waterfront Tax Increment Note, Series 2025. Such note matures May 8, 2026 and is expected to be refinanced at or prior to the maturity date.

In March 2015, the City voters approved the issuance of \$10,000,000 of special obligation tax increment financing bonds in order to finance public improvements that serve the City's Downtown TIF District, which TIF District is a separate district from the Waterfront TIF. In December 2017, the City issued its Series 2017D General Obligation TIF Bonds in the principal amount of \$3,400,000 and in November 2018 the City issued its Series 2018D Bonds in the principal amount of \$1,570,000. On November 17, 2021, VEPC approved a substantial change request by the City to raise the debt limit of the Downtown TIF District to \$35,920,000 in total. As required by Title 24, Chapter 53 of the Vermont Statutes Annotated, the City issued public notices and held two public hearings regarding the increased debt limit, before submitting the question to the voters of the City at its annual meeting, held on March 1, 2022. At the annual meeting, voters approved the issuance of an additional \$25,920,000 of special obligation tax increment financing bonds to finance public improvements for the City's Downtown TIF District, which is in addition to the \$10,000,000 of debt previously authorized in 2015. In August 2022, the City issued its \$30,120,000 General Obligation Downtown Tax Increment Bonds, Series 2022B. It is expected that tax increments from properties within each respective TIF district shall be pledged and appropriated for the payment of principal and interest on any bonds or notes issued for improvements that serve the respective TIF District. In the event that the TIF revenues from the respective TIF District are insufficient, the City's full faith and credit remains liable. See "Tax Increment Financing Districts" herein for more information on the Downtown TIF District.

The Burlington Town Center mall opened in 1976 under the name "Burlington Square Mall" in conjunction with 1960s-era urban renewal development in the City of Burlington (the "BTC Property"). In 2017, the City and the owner of the Burlington Square Mall entered into a Development Agreement with respect to the redevelopment of the BTC Property and adjacent City Property with a mixed-use project. The developer demolished certain portions of the former Burlington Town Center in 2018; construction activity on the BTC Property ceased since that time. In late 2020, the City sued the developer for breach of its original development agreement. The parties entered into negotiations and reached a settlement in February 2021. The revised development agreement contemplates the development of the BTC Property and City property with one or more buildings collectively measuring $\pm 703,000$ sq. ft. and being no higher than 10 stories, including residential housing units and residential amenities, first class retail space, parking garage, long term bicycle parking facilities, and the re-establishment of several portions of the development property as public streets.

In November 2016, the City voters approved the issuance of general obligation bonds in an amount not to exceed \$27,573,508 to fund the City's 10-year capital plan. Pursuant to such authority, the City issued several series of general obligation bonds in an aggregate amount of \$27,497,000. On March 6, 2018, the City voters approved the issuance of general obligation bonds in the amount not to exceed \$6,100,000 in order to fund additional public infrastructure projects. The City issued \$6,000,000 of its Series 2018A Bonds pursuant to such voter authorization.

On March 7, 2017, the City voters approved the issuance of general obligation bonds in an amount not to exceed \$19,000,000 in order to fund capital improvements at the school district buildings in order to eliminate or reduce deferred maintenance. The City has previously issued \$16,000,000 in principal amount of general obligation bonds pursuant to such authorization, leaving a balance of \$3,000,000 of bonds authorized but not yet issued.

On November 6, 2018, the voters authorized up to \$70,000,000 in general obligation bonds for the purpose of making capital improvements to the existing Burlington High School property, including both new construction and rehabilitation of facilities. A portion of the Series 2019A Bonds, in the principal amount of \$4,000,000, were issued pursuant to such November 2018 voter authorization and were used for preliminary capital costs for the Burlington High School property.

In July 2020, the City issued a Bond Anticipation Note (the “2020 BAN”) in the principal amount of \$20,000,000 pursuant to such voter authorization to pay for capital improvements to the Burlington High School buildings. Subsequently, in September 2020, polychlorinated biphenyls (PCBs) were detected at Burlington High School. Following further testing and mitigation, the Burlington School District Board suspended its plans to renovate the existing Burlington High School building. The 2020 BAN was paid off in full by the Burlington School District prior to its October 2021 maturity date. In November 2021, the Burlington School District Board selected a location for the construction of a new high school building and is currently in the process of developing a schematic design and cost estimate. On November 8, 2022, the voters of the City approved the issuance of up to \$165,000,000 in general obligation bonds for the purpose of constructing a new Burlington High School and Burlington Technical Center and making related capital improvements, with the understanding that the balance of the amount authorized by voters in March 2017 may also be issued for such purposes. The estimated cost of such capital improvements is approximately \$190 million, expected to be financed through a capital fundraising campaign, use of available reserves funds of the School District, as well as one or more general obligation bond(s) to be issued as authorized by voters at the November 2022 meeting. The City previously issued its \$40,000,000 General Obligation Bond Anticipation Note, Series 2023 in July 2023 for the Burlington High School project pursuant to such voter authorization. Such note matured on September 14, 2023. The City issued \$130,000,000 of its General Obligation Bonds, Series 2023A (the “Series 2023A Bonds”), \$40,000,000 of which was used to refund such note in full, to finance improvements for the Burlington High School project. The City then issued \$15,000,000 of its General Obligation Bonds, Series 2024A (the “Series 2024A Bonds”) pursuant to such authorization.

In December 2022, the School District filed suit against Monsanto and certain affiliates alleging their responsibility for the PCB contamination at the old high school and seeking compensation for the mitigation and removal of the PCBs and the cost of building a new high school. While demolition was temporarily delayed due to the lawsuit, pursuant to an agreement with the defendants, the School District began the process of demolishing the old high school building in February 2023. For more information on the Burlington High School project, see “THE CITY OF BURLINGTON – Education” herein.

On March 1, 2022, the voters of the City authorized up to \$23,800,000 in general obligation bonds for the purpose of funding capital improvement infrastructure projects of the City and its departments. In August 2022, the City issued its General Obligation Public Improvement Bonds, Series 2022A, of which a portion in the principal amount of \$12,180,000 was issued pursuant to such authorization. In September 2023, the City issued \$5,000,000 of its Series 2023A Bonds pursuant to such authorization. In September 2024, the City issued \$5,800,000 of its Series 2024A Bonds pursuant to such authorization.

On March 4, 2025, the voters of the City authorized up to \$20,000,000 in general obligation bonds for the purpose of funding capital improvement infrastructure projects of the City and its departments in furtherance of the City’s 5-Year Capital Plan, to be borrowed in increments between FY 2026 and FY 2028. The City is issuing \$7,000,000 of the Series 2025A Bonds pursuant to such authorization.

Revenue Debt

In November 2016, the City voters approved the issuance of water revenue bonds in an amount not to exceed \$8,344,000 to fund the water system improvements throughout the City. The City has issued Water System Revenue Bonds in three series totaling \$7,250,000. In November 2022, the City issued its \$1,571,022 Water System Revenue Bond, Series 2022 through the State of Vermont Revolving Loan Fund. Such Bond consists of the balance of the amount authorized by voters in November 2016 plus an additional amount, which is subject to loan forgiveness. At a special meeting of the City held in November 2018, the voters authorized up to \$29,958,000 in revenue bonds for capital improvements to the City’s wastewater and stormwater systems. At an annual meeting of the City held in March 2025, voters of the City authorized up to \$20,000,000 in revenue bonds for capital improvements to the City’s

waterworks systems and \$152,000,000 in revenue bonds for capital improvements to the City's wastewater and stormwater systems (with \$138,000,000 as the estimated total project costs for the wastewater system and \$14,000,000 as the estimated total project costs for the stormwater system). The City is issuing its revenue notes in various series through the State of Vermont Environmental Revolving Loan Fund to finance such improvements.

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General Obligation Long-Term Debt

The following table summarizes the City's general obligation debt outstanding as of September 1, 2025, together with the Bonds. The City issues general obligation debt paid from two sources: tax levies and enterprise fund revenues. A portion of the City's general obligation debt is issued from certain enterprises, such as the Electric Department and the Water Department, and is expected to be repaid from the associated enterprise fund revenues.

Table 5
General Obligation Long-Term Debt by Issue

<u>Issue</u>	<u>Dated</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Maturities Original Issue</u>	<u>Principal Outstanding 09/01/2025</u>
G.O. Bonds, Series A (QSCBs)	7/21/2010	6.50%	11/1/2026	\$9,700,000	\$ 1,433,552 ⁽²⁾
G.O. Bonds, Series B (QZABs)	7/21/2010	6.50%	11/1/2026	2,000,000	295,578 ⁽²⁾
G.O. Bonds	8/25/2011	3.50%-4.75%	11/1/2031	4,000,000	1,620,000
G.O. Bonds (Taxable)	4/25/2013	4.625%-5.25%	11/1/2028	9,000,000	3,070,000
G.O. Bonds	10/10/2012	6.00%	11/1/2032	1,250,000	675,000
G.O. Bonds	11/15/2014	2.383%-3.993%	11/15/2034	7,000,000	3,500,000
G.O. Refunding Bonds	4/14/2016	4.00%-5.00%	11/1/2033	16,435,000	5,425,000
G.O. Bonds, Series B	11/1/2016	4.00%-5.00%	11/1/2036	7,000,000	4,970,000
G.O. Refunding Bonds, Series C	11/1/2016	2.00%-5.00%	11/1/2029	11,980,000	6,145,000
G.O. Refunding Bonds, Series D	11/1/2016	1.85%-3.25%	11/1/2029	9,680,000	4,700,000
G.O. Bonds, Series 2017A	4/12/2017	1.70%-3.85%	11/1/2036	5,267,000	2,832,000
G.O. Bonds, Series 2017B	5/10/2017	5.00%	11/1/2032	2,730,000	2,730,000
G.O. Bonds, Series 2017C	12/20/2017	3.00%-5.00%	11/1/2037	7,300,000	5,460,000
G.O. Bonds (Waterfront TIF), Series 2017D	12/20/2017	3.00%-5.00%	11/1/2035	3,400,000	2,385,000
G.O Bonds, Series 2018A	5/22/2018	4.00%-5.00%	11/1/2038	14,650,000	10,755,000
G.O Bonds, Series 2018B	11/28/2018	5.00%	11/1/2038	13,000,000	10,355,000
G.O Bonds (Downtown TIF), Series 2018D	11/28/2018	5.00%	11/1/2035	1,570,000	1,160,000
G.O. Bonds, Series 2019A	12/10/2019	3.00%-5.00%	11/1/2039	21,500,000	17,900,000
G.O. Bonds, Series 2019C	12/10/2019	1.844%-3.031%	11/1/2035	22,850,000	17,615,000
G.O. Bonds, Series 2021A	10/19/2021	3.00%-5.00%	11/1/2041	6,125,000	5,520,000
G.O. Bonds, Series 2022A	8/31/2022	5.00%	11/1/2042	19,180,000	17,995,000
G.O Bonds (Downtown TIF), Series 2022B	8/31/2022	5.00%	11/1/2035	30,120,000	26,660,000
G.O Bonds, Series 2023A	9/13/2023	5.00%	11/1/2043	150,505,000	145,990,000
G.O Bonds, Series 2024A	10/8/2024	5.00%	11/1/2044	35,500,000	35,500,000
G.O Bonds, Series 2025A	12/4/2025		11/1/2045	31,000,000 ⁽¹⁾	<u>31,000,000⁽¹⁾</u>
Total					<u>\$365,691,130⁽¹⁾</u>

(1) Preliminary, subject to change.

(2) These figures represent the amount remaining in the mandatory sinking fund deposits as shown in the final official statement for those bonds.

Future general obligation debt requirements as of September 1, 2025 are presented in the following table, together with debt service requirements on the Bonds.

Table 6
Future General Obligation Payments as of September 1, 2025
(Principal and Interest)

Fiscal Year (June 30)	General Obligation Bonds	2025A Bonds ⁽¹⁾	Total ⁽¹⁾
2026	\$35,560,385	\$ 701,806	\$36,262,191
2027	35,059,326	2,603,000	37,662,326
2028	33,367,616	2,597,750	35,965,366
2029	33,134,388	2,594,875	35,729,263
2030	32,289,740	2,599,000	34,888,740
2031	28,931,586	2,595,000	31,526,586
2032	28,546,197	2,592,875	31,139,072
2033	27,726,613	2,592,375	30,318,988
2034	26,851,038	2,593,250	29,444,288
2035	26,276,332	2,595,250	28,871,582
2036	25,946,185	2,593,250	28,539,435
2037	21,898,076	2,211,875	24,109,951
2038	20,761,675	2,216,250	22,977,925
2039	19,716,175	2,216,875	21,933,050
2040	18,207,825	2,208,875	20,416,700
2041	16,584,300	2,212,000	18,796,300
2042	16,573,675	2,215,750	18,789,425
2043	16,119,625	2,219,875	18,339,500
2044	14,604,125	2,214,375	16,818,500
2045	2,793,125	2,214,125	5,007,250
2046	--	<u>2,208,875</u>	<u>2,208,875</u>
Total	<u>\$480,948,007</u>	<u>\$48,797,306</u>	<u>\$529,745,313</u>

⁽¹⁾ Preliminary, subject to change.

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Table 7
Future General Obligation Payments as of September 1, 2025
(Principal and Interest)

Fiscal Year (June 30)	Levy Supported		School Supported		Electric Supported		Total	
	<u>Principal⁽¹⁾</u>	<u>Interest⁽¹⁾</u>	<u>Principal⁽¹⁾</u>	<u>Interest⁽¹⁾</u>	<u>Principal⁽¹⁾</u>	<u>Interest⁽¹⁾</u>	<u>Principal⁽¹⁾</u>	<u>Interest⁽¹⁾</u>
2026	\$7,015,000	\$4,848,917	\$7,869,565	\$9,570,034	\$4,445,000	\$1,811,870	\$19,329,565	\$16,230,821
2027	7,342,000	4,514,979	8,239,565	8,844,834	4,490,000	1,627,948	20,071,565	14,987,761
2028	7,626,000	4,164,466	7,425,000	8,109,587	4,600,000	1,442,563	19,651,000	13,716,616
2029	7,909,000	3,799,505	7,710,000	7,722,223	4,740,000	1,253,660	20,359,000	12,775,388
2030	7,392,000	3,439,278	8,135,000	7,317,116	4,950,000	1,056,346	20,477,000	11,812,740
2031	7,445,000	3,092,530	8,315,000	6,920,554	2,250,000	908,502	18,010,000	10,921,586
2032	7,435,000	2,744,309	8,710,000	6,508,933	2,335,000	812,955	18,480,000	10,066,197
2033	7,303,000	2,395,071	8,950,000	6,081,673	2,280,000	716,869	18,533,000	9,193,613
2034	7,420,000	2,042,411	9,145,000	5,641,249	1,975,000	627,377	18,540,000	8,311,037
2035	7,615,000	1,684,769	9,435,000	5,186,276	1,810,000	545,287	18,860,000	7,416,332
2036	7,905,000	1,316,183	9,795,000	4,714,321	1,750,000	465,680	19,450,000	6,496,184
2037	4,485,000	1,025,076	10,150,000	4,223,675	1,625,000	389,325	16,260,000	5,638,076
2038	3,945,000	828,775	10,485,000	3,714,675	1,470,000	318,225	15,900,000	4,861,675
2039	3,510,000	653,225	10,820,000	3,188,375	1,290,000	254,575	15,620,000	4,096,175
2040	3,040,000	500,775	10,700,000	2,656,950	1,110,000	200,100	14,850,000	3,357,825
2041	2,215,000	376,325	10,780,000	2,124,450	935,000	153,525	13,930,000	2,654,300
2042	2,325,000	265,175	11,320,000	1,574,300	980,000	109,200	14,625,000	1,948,675
2043	2,315,000	150,375	11,755,000	998,625	835,000	65,625	14,905,000	1,214,625
2044	1,250,000	61,250	12,200,000	399,750	665,000	28,125	14,115,000	489,125
2045	<u>600,000</u>	<u>15,000</u>	<u>1,895,000</u>	<u>47,375</u>	<u>230,000</u>	<u>5,750</u>	<u>2,725,000</u>	<u>68,125</u>
Total	<u>\$106,092,000</u>	<u>\$37,918,394</u>	<u>\$183,834,130</u>	<u>\$95,544,976</u>	<u>\$44,765,000</u>	<u>\$12,793,507</u>	<u>\$334,691,130</u>	<u>\$146,256,876</u>

⁽¹⁾ Does not include the Series 2025A Bonds.

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Capital Leases

The City has entered into capital leases for property and equipment for various purposes.

Future minimum payments under capital leases as of September 1, 2025 are presented in the table below. Payment of the City's capital leases are subject to appropriation. If the City Council does not appropriate funds for payments, the City may lose the right to use the equipment that is subject to the capital lease.

Table 8
Future Lease Payments as of September 1, 2025
(Principal and Interest)

	Total Governmental	Total Enterprise	Total Governmental/ Enterprise
FY26	\$ 1,012,052	\$ 430,310	\$ 1,442,362
Thereafter	<u>2,339,705</u>	<u>1,410,051</u>	<u>3,749,756</u>
	\$ 3,351,757	\$ 1,840,361	\$ 5,192,118

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Revenue Debt

Table 9 presents gross revenue debt of the City's enterprise funds which were outstanding on September 1, 2025. Not included are Revenue Bonds of the Water Division of the City's Public Works Department and the Electric Department which have been advance refunded, and for which funds for the payment of principal and interest have been placed in escrow.

Table 9
Revenue Debt

<u>Issue</u>	<u>Dated</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Outstanding 09/01/2025</u>
<u>Electric Revenue Debt</u>					
Series A Refunding Revenue Bonds	12/20/2017	\$4,010,000	4.00%-5.00%	7/1/2027	\$ 2,630,000
Series B Taxable Ref Revenue Bonds	12/20/2017	5,410,000	2.60%-3.65%	7/1/2027	2,880,000
Series A Revenue Bonds	4/5/2022	18,045,000	5.00%	7/1/2042	18,045,000
Series A Refunding	8/7/2025	6,540,000	3.236%	7/1/2034	<u>6,540,000</u>
Total Electric Revenue Debt					<u>\$30,095,000</u>
<u>Water Revenue Debt</u>					
Water System Revenue Bonds	6/6/2017	\$3,250,000	2.50%-5.00%	11/1/2036	\$ 2,350,000
Water System Revenue Bonds	5/22/2018	2,000,000	4.00%-5.00%	11/1/2038	1,590,000
Water System Revenue Bonds	11/28/2018	2,000,000	5.00%	11/1/2038	1,600,000
Water State Revolving Loan RF3-295	1/1/2019	253,340	1.00%	1/1/2037	122,394
Water State Revolving Loan RF3-426-3.0	11/23/2022	678,266	0.00%	8/1/2054	661,547
Water State Revolving Loan RF3-402	10/14/2025	211,905	0.00%	11/1/2029	<u>211,905</u>
Total Water Revenue Debt					<u>\$ 6,535,846</u>
<u>Wastewater Revenue Debt</u>					
State Wastewater Loan (Digester)	7/1/2000	\$1,614,835	0.00%	8/1/2027	\$ 217,031
State Wastewater Loan (Siphon)	9/6/2006	1,650,000	0.00%	5/1/2027	210,697
State Wastewater Loan (Turbo)	2/9/2010	662,000	0.00%	10/1/2031	25,520
State Wastewater Loan (Disinfection)	4/1/2023	2,622,466	0.00%	4/1/2041	1,222,176
State Wastewater RF1 249-3	6/1/2023	390,063	0.00%	6/1/2041	215,168
State Wastewater RF1-248	6/1/2023	1,663,802	0.00%	6/1/2042	1,305,893
Wastewater Revenue Refunding Bond	1/7/2014	14,645,620	2.733%-4.593%	11/15/2033	6,590,529
State Wastewater Loan RF1-196	10/8/2019	176,516	0.00%	8/1/2038	532,585
State Wastewater Loan Refurbishment Proj.	8/21/2023	2,547,631	0.00%	9/1/2053	<u>2,420,777</u>
Total Wastewater Revenue Debt					<u>\$12,740,376</u>
<u>Stormwater Revenue Debt</u>					
State Wastewater Loan	2/9/2010	\$1,204,000	0.00%	11/1/2032	\$ 206,480
Series 2021 Stormwater State Loan	11/15/2021	2,560,000	0.00%	10/1/2053	<u>2,436,841</u>
					<u>\$ 2,643,321</u>
<u>Airport Revenue Debt</u>					
Airport, Ref Series 2014A	12/17/2014	\$15,660,000	5.00%	7/1/2030	\$ 6,375,000
Airport, Ref Series 2021A (Taxable)	3/16/2021	5,175,000	1.20%-3.00%	7/1/2030	4,930,000
Airport, Ref Series 2022A (Non-AMT)	6/28/2022	10,635,000	4.00%-5.00%	7/1/2029	<u>5,695,000</u>
Total Airport Revenue Debt					<u>\$17,000,000</u>
Total All Revenue Debt					<u>\$69,014,543</u>

Table 10 presents the future annual debt requirements for the City's Revenue Debt as of September 1, 2025.

Table 10
Revenue Debt

Fiscal Year (June 30)	Electric Principal & Interest Total	Water Principal & Interest Total	Wastewater Principal & Interest Total ⁽¹⁾	Stormwater Principal & Interest Total	Airport Principal & Interest Total
2026	\$652,245	\$631,479	\$1,248,475	\$ 86,875	\$373,606
2027	2,780,531	647,830	1,438,485	88,612	3,717,384
2028	2,784,572	651,599	1,308,994	90,384	3,718,748
2029	3,595,192	649,505	1,173,423	92,192	3,722,075
2030	3,584,567	651,548	1,146,735	94,036	3,832,630
2031	3,582,293	610,223	1,119,362	95,917	3,835,525
2032	3,583,937	605,417	1,090,932	97,835	--
2033	2,547,164	604,750	1,062,228	99,792	--
2034	2,548,854	607,971	1,029,518	73,601	--
2035	2,546,034	605,081	287,664	75,073	--
2036	1,709,375	606,081	292,598	76,575	--
2037	1,709,125	605,845	297,630	78,106	--
2038	1,710,750	333,704	302,763	79,668	--
2039	1,709,125	334,253	307,999	81,261	--
2040	1,709,125	22,061	272,372	82,887	--
2041	1,710,500	22,502	277,819	84,544	--
2042	1,708,125	22,952	177,515	86,235	--
2043	1,711,750	23,411	89,692	87,960	--
2044	--	23,879	91,486	89,719	--
2045-2055	--	296,390	1,021,783	1,002,049	--
Total	<u>\$41,883,265</u>	<u>\$8,556,481</u>	<u>\$14,037,473</u>	<u>\$2,643,321</u>	<u>\$19,199,968</u>

- (1) Does not include \$260,000 Revenue Note with the Vermont State Revolving Loan Fund for the City's Water Division which is not fully drawn or the \$997,204.05 note with the Vermont State Revolving Loan Fund for a wastewater and storm system pipe assessment and engineering study.

The City has undertaken various financings for improvements to the Airport. These include taxable grant anticipation notes payable from and secured by Federal Aviation Administration grants for various airport improvement projects. On June 30, 2025, the City issued its taxable \$10,000,000 grant anticipation note for Airport improvement projects, which note matures on June 30, 2026. In addition, the City has issued, from time to time, revenue anticipation notes to provide financial support to the Airport to pay current expenses when airport revenue funds are not readily available to pay such current expenses.

On September 15, 2022, the City issued, in a private placement, its \$2,500,000 General Obligation Revenue Anticipation Note, Traffic Division, Series 2022 (Taxable), which matured in September of 2024. The note was refunded in 2024, in a private placement, by the \$2,500,000 General Obligation Revenue Anticipation Note, Traffic Division, Series 2024 (Taxable) and refunded again by the \$2,500,000 General Obligation Revenue Anticipation Note, Traffic Division, Series 2025 (Taxable). The Series 2025 Revenue Anticipation Note matures in September of 2026 and was issued in anticipation of the receipt of revenues from the Traffic Division of the City's Public Works Department.

In June 2023, the City issued its \$750,000 Parking Revenue Note, Series (2023) (Taxable) to finance certain capital improvements to the City's parking facilities, which note matures May 1, 2028. The Parking Revenue Note is payable solely from net revenues (after payment of costs of operations and maintenance) of the City's Parking Facilities (excluding parking facilities at Burlington International Airport). To the extent the net revenues are insufficient to pay debt service on the Parking Revenue Note, the Director of Public Works shall make a request to the City Council

to make such payment, which payment shall be subject to appropriation by the City Council at such time. Such revenue debt is not included in Table 9.

Other Notes Payable

The principal amounts of bond anticipation notes and other notes payable outstanding on September 1, 2025 are presented below. Revenue debt is not included in Table 11.

Table 11
Other Notes Payable

<u>Other Notes Payable</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Principal Outstanding 09/01/2025</u>
Revenue Anticipation Note – Parking – Traffic Division (Taxable)	9/12/2025	4.49%	9/11/2026	2,500,000	\$ 2,500,000
General Obligation Waterfront Tax Increment Financing District Note, Series 2024 (Taxable)	5/14/2025	4.49%	5/8/2026	18,840,000	18,840,000
General Obligation Revenue Anticipation Note – Electric Department (Taxable) (Electric Department, Series 2024)	6/25/2024	Variable	6/24/2027	10,000,000	0 ¹
Grant Anticipation Note (City Capital Projects)	6/30/2025	Variable	6/30/2026	10,000,000	0 ¹
Grant Anticipation Note (Airport)	6/30/2025	Variable	6/30/2026	10,000,000	0 ¹
Total					<u>\$21,340,000</u>

¹ Issued on a draw down basis

Pursuant to Vermont law, the City may also issue notes in anticipation of grants-in-aid to be received. In June 2025, the City issued a taxable \$10,000,000 Grant Anticipation Note for certain City capital improvement projects, which Note is payable from and secured by grant agreements with the United States Government and the State of Vermont. Such Note matures on June 30, 2026.

Tax Increment Financing Districts

Vermont’s Tax increment financing (TIF) statutes allow certain approved municipalities in Vermont to finance public infrastructure using tax increment from within the identified and approved tax increment financing district. In Vermont, establishing a TIF district allows a municipality to designate an area for such improvements, incur debt to finance the area’s public infrastructure, and retain a portion of the area’s growth (or “increment”) in property tax revenues to repay such debt.

The City established two TIF districts, in which incremental tax revenues may be set aside to pay for infrastructure improvements in such TIF districts. After creation of a TIF district by a municipality and approval of the TIF district by the Vermont Economic Progress Council (“VEPC”), the municipality can seek voter approval to authorize bonds or other forms of indebtedness to finance construction or public infrastructure improvements to serve the TIF district. Under state law, when a municipality creates a TIF district, the existing property values for properties within the district are recorded. This is called the Original Taxable Value (“OTV”). Revenues generated based upon the OTV will continue to go to the taxing entities (the City for its municipal share and the State for the portion attributable to the state education property tax). As property values increase within the tax increment financing district, the tax revenues generated increase. The tax increment is the additional new property taxes generated within the TIF district above the OTV. A portion of the incremental education property tax and the municipal property tax generated are set aside by the municipality and used to pay debt service on TIF related debt and also to pay related costs associated with the TIF district. Current Vermont law generally applicable to TIF districts requires that the municipality pledge at

least 85% of the incremental municipal property tax and permits a municipality to use up to 70% of the incremental education property tax revenue generated within the TIF district to service the TIF debt, although certain TIF districts may be subject to different percentages of retained increment due to grandfathering or special authorization by Vermont legislature. The TIF district allows the municipality to use a portion of the incremental tax revenues derived from growth in the assessed value of properties within the TIF district to pay for the costs of improvements and infrastructure that serve the TIF district, provide for employment opportunities, improve and broaden the tax base, or enhance the general economic vitality of the municipality, the region, or the State.

Waterfront TIF District

In 1996, the City established a TIF district known as the “Waterfront TIF District” along the central and northern end of the Lake Champlain waterfront in the City. The Waterfront TIF District was established to promote redevelopment and reclaim the post-industrial nearby waterfront area focusing on investment in public infrastructure and facilities that support economic development and public access. In 1997, the City expanded the Waterfront TIF District with a sliver of property extending from the lakefront to Church Street along Cherry Street to facilitate increasing the housing supply and parking garage additions to help stimulate a market for commercial, retail stores and business offices.

In 2014, through the City’s Public Investment Action Plan (PIAP), and solicitation of proposals for infrastructure improvements on the waterfront, the voters of the City authorized an additional amount of general obligation tax increment bonds and notes of up to \$9,600,000. In November 2016, the voters of the City authorized an additional amount of general obligation tax increment bonds and notes of up to an additional \$21,380,000 for certain public improvement projects. Such indebtedness is to fund various infrastructure improvements near the Burlington Town Center including street infrastructure, storm water, utility and multi-modal transportation improvements.

The purpose of these Waterfront TIF District investments is designed to further a number of the City’s waterfront goals, without impacting municipal property tax rates:

- Strengthen existing waterfront resources, including investments in the City’s waterfront;
- Resolve the use of the abandoned Moran site, a former electric generating facility;
- Increase public access and use of the waterfront and Lake Champlain;
- Protect Lake Champlain and continue the City’s efforts in improving water quality; and
- Leverage additional investment designed to further economic opportunity and grow City revenues.

Through June 2014, the value of the property in the Waterfront TIF District has increased from the 1997 OTV level by approximately \$94,000,000, generating, over the period of time since the district was created, about \$16,400,000 in incremental revenues as estimated by the State of Vermont Department of Taxes. Under state law, a portion of such incremental property tax revenue is paid to the State Education Fund and the remainder is to be used by the City to pay debt service on TIF related indebtedness and related costs.

The City has incurred indebtedness under HUD Section 108 Loans, certificates of participation and lease financing for the Waterfront TIF District. In July 2014, the City incurred \$7,800,000 of special obligation tax increment bonded debt intended to be repaid from the Waterfront TIF District tax incremental revenues. While such bonds and notes are expected to be fully repaid with the available tax increment revenues, the City remains liable for, and its full faith and credit is pledged to, payment in the event such incremental tax revenues are not sufficient to pay debt service.

Under current law, the use of such tax increment funds for the TIF related indebtedness expired in 2023. For certain parcels within the Waterfront TIF District, generally comprising the parcels within the Burlington Town Center, the City may extend the period to retain municipal and education tax increment until June 30, 2035. The ability of the City to incur indebtedness for improvements that serve the Waterfront TIF District expired at the end of the 2019 calendar year. Under state legislation, the City may extend the period to incur indebtedness for the Waterfront TIF District until June 30, 2023. Such extension, however, is subject to the City submission to the Vermont Economic Progress Council of an executed construction contract with a completion guarantee by the owner of the parcels evidencing commitment to construct not less than \$50 million of private development on such parcels for the Burlington Town Center parcels. On February 2, 2023, the City submitted a substantial change request to VEPC providing the required executed construction contract and completion guaranty and requesting formal authorization to incur the remaining authorized indebtedness, which request was approved on March 30, 2023. Subsequently, in

June 2023, the City issued its \$18,840,000 General Obligation Waterfront Tax Increment Note, Series 2023, which note was refinanced by the City's \$18,840,000 General Obligation Waterfront Tax Increment Note, Series 2024, which note was refinanced by the City's \$18,840,000 General Obligation Waterfront Tax Increment Note, Series 2025. Such note matures on May 8, 2026. See "Authorized But Unissued Debt" for additional information concerning bonds authorized for the Waterfront TIF District.

State TIF statute requires the Vermont State Auditor's Office's (the "SAO") to audit all the Tax Increment financing districts created in the State. The SAO conducted an initial audit of the City's Waterfront TIF District for its activities through Fiscal Year 2010. The SAO conducted its second audit of the Waterfront TIF District for the fiscal years 2011 to 2021 and the City participated in the audit process from September 2021 to January 2023.

The SAO published its final Audit Report on the City Waterfront TIF District on January 20, 2023 (the "SAO Report"). The SAO Report identified certain deficiencies in the operation of the Waterfront TIF District during the period under examination and made certain recommendations for improved record-keeping. These deficiencies included the following: (i) certain technical requirements for holding a public vote and the information to be provided in advance of the vote varied during this period and the City did not comply with all technical requirements as set forth in the tax increment rules adopted by VEPC; (ii) there were asserted deficiencies in the City's records for the costs for each improvement project funded with Waterfront TIF debt, with a finding that \$173,056 of costs were found to be ineligible for TIF funding; and (iii) the City improperly retained \$197,510 of incremental education taxes. In addition, the SAO Report identified certain ambiguities in state law that the SAO recommended be clarified through legislative action.

The City responded to the asserted deficiencies in the SAO Report. In particular, the City asserted that the public votes held between 2012 and 2016 authorizing the City to issue debt and use incremental property tax revenue for such purpose were valid. In its response to the SAO, the City highlighted a Vermont Superior Court case involving a lawsuit brought by several Burlington residents in connection with the 2016 public vote, in which the court held that the technical and procedural errors raised by the plaintiffs were insufficient to void the voting results.

The City originally disputed the SAO's finding that the City's General Fund owed the State Education Fund (the "Education Fund") \$197,510. Though the SAO Report characterizes certain increment calculations as City "errors," many of these calculation differences arose due to programming problems within the State's property tax data system, which is administered for the State by a private contractor, and it remains unclear what the actual discrepancies are. The City has worked with the Vermont Department of Taxes over several years to resolve these problems and this process remains underway. In August 2025, the City received an invoice from the State to pay this amount and made the decision to pay it. City Council authorized the expenditure on September 8, 2025.

The City agreed with the SAO to promptly complete adjustments necessary to address the errors documented. Such adjustments include the transfer of \$1,181,034 from the City General Fund to its Waterfront TIF District fund. The City amended its Waterfront Tax Increment Fund Balance as of June 30, 2021 to reflect (a) State Education Tax Increment of \$2,398,893, and (b) Municipal Tax Increment of \$1,242,070. In addition, the City corrected the payment of \$173,056 of ineligible expenses from TIF debt by replacing the ineligible invoices with TIF-eligible invoices from other TIF improvement projects that were acceptable to the SAO. The Assessor also recertified the District's OTV in December 2024 to pair with recommendations from the SAO.

In addition to the steps above, the City notes that it has been addressing the issues raised in the SAO Report for many years. Following the City's annual audit for fiscal year 2017, the City began taking action to improve its project accounting systems. Such actions included engaging the accounting and management consulting firm BerryDunn to review project accounting practices, procedures, and technology and hiring the management consultant firm Clifton Larson Allen to develop and implement overall capital accounting policies and procedures for the City and to reconcile past accounts. In addition, the City has also recently engaged MuniCap, a public finance consulting firm recognized for its tax increment expertise, to help the City manage the finances and administration of the City's Waterfront and Downtown TIF Districts. Further, the City established a custodial arrangement with Zions Bancorporation, National Association, to hold TIF bond proceeds in a segregated account for payment of TIF approved costs.

More recently, the City has also received CDS funding in the amount of \$12 million and RAISE grant funding in the amount of \$20.85 million to support capital infrastructure improvements within and outside the defined Waterfront

TIF District boundaries. The City expects to need to submit a Substantial Change Request to VEPC in the near future to update the financial plan with these additional revenues, as well as review updates specific to the remaining project's Waterfront TIF budget. This includes requesting VEPC approve the use of investment earnings to support interest payment for the District, as increment collection decreased in FY25 and FY26. The original Waterfront TIF District expired at the end of FY25, leaving the remaining parcels as the only continuing source of increment through the life of the remaining District.

Downtown TIF District

In 2011, the City Council of Burlington created a separate Downtown TIF District. As required by state law, VEPC approved the Downtown TIF District Plan. The Downtown TIF District is approximately 63 acres and roughly corresponds to the City's Designated Downtown area. In March, 2015, the voters of the City authorized the City Council to pledge the credit of the City to secure indebtedness or make direct payments for the purpose of funding one or more public improvements and related costs attributable to projects serving the Downtown TIF District, in a principal amount not to exceed \$10,000,000. The purpose of such financing is for the following projects:

- Main Street Streetscape Upgrades, to include streetscape, stormwater, utility, lighting and transportation upgrades;
- St. Paul Street Streetscape Upgrades, to include streetscape, stormwater, utility, lighting and transportation upgrades;
- Brownfields Remediation/Brown's Court, relating to preparation of site for redevelopment;
- Marketplace Garage Improvements and Repair, as a supplement to other funding for this project; and
- Related Costs for the creation, implementation and administration of the Downtown TIF District.

In December 2017, the City issued its Series 2017D Bonds in a principal amount of \$3,400,000 and in November 2018 the City issued its Series 2018D Bonds in a principal amount of \$1,570,000, to fund improvements that support the Downtown TIF District.

In November 2021, VEPC approved a substantial change request by the City to raise the debt limit of the Downtown TIF District from \$10,000,000 to \$35,920,000 in total. Following VEPC's approval, the City issued public notices and held two public hearings regarding the increased debt limit, as required by Title 24, Chapter 53 of the Vermont Statutes Annotated. At the City's annual meeting on March 1, 2022, voters of the City approved the issuance of an additional \$25,920,000 of tax increment financing bonds to finance public improvements for the Downtown TIF District, bringing the total amount of debt authorized for the Downtown TIF District to \$35,920,000. \$30,120,000 of such authorized debt was issued as the City's General Obligation Downtown Tax Increment Bonds, Series 2022B.

The City's period to incur debt for its Downtown TIF District expired March 31, 2023. As the debt incurrence period expired, in June 2023 the City submitted a Substantial Change application to VEPC to (1) review the Downtown TIF District and its finances, and (2) resolve questions with respect to the retention of development fees collected by the City. As part of the review by VEPC, and in order to address the City's retention of such development fees, in August 2023, VEPC reduced the City's percentage of the education fund tax increment from 75% to 69%.

On January 12, 2024, the SAO issued its audit report on the Downtown TIF District (the "SAO Downtown TIF Report"). The SAO Downtown TIF Report identified several errors in the original taxable value used to calculate the retainage of the education fund tax increment, resulting in an approximate \$260,000 error in the amount of education tax increment retained. The SAO Downtown TIF Report further addressed the City's retention of the development fees by the City, acknowledging such issue was addressed by VEPC in August 2023, when it modified the retainage percentage of education fund increment from 75% to 69%. The SAO Downtown TIF Report raised questions about the City's issuance of bonds for the Downtown TIF Bonds at a premium. The City refuted the SAO Downtown TIF Report as to use of bond premiums and asserted that its bond issuances were proper and within its statutory authority. The use of bond premium to finance improvements for the Downtown TIF District was addressed in the City's Substantial Change application filed with VEPC in June 2023. In April 2024, VEPC approved the City's Substantial Change request, which approval addressed the City's use of premium on bonds issued for the Downtown TIF District. As part of such approval, VEPC confirmed that the City could retain 69% of the education fund tax increment for purposes of paying bonds issued for the Downtown TIF District.

One of the SAO's findings included a \$95,363 payment from the City's Downtown TIF fund to the State Education Fund related to parcels being excluded from the City's original OTV. The Assessor recertified the OTV in December 2024, and the City received an invoice from the State for the payment in September 2025. The City decided to make the payment, and Council authorized the payment in October 2025.

The City is expected to participate in a Substantial Change Hearing with VEPC in December 2025. At this time, the City will be asking VEPC to approve use of the City's investment earnings to support a change order for the project to support downtown businesses, as well as generally support future uses of these earnings for rebate payments, unknown project expenses, and remaining interest payments.

It is expected that VEPC will review the City's Downtown TIF District Financial Plan in 2027. At such time, VEPC could consider further modifications to the amount of the retention of the education fund tax increment.

Overlapping Debt

In addition to the indebtedness described above, the City is indirectly liable for a portion of the debt and other expenses incurred by Chittenden County and the Chittenden County Transit Authority (CCTA), the Chittenden Solid Waste District and the Winooski Valley Park District. See "Overlapping Governmental Units" for additional information.

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FINANCIAL INFORMATION

Budget Process

The budget process in the City of Burlington normally commences with a request by the Mayor that all Departments submit, in writing, a detailed estimate of the appropriations required for the efficient and proper conduct of their respective Departments during the next fiscal year. On or before the fifteenth day of June, the Mayor must submit to the City Council a copy of the budget for the ensuing fiscal year which contains a clear general summary of its contents, and in detail, all estimated income, the proposed property tax levy and all proposed expenditures, including debt service.

The City Council shall adopt the budget by resolution no later than June 30 of each year. The Council may reduce the submitted appropriations by a majority vote but may not increase the appropriations without an approving two-thirds vote of the Council. The City has never failed to adopt a budget.

Table 12
General Fund Budget

	<u>2024</u>	<u>2025</u>	<u>2026</u>
<u>PROJECTED REVENUES:</u>			
General Administration & Taxes ⁽¹⁾	\$ 81,279,417	\$ 86,065,731	\$ 86,739,905
Safety Services	6,322,480	7,755,521	5,409,040
Culture & Recreation	7,335,844	7,858,050	7,690,377
Public Works	<u>6,226,680</u>	<u>6,541,731</u>	<u>7,254,074</u>
Total Projected Revenues	<u>\$101,164,421</u>	<u>\$108,221,033</u>	<u>\$107,093,396</u>
<u>PROJECTED EXPENDITURES:</u>			
General Administration & Taxes ⁽¹⁾	\$ 41,244,573	\$ 41,790,157	\$ 41,411,838
Safety Services	34,280,543	37,448,898	37,484,307
Culture & Recreation	16,104,768	17,436,105	16,755,627
Public Works Function	<u>9,534,537</u>	<u>10,458,493</u>	<u>11,059,426</u>
Total Projected Expenditures	<u>\$101,164,421</u>	<u>\$107,133,653</u>	<u>\$106,711,198</u>

- ⁽¹⁾ General Administration is composed of A. General Departments (i.e. Clerk, Treasurer, etc.) B. Administrative Expense consisting of employee benefits (health, dental, life insurance, etc.) C. General Governmental consisting of payments for municipal transit service, county taxes, etc. and D. Operating Transfers to the Retirement, Debt Service, Housing Trust, CEDO, and Marketplace Funds.

Source: City of Burlington.

Financial Reports

The City's financial statements have been audited by an independent accountant. The City of Burlington financial statements were audited by Marcum LLP. In November 2024, Marcum LLP was acquired by CBIZ, Inc. The Burlington School District was audited by RHR Smith & Company, LLP. The Burlington Electric Department was audited by KPMG. See Appendix A and B, respectively, for the audited financial statements of the City and for the Burlington School District for the fiscal year ended June 30, 2024.

Results of Operations

Statements of revenues and expenditures of the General Fund and of the Special Revenue Funds of the City have been compiled from the City's financial statements. They have been organized in such a manner as to facilitate year-to-year comparison. Table 13 presents statements of revenues and expenditures of the City's General Fund for fiscal years 2020 through 2024.

Table 13
Combined Statement of Revenues and Expenditures
and Changes in Fund Balance
General Fund
(For the Years Ended June 30)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽¹⁾</u>
Revenues:					
Taxes	\$36,203,414	\$37,527,776	\$42,865,821	\$44,161,597	\$46,744,327
Payments in Lieu of Taxes	5,749,014	1,356,734	1,517,590	1,695,326	1,771,890
Licenses and Permits	3,881,737	3,301,298	3,561,535	4,184,267	3,830,266
Intergovernmental Revenues	1,104,376	3,204,063	8,269,924	3,596,059	3,049,035
Charges for Services	15,592,695	15,183,945	16,688,789	18,414,764	19,514,567
Contributions	647,791	999,956	851,455	912,503	916,202
Investment Income (Loss)	766,108	289,797	(554,714)	1,027,038	1,081,778
Miscellaneous Revenues-Other	<u>442,129</u>	<u>410,731</u>	<u>385,657</u>	<u>349,074</u>	<u>332,782</u>
Total Revenues	<u>\$64,387,264</u>	<u>\$62,274,300</u>	<u>\$73,586,057</u>	<u>\$74,340,628</u>	<u>\$77,240,847</u>
Expenditures:					
General Administration	\$13,309,860	\$14,336,326	\$15,991,250	\$18,480,901	\$18,813,205
Safety Services	30,917,348	30,618,604	31,253,528	33,389,941	35,683,952
Public Works	4,474,394	4,353,444	5,075,203	5,451,832	4,912,516
Capital Outlay	--	--	--	538,733	107,422
Culture and Recreation	11,176,478	10,745,569	12,836,743	14,309,499	16,127,734
Community Development	1,012,475	834,089	1,352,586	1,081,422	1,120,371
Debt Service	<u>5,720,651</u>	<u>6,072,627</u>	<u>7,332,879</u>	<u>7,868,769</u>	<u>8,396,465</u>
Total Expenditures	<u>\$66,611,206</u>	<u>\$66,960,659</u>	<u>\$73,842,189</u>	<u>\$81,121,097</u>	<u>\$85,161,655</u>
Excess of Revenues Over (Under) Expenditures	<u>\$(2,223,942)</u>	<u>\$(4,686,659)</u>	<u>\$ (256,132)</u>	<u>\$ (6,780,469)</u>	<u>\$ (7,920,818)</u>
Other Financing Sources (Uses):					
Operating Transfers In	\$ 5,915,545	\$ 4,725,933	\$ 5,436,615	\$ 4,790,963	\$ 4,199,887
Operating Transfers Out	(1,759,536)	(5,191,230)	(4,434,585)	(4,848,533)	(2,902,162)
Proceeds from Long-Term Debt	--	--	--	--	--
Proceeds from Capital Lease	--	--	--	--	--
Net Premium/(Discount) on Debt	<u>2,248,534</u>	<u>--</u>	<u>289,792</u>	<u>2,114,542</u>	<u>974,599</u>
Other Financing Sources (Uses)	<u>\$ 6,404,543</u>	<u>\$ (465,297)</u>	<u>\$ 1,291,822</u>	<u>\$ 2,209,242</u>	<u>\$ 2,272,324</u>
Special item	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 4,180,601</u>	<u>\$ (5,151,656)</u>	<u>\$ 1,035,690</u>	<u>\$ (4,571,227)</u>	<u>\$ (5,648,494)</u>
Fund Balance Beginning	<u>22,063,007</u>	<u>26,243,608</u>	<u>21,091,952</u>	<u>22,127,642</u>	<u>17,556,415</u>
Fund Balance End of Year	<u>\$26,243,608</u>	<u>\$21,091,952</u>	<u>\$22,127,642</u>	<u>\$17,556,415</u>	<u>\$11,907,921</u>

(1) The Notes to the Financial Statements for Fiscal Year 2024 contained in Appendix A herein are an integral part of this summary.

Source: Compiled from the City's audited financial statements.

Management Discussion & FY26 Budget Summary

As with the FY25 budget, the FY26 budget reflects the City administration's efforts to create a balanced and sustainable budget after years of significant growth in the size of government, much of which was supported by one-time funds. Between FY15 and FY24, the City workforce grew by 98 full-time positions. About 37 of these positions were created using one-time funding, with no sustainable long-term funding sources identified. In addition, the City faces challenges due to rising expenses related to health insurance costs, which are expected to rise by 11% this year. Over the last three years, salaries of City employees have also increased significantly, with negotiated increases of 20% for the police officers' union, 19.5% for the fire fighters' union, 15% for AFSCME (unionized City employees), 15% for IBEW (BED staff), and 15% for non-union employees. Taking into consideration the cost of inflation and the growth of programs and services provided by the City, the City administration sought to balance the increasing costs within the FY26 budget.

The City's budget grew by approximately 10% in FY23, by 5% in FY24, and by 7% last year. This year's budget represents a significant decrease in the overall size of the budget. The City not only held the budget level, but additionally reduced the total budget by more than 1% compared to FY25.

Not only did the City hold the budget at zero percent in terms of growth compared to FY25 but went further and reduced the total budget by more than 1% compared to FY25. The City hopes to continue to engage in disciplined budgeting practices to continue its efforts in addressing future budget gap issues.

Budget Process

City management began working on the FY26 budget shortly after passing the FY25 budget. However, impacts due to various unforeseen factors, including but not limited to federal funding freezes and a miscalculation in the City's grand list late in the budgeting process required City administration required significant revisions to the FY26 budget.

In August 2024, the City held an inter-departmental Budget Summit, in which City administration discussed participatory and equitable budgeting practices and learned about the City's budget dashboard and budget monitoring practice. Beginning work earlier on the FY26 budget also allowed more time to develop City department budgets, which in turn allowed the City to sequence budget projections alongside three critical bond questions for Town Meeting Day held in March 2025 and to determine it was possible to advance a budget without needing to ask voters to approve a dedicated tax. Accordingly, City administration was able to emphasize affordability for residents in this year's budget.

In preparing the FY26 budget, the City also relied on input from the Mayor's Tax Fairness Working Group, consisting of City staff and community members responsible for analyzing the City's property tax structure, and the ModernGov Initiative, which provides a multi-year roadmap to right-size the City's government and to make it more effective and resilient.

In January 2025, the Mayor and the Chief Administrative Officer provided an initial presentation on the FY26 budget to the City's Board of Finance and provided subsequent updates to the Board of Finance and the City Council in May and June.

Budget Pressures

A number of factors contributed to the initial projected \$9.8 million budget gap for FY26, including, but not limited to, the end of one-time, Covid-related federal funding; the continued rise of personnel and operational costs due to a city government that has grown significantly over the past decade; restrictions on the use of revenue raised by municipal splinter taxes; cost of living adjustments, increased healthcare costs, and inflation; and an additional \$1.8 million budget gap due to a miscommunication between the Clerk-Treasurer's Office and the Assessor's Office regarding the commercial property tax. The City has also experienced challenges relating to revenues, including lower-than-projected gross receipts revenues (a trend affecting much of the region); tax revenue not increasing despite assessed values increasing during reappraisal due to the City's Charter requiring reappraisals be revenue neutral; and spending restrictions for revenue generated from the City's fourteen splinter taxes.

Additionally, the City administration continues to be sensitive to residents' continued concerns about affordability and economic diversity in the City as well as its commitment to City employees. The FY26 budget reflects the City administration's efforts to present a balanced budget without significant tax increases while maintaining the health insurance benefits, paid family leave program, retirement, and COLA increases for non-union employees and bargained-for benefits for unionized employees. Additionally, the City administration has worked to add retention strategies for employees to grow within the City, reclassified City positions, and agreed to generous union COLA increases in the last 3 years (20% for BPOA; 19.5% for BFFA; and 15% for AFSCME, IBEW, and all non-union employees).

Solutions for closing the Gap

City management identified a number of solutions to close the budget gap, while also ensuring the City maintains funding for strategic investments in community safety, equity, and housing. Broadly, these include increasing tax revenue; increasing both user fees and efforts to collect outstanding fees owed to the City; strategic use of one-time funds for one-time needs; deferring salary increases for the Mayor and department heads, and various budget reductions such as phasing new hires into later in the fiscal year, and reducing programmatic expenses. *Please see the table below for a more detailed breakdown of these approaches, with estimated savings amounts to close the projected budget gap.*

Solutions to Close the Projected \$9.8 million Budget Gap		
Category	Total Dollar Amount	Components
Additional Revenue	\$3.0M	\$1.7M growth in Grand List; additional \$0.01 public safety tax (already approved by voters March 2024); additional \$0.0053 on Parks + Highway Tax; \$280k remaining ARPA; additional anticipated revenue from local option tax revenue due to recent change in law; updated franchise fee assumptions
Additional Anticipated Revenue	\$930,000	Conservative estimates for: additional permit fees in FY26; Anticipated Gross Receipts for hotel coming online summer 2025; increased enforcement of code violations with increased fees per new ordinance; anticipated additional PILOTs; unrealized gain/loss, interdepartmental interest on pooled cash, and investment income
ModernGov Efficiencies	\$2.0M	Projecting \$750k in additional revenue collected; efficiencies of merging departments
Service Inventory Reductions	\$2.5M	Winding down certain programs (outlined below)
Pause in hiring certain positions until later in FY	\$135,000	Pause on a position in CA Office until Q3; pause on new Senior Advisor on Housing until Q4
No COLA for Mayor this year or for Department Heads for 6 months	\$37,000	

Departmental savings, cuts, or contributions to General Fund	\$1.6M	Includes adjusting new sworn officer head count in budget due to hiring realities; software savings in I&T, additional contribution by BED to General Fund for legal and HR assistance, revenue from increasing fees to Uber/Lyft
Total	\$10.2M	Combination of reductions and additional revenue

Increased Tax Revenue:

Public Safety Tax:

Voters approved an up-to 3-cent increase in the public safety tax in March of 2024, 2-cents of which was implemented last year. The City is implementing the third cent this year. The City Charter allows revenue from the public safety tax to be spent only on the police and fire departments, so investments in community safety beyond those two departments (e.g., increasing funding for Howard Center Street Outreach and continuing to fund additional security and a social worker at the Library) are supported by other revenue sources beyond the public safety tax.

Gross receipts taxes (Admissions, Alcohol, Amusements, Meals and Rooms):

In order to strike a balance between affordability for residents while also investing in supports for the City's downtown, the FY26 budget leaves in place the 0.5% increase on non-lodging gross receipts implemented last year and which has now been extended until September 1, 2026 to allow time to for the City Council and administration to adopt the FY27 budget. Additionally, the hotel (rooms) rate, which was raised to 4% last year as a way to ensure that visitors to the City also contribute more to the budget, will continue without an end date as planned.

Parks and Highway Splinter Taxes:

The Parks splinter tax provides funding for the care and improvement of park property and the highway splinter tax provides funding for the operations, maintenance and capital projects involving City roads.

Local Option Sales Tax Increase from State:

The City anticipates seeing an additional \$150,000 over earlier estimates due to a statutory change that provides for an additional 5% from local option taxes to go to municipalities. With this change in the law, the City will now receive 75% of revenues, with the remaining 25% going to the State.

Retirement and Debt Service Taxes:

These two taxes vary each year depending on the financial needs of the retirement fund and the City's debt service schedule. The retirement tax is governed by ordinance, and the debt service tax is governed by City Charter. The retirement tax is estimated to bring in \$11.7 million in revenue in FY26 that goes directly to fund the City's retirees, and the debt service tax is estimated to bring in \$8.1M to make payments on the City's bonds.

Non-Tax Revenue:

The FY26 budget takes into account several non-tax revenue sources. These include the Airport's increased Uber/Lyft ride fees, anticipated increases in Payment in Lieu of Taxes (PILOT) agreements, and anticipated increases in development permits related to expected permit fees in FY26.

Program and Staff Reductions:

Workforce Reductions:

In order to begin to help close the City's structural budget gap, City administration had to make the challenging decision to make certain reductions to the City's workforce, taking into consideration the City's current priorities and needs. The City eliminated 25 positions across seven general fund departments. Of the 25 positions, 7 were vacant, 12 were AFSCME union positions, and 13 were non-union positions.

As part of this reduction in force, the City offered impacted employees 60 days paid at their normal salaries, health insurance through the end of July 2026, accrual of sick/vacation and retirement over those 60 days, pay out of eligible accrued leave time, career counseling for other roles, and unemployment information.

Reducing Programs and Services:

In addition to eliminating certain positions, the City has made changes to certain programs or services, including:

- Ending CORE Program and lease of ONE Community Center second floor. The City remains committed to ongoing recreational programming for older adults in the community—the FY26 budget includes \$50,000 to support programming for seniors and retains the City’s Adult Recreation Specialist position;
- Reducing middle management positions in Parks, Recreation, & Waterfront, and the Community & Economic Development Office;
- Reducing BCA art gallery adult education programming;
- Reducing the Community Development-Homelessness and Equity position from 1.0 FTE to .5 FTE;
- Eliminating administrative assistant positions through department mergers;
- Ending granting for REIB Empowerment Funds (supported by one-time ARPA funds that are fully spent down) and use of general funds for BCA grants;
- Centralizing IT services for general fund departments (Police Department & Library);
- Centralizing financial and grants services and reducing three positions across general fund departments; and
- Winding down Early Learning Initiative and scholarships for third shift families due to state policy improvements within State Child Care Financial Assistance.

Investments in Community Safety and Housing

The FY26 budget also includes strategic investments in community health and safety, and robust housing strategy through:

- Maintaining money for public health work (Overdose Prevention Center (OPC) implementation; Crisis, Advocacy, Intervention Programs; BTV CARES, Burlington Fire Department response, Special Assistant to End Homelessness);
- Continuing to fund the Special Assistant to End Homelessness position created with one-time funds and now permanently funded to assist the City in its response to homelessness, alongside the Community Development – Homelessness and Equity position, a .5 FTE;
- Leveraging opioid settlement dollars for Burlington Fire Department to assist in the response to the opioid crisis, including the evolution of the City’s Community Response Team pilot program from the last several months into a community paramedicine program;
- Maintaining funding for the City’s OPC Implementation Specialist and implementing state policy in connection with the Vermont Department of Health to support the City opening an Overdose Prevention Center;
- Funding year two of the City’s community safety system strategic work by funding the last year of the Senior Advisor on Community Safety role, advancing the Situation Table pilot with state grant funding, launching the City Circle initiative, and finalizing our community safety response strategy to create a more effective system across City departments and community entities;
- Creating a new position within CEDO to lead the creation of an innovative strategy for housing production of all types within the City;
- Increasing investment in the City’s 20-year partnership with the Howard Center to support the Howard Center’s Street Outreach Team;
- Funding for 8 additional sworn police officers for a total budgeted head count of 71 sworn and 50 professional staff for the Burlington Police Department; and

- Expanding ratepayer affordability programs for both the City’s municipal electric and water utilities.

FY26 Municipal Tax Rates

The FY25 tax rate was \$0.8326. In FY26 the tax rate will be \$0.8556 which is \$0.02 or a 2% increase. This tax rate includes \$0.01 increase to Public Safety Tax as approved by voters in March 2024. It also includes the Charter-required increases of \$0.0046 for retirement tax to fund the City’s employee pension system and \$0.0050 to finance the City’s debt service.

The FY26 budget also reflects decreases to three other splinter taxes: Street Capital & Greenbelt, Open Space/Conservation Legacy, and the Bike Path Maintenance Fund. These taxes are reduced in FY26 based on a legal review of all of the City’s splinter taxes and a determination that increases to these taxes requires voter approval and cannot be made solely by a vote of the City Council.

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PROPERTY VALUATIONS AND TAXES

Property Taxation

The principal tax of the City of Burlington is the tax on real and personal property. The tax is assessed by the City Council after the adoption of the budget for a fiscal year. Separate amounts are assessed for county taxes, city purposes, redemption of bonds, and payment of debt service, library book fund, schools, the police, street repairs, highways, parks and the retirement system.

Act 60 – State Education Fund

In Vermont, pursuant to the Equal Education Opportunity Act of 1997 (“Act 60”), education is funded through a statewide education fund (the “Education Fund”) rather than at the local level. Education Fund revenues come from the statewide education tax on non-homestead and homestead properties, and other taxes and revenues including the sales and use tax, lottery transfer, vehicle purchase and use tax, meals/rooms and alcohol tax, and Medicaid transfer.

Education property taxes are billed by the municipality and the revenue is paid into to the Education Fund, then distributed by the State to each school district in the amount of the school district’s budget, less any portion of the budget paid for from other sources. Vermont state law provides that payments to school districts for education funding shall be made in three installments on or before September 10, December 10, and April 30 of each year.

Under Vermont state law, funds received by a school district can only be used for items of current education expense and cannot be used for municipal services. Likewise, funds received by a municipality other than a school district may not be used directly or indirectly for education expenses. Current education expense may include reasonable payments for services performed on behalf of a school district by the corresponding town or city clerk or treasurer or auditors.

Upon recommendation by the Board of School Commissioners, the City Council may issue bonds as recommended by the Board of School Commissioners. Under the City Charter, the Board of School Commissioners are then responsible for including any debt service in the School District’s annual budget and allocating sufficient funds to pay any principal and interest due on City bonds issued for school purposes.

The budget set by the Board of School Commissioners, and approved by voters, impacts the homestead property education tax rate for the City. Each year the legislature sets a homestead property yield which is used along with the school district’s per pupil spending amount (a weighted number to account for the differing costs of educating different types of students) to determine the municipality’s homestead property tax rate. The localized homestead property tax rate is designed to ensure that town and city school districts that spend the same amount per pupil have the same tax rate.

The legislature also sets a non-homestead property tax rate annually. Localized decisions on the school budget do not impact the non-homestead property tax rate and therefore that rate does not vary from municipality to municipality.

See Appendix B for additional information concerning the School District.

Property Valuation

In all Vermont communities, the point at which a municipality must appraise taxable properties within the municipality is determined by the State of Vermont. Vermont law for funding public education drives the timing of an appraisal process. This state funding mechanism speaks to the fact that public education is funded in part through a tax on property value with a distinction of whether the property is a homestead or non-homestead. Only the homestead property tax rate is affected by local school board spending. The non-homestead tax rate is set at the statewide level and not locally adjusted by school district spending. The State has mandated that municipalities will be required to conduct full reappraisals of the municipality’s Education Grant List if the List has a coefficient of dispersion greater

than 20%. The coefficient of dispersion is a measure of how fairly distributed property tax is within a municipality and is the average deviation from the median ratio between the listed value of a property and the fair market value of the same property. Beginning in 2025, full reappraisals must be conducted every six years.

For municipal taxing purposes the tax classification system described above remains in effect. The voters approved in November 1998 the imposition of a special property tax assessment of valuation on properties in a newly designated downtown district. Commercial residents of the City's Downtown Improvement District (bounded by properties fronted on Pearl Street to the North, South Winooski Avenue to the East, Main Street from South Winooski Avenue to Battery Street and then Maple Street to the South, and Lake Champlain to the West) pay a tax of \$.09 per \$100 of appraised valuation of their property. This special tax assessment is devoted to the parking system.

A single tax rate applies to the assessed value of all taxable real and personal property. The tax is applied to the Grand List (equal to 1% of the assessed value of the City after the deduction of the veteran's exemption) in order to determine the tax levy. Accordingly, a tax rate of \$1 on the Grand List represents \$10 per \$1,000 of assessed valuation. Table 15 sets forth the trend in the City's valuations for the last ten years. Table 16 presents the Grand List for the last ten years.

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Table 14
Assessed and Estimated Actual Value of Taxable Property

Fiscal Year <u>Ending</u>	<u>Real Property</u>		<u>Personal Property</u>		<u>Total Property</u>	
	Assessed Value ⁽¹⁾	Estimated Fair Market Value ⁽²⁾	Assessed Value ⁽¹⁾	Estimated Fair Market Value	Assessed Value ⁽¹⁾ (100%)	Estimated Fair Market Value ⁽²⁾
2017	\$3,656,872,900	\$4,326,636,181	\$134,661,839	\$134,661,839	\$3,791,534,739	\$4,461,298,020
2018	3,692,301,500	4,479,861,077	128,747,190	128,747,190	3,821,048,690	4,608,608,267
2019	3,715,999,900	4,648,486,240	121,641,850	121,641,850	3,837,641,750	4,770,128,090
2020	3,749,208,200	5,014,321,519	131,093,599	131,093,599	3,880,301,799	5,145,415,118
2021	3,784,334,300	5,247,274,404	131,486,452	131,486,452	3,915,820,752	5,378,760,856
2022	5,653,482,900	5,653,482,900	116,726,218	116,726,218	5,770,209,118	5,770,209,118
2023	5,674,645,500	5,674,645,500	136,354,516	136,354,516	5,811,000,016	5,811,000,016
2024	5,713,087,900	5,446,286,695	141,106,713	141,106,713	5,854,194,613	5,587,393,408
2025	5,942,411,173	5,762,155,200	150,919,381	142,041,151	6,093,330,554	5,904,196,351
2026	5,978,827,335	5,800,400,400	142,341,800	118,618,167	6,121,169,135	5,919,018,567

(1) The appraisal does not include the 120% classification portion on real non-residential property and business personal property. As of April 1, 2021, a general reappraisal updated all assessments to 100% of actual value.

(2) The estimated fair market value of real property is calculated by the assessed value divided by the Common Level of Appraisal (CLA).

Source: City of Burlington Assessor's Office.

Table 15
Assessed Value - Real and Personal Property
(120% Included)

Fiscal Year <u>Ending</u>	Real Non- Residential <u>Property</u>	Personal <u>Property</u>	Total 120% <u>Included</u>
2017	\$134,541,438	\$26,827,702	\$161,369,140
2018	130,845,287	25,026,928	155,872,215
2019	130,099,969	24,328,370	154,428,339
2020	131,254,059	26,218,720	157,472,779
2021	130,699,504	26,297,290	156,996,794
2022	176,335,366	23,345,244	199,680,610
2023	174,812,244	27,270,903	202,083,147
2024	177,490,411	28,221,343	205,711,754
2025	180,255,973	25,153,230	205,409,203
2026	178,426,935	23,723,633	202,150,568

Table 16
Grand List

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>120% Classification⁽¹⁾</u>	<u>Assessed Value With 120% Classification</u>	<u>Grand List⁽²⁾</u>
2017	\$3,791,534,739	\$161,369,140	\$3,952,903,879	\$39,529,039
2018	3,821,048,690	155,872,215	3,976,920,905	39,769,209
2019	3,837,641,750	154,428,339	3,992,070,089	39,920,701
2020	3,880,301,799	157,472,779	4,037,774,578	40,377,745
2021	3,915,820,752	156,996,794	4,072,817,546	40,728,175
2022	5,770,209,118	199,680,610	5,969,889,728	59,698,897
2023	5,811,000,016	202,083,147	6,013,083,163	60,130,831
2024	5,855,225,293	205,711,754	6,060,937,047	60,609,370
2025	5,887,921,351	205,409,203	6,093,330,554	60,933,305
2026	5,919,018,567	202,150,568	6,121,169,135	61,211,691

(1) Nonresidential real and personal property is assessed at 120% of fair market value with certain exceptions. See “Property Valuation” herein and City Charter Section 81.

(2) The tax rate is applied to the Grand List to determine the tax levy. The Grand List is equal to 1% of the assessed valuation.

Table 17
Assessed Value of
Real Property by Property Type⁽¹⁾

<u>Category</u>	<u>2023/2024</u>		<u>2024/2025</u>		<u>2025/2026</u>	
	<u>Value</u>	<u>% of Total</u>	<u>Value</u>	<u>% of Total</u>	<u>Value</u>	<u>% of Total</u>
Residential	\$3,870,907,300	67.74%	\$3,907,064,391	65.75%	\$3,920,245,400	67.59%
Mobile Homes	4,492,300	0.08%	4,492,700	0.08%	4,930,300	0.08%
Commercial	1,630,867,800	28.54%	1,815,016,342	30.54%	1,657,911,300	28.58%
Industrial	54,443,400	1.00%	65,411,700	1.10%	52,737,800	0.91%
Utilities	76,715,900	1.34%	74,445,700	1.25%	76,637,900	1.32%
Farms	680,200	0.00%	680,200	0.01%	680,200	0.01%
Miscellaneous	<u>75,948,600</u>	1.33%	<u>75,300,140</u>	1.27%	<u>87,257,500</u>	1.50%
Total	<u>\$5,714,055,500</u>	100.00%	<u>\$5,942,411,173</u>	100.00%	<u>\$5,800,400,400</u>	100.00%

(1) After deduction of veteran’s exemptions.

Tax Collections

The City of Burlington levies taxes for the City, County, School District and the Chittenden County Transportation Authority (CCTA). Tax bills are sent out in July and taxes are due quarterly on the 12th of August, November, March and June. After the 12th day of the month in which a quarter’s taxes are due, a 1% penalty is levied for the first week of delinquency and thereafter a 4% penalty is levied and an additional 1% interest charge is added each month thereafter. On June 23, an additional 8% collection fee and a \$1 warrant fee are charged to delinquent accounts by the City. The following table compares Burlington’s net tax collections with its gross tax levies for the fiscal years ended June 30, 2020, through June 30, 2024.

Table 18
Tax Collections

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Tax Rate Per \$100 of Assessed Valuation	\$2.81	\$2.96	\$2.13	\$2.20	\$2.43
Total Property Tax Levy ⁽¹⁾	\$110,432,246	\$117,35,406	\$124,556,335	\$121,890,964	\$128,637,019
Current Levy Collected End of Each Fiscal Year ⁽¹⁾	\$109,053,597	\$116,118,859	\$123,491,388	\$121,196,416	\$127,798,139
% of Current Gross Tax Levy Collected	98.75%	98.95%	99.15%	99.43%	98.54%
Total Collections	\$109,971,899	\$116,677,518	\$123,491,388	\$122,207,047	\$128,252,146
% of Current Gross Levy	99.50%	99.43%	99.15%	100.26%	99.70%

⁽¹⁾ Includes City, School, County and CCTA.

Tax Rates/Levy Limits

Taxes are applied to the Grand List (1% of assessed value) in order to determine the tax rate per \$100 of assessed value. The City Charter prescribes limits on the rate of taxes assessable by the City Council for certain purposes. These limits may be exceeded in a particular year if authorized by the voters.

Other taxes, including the tax prescribed by the Charter for the payment of general obligation debt service and retirement benefits, are not subject to such limits. The City's Charter requires the City Council to annually assess a tax upon the City's Grand List in an amount sufficient to pay debt service on outstanding bonds of the City to the extent that funds are not otherwise available therefor.

Tax rate limits per \$100 of assessed value are presented based on actual tax rates billed in Table 19. Table 20 presents the tax rates per \$100 of assessed value for collection years 2021/22 through 2025/26.

Table 19
Tax Rate Limitation

	<u>Charter Limit⁽³⁾</u>
General City	0.1952
Police and Fire	0.0985
Highways ⁽¹⁾	0.0312
Parks ⁽¹⁾	0.0450
Streets Special ⁽²⁾	0.0550
Housing Trust Fund	0.0100
Library	0.0050
Open Space	0.0100

⁽¹⁾ These tax rate items have charter prescribed minimum tax rates.

⁽²⁾ Voter approved tax of up to 2¢ to be used for the Streets Special tax within the City.

⁽³⁾ The charter limit was adjusted to produce revenue neutrality for the General City, Police/Fire and Streets Special taxes as the result of the City-wide reappraisal. Effective July 1, 2013, there was a \$0.005 increase in the general city tax rate to provide for maintenance of the City's Bike Path.

Table 20
Tax Rates Per \$100 of Assessed Value

	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
City General	0.1952	0.1952	0.1952	0.1952	0.1932
Bike Path Maintenance					0.0020
Highway	0.0223	0.0312	0.0312	0.0312	0.0443
Parks – General	0.017	0.025	0.0450	0.0450	0.0581
Penny for Parks	0.008	0.01	0.01	0.0100	0.0100
CCTA	0.0312	0.0295	0.0328	0.0342	0.0384
County	0.0041	0.0041	0.0041	0.0041	0.0043
Debt Service	0.0983	0.1063	0.1177	0.1416	0.1365
Police					0.0390
Police and Fire Special	0.0785	0.0785	0.0785	0.0985	0.0695
Retirement	0.16	0.1534	0.1578	0.1928	0.1974
Streets – Special ⁽¹⁾	0.0441	0.05	0.055	0.0550	0.0441
Housing Trust Fund	0.0039	0.01	0.01	0.0100	0.0100
Library Book Tax	0.0036	0.005	0.005	0.0050	0.0050
Open Space ⁽¹⁾	<u>0.0039</u>	<u>0.01</u>	<u>0.01</u>	<u>0.0100</u>	<u>0.0039</u>
City Tax	0.6701	0.7082	0.7523	0.8326	0.8557
Local Agreement	0.0003	0.0003	0.0005	0.0005	0.0004
School ⁽²⁾	<u>1.4553</u>	<u>1.3891</u>	<u>1.4485</u>	<u>1.5985</u>	<u>1.5264</u>
Total Tax Rate	<u>2.1257</u>	<u>2.0976</u>	<u>2.2013</u>	<u>2.4316</u>	<u>2.3825</u>

⁽¹⁾ Voter approved tax of up to 1¢ to be used for the preservation of open space within the City became effective for fiscal year ending June 30, 2005. Voters approved an increase for Streets Special tax for June 30, 2009.

⁽²⁾ Beginning in fiscal year ending June 30, 2004, the School tax represents the State Education Tax Rate for which a homestead rate and a non-residential rate are set by the State of Vermont. The rates included are for homestead properties. For non-residential properties the rates were 1.5306, 1.4041, 1.4591, 1.391, and 1.5072 for 2021/2022, 2022/2023, 2023/2024, 2024/2025, and 2025/2026 respectively, as reported on the Vermont Department of Taxes website.

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Principal Taxpayers

A list of taxpayers in the City with the twenty highest assessed valuations on the 2025-26 assessment is presented in Table 21. No single taxpayer is assessed more than 0.77% of the City's Grand List, and all twenty taxpayers represent 7.65% of the Grand List

Table 21
Top Twenty Taxpayers

<u>Owner</u>	<u>Assessed Value</u>	<u>% Assessed Value to total Grand List Value</u>
Cityplace Partners, LLC	\$ 47,102,980	0.77%
Fortieth Burlington LLC	39,408,840	0.64%
University Of Vermont State Ag. College	35,810,400	0.59%
Diamondrock Burlington Owner LLC	35,256,600	0.58%
Bayberry, LLC	30,953,400	0.51%
New Northgate Housing LLC	27,508,500	0.45%
Lakeside Ovens LLC	26,600,760	0.43%
Antonio B Pomerleau LLC	25,492,680	0.42%
Burlington Electric Department	23,136,200	0.38%
Burlington Harbor Hotel GP LLC	18,907,320	0.31%
Vermont Gas Systems Inc	18,273,200	0.30%
41 Cherry Street LLC	17,449,920	0.29%
375 North Avenue LLC	17,114,800	0.28%
Vermont Electric Power Co	17,029,300	0.28%
Catamount/Van Ness, LLC	16,653,840	0.27%
98 Starr Farm Road LLC	16,022,160	0.26%
125 Cambrian Way	15,130,000	0.25%
University Of Vermont Campus Planning Services	14,130,100	0.23%
375 North Avenue LLC	14,065,540	0.23%
Howard Opera House Assoc LLC	<u>12,509,040</u>	<u>0.20%</u>
 TOTAL	 <u>\$468,555,580</u>	 <u>7.65%</u>

Source: City Assessor's Office.

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ECONOMIC AND DEMOGRAPHIC INFORMATION

Economic Activity

The Greater Burlington area, which includes the City of Burlington and all of Chittenden County, is Vermont's major economic area. Most of the County's nonagricultural employment lies within the three-community region of Burlington, Essex and South Burlington. Manufacturing employment represents approximately 10% of the nonagricultural employment in the Burlington area labor market. Non-manufacturing employment accounts for approximately 90% of employment. Education and health services, government and trade are principal areas of non-manufacturing employment in the Greater Burlington area.

Chittenden County has provided the bulk of the State's economic growth over the past ten years, which is reflected in the area's employment statistics. The Burlington Labor Market Area had an annual unemployment rate of 2.4% in July 2025. The State's unemployment rate was 2.6% as of July 2025.

Population

Population statistics for the City, Chittenden County and the State of Vermont are shown in the following table.

Table 22
Population Statistics

	<u>City of Burlington</u>		<u>Chittenden County</u>		<u>State of Vermont</u>	
	<u>Total</u>	Change From Previous <u>Census</u>	<u>Total</u>	Change From Previous <u>Census</u>	<u>Total</u>	Change From Previous <u>Census</u>
1960	35,531	7.17%	74,425	18.95%	389,881	3.21%
1970	38,633	8.73%	99,131	13.20 %	444,330	13.97%
1980	37,712	(2.38%)	115,534	16.55%	511,456	15.11%
1990	39,127	3.78%	131,765	14.05%	562,758	10.03%
2000	38,889	(0.61%)	146,571	11.24%	608,827	8.19%
2010	42,417	9.10%	156,545	6.80%	625,741	2.80%
2020	44,743	5.48%	168,323	7.52%	643,077	2.77%

Source: U.S. Census Bureau.

Employment Data

The Greater Burlington area possesses a growing, educated work force with skills in a variety of areas. To keep a supply of workers skilled to meet the needs of new and existing business and industry, the State of Vermont assists with tuition-free training of new Vermont employees. Educational institutions, such as the University of Vermont, provide customized training programs and continuing education required by technicians and others in rapidly changing technological fields.

Employment opportunities in Burlington and Chittenden County have grown to more than match growth in the area's work force. Table 23 presents average annual nonagricultural employment figures for the years 2014 through 2023 for the Burlington Labor Market Area, the State of Vermont and the United States.

Table 23
Employment

<u>Year</u>	<u>Burlington Labor Market Area⁽¹⁾</u>		<u>State of Vermont⁽¹⁾</u>	<u>United States⁽¹⁾</u>
	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>
2015	125,050	2.4%	3.1%	5.3%
2016	124,308	2.6%	3.2%	4.9%
2017	124,938	2.4%	3.0%	4.4%
2018	130,144	2.0%	2.5%	3.9%
2019	129,843	1.6%	2.1%	3.7%
2020	124,958	4.8%	5.6%	8.1%
2021	124,257	3.1%	3.6%	5.3%
2022	127,256	1.9%	2.3%	3.6%
2023	130,620	1.6%	2.0%	3.6%
2024	131,509	2.0%	2.3%	4.1%
2025 ⁽²⁾	132,573	2.4%	2.6%	4.2%

(1) Source: Vermont Department of Labor <http://www.vtlmi.info>

(2) July only

Employment opportunities in the City of Burlington are distributed among manufacturing, government, service, and commercial enterprises. Table 24 presents average nonagricultural employment by industry as of June 2025 in the Burlington Labor Market Area.

Table 24
Employment by Industry
As of June 2025

	<u>Number of Employees</u>	<u>% of Total Employment⁽¹⁾</u>
Manufacturing	11,300	8.90%
Mining, Logging and Construction	6,300	4.96%
Trade, Transportation and Utilities	22,000	17.34%
Information	2,300	1.81%
Finance	4,500	3.55%
Professional and Business Services	17,200	13.55%
Educational and Health Services	23,900	18.83%
Leisure and Hospitality	12,200	9.61%
Other Services	4,300	3.39%
Government	<u>22,900</u>	<u>18.05%</u>
Total	<u>126,900</u>	<u>100.00%</u>

Source: Bureau of Labor Statistics: https://www.bls.gov/regions/northeast/summary/blssummary_burlington.pdf

(1) Percentages may not add up to 100% due to rounding.

Major Employers

The largest employers in and near the Burlington Metropolitan Area (Chittenden County) are presented in Table 25.

Table 25
Burlington Area Largest Employers

<u>Name</u>	<u>Approximate Number of Full-Time Employees</u>
Bay	30,000
University of Vermont Medical Center	7,500
Brattleboro Retreat	7,500
University of Vermont College	5,566
School for International Training	5,074
MEDLIFE	5,000
Green Mountain Coffee Roasters	5,000
Huber+Suhner	4,823
Jouve	3,001
Mack Group	3,000

Source: <https://www.zippia.com/advice/largest-companies-in-vermont/> Metro Area consists of: Burlington, South Burlington, St. Albans, Winooski, Essex, Colchester, Milton

Housing Market

The Burlington and Chittenden County market is characterized by both rapidly increasing property values and a chronic shortage of housing for all income levels. The median sales price of single-family homes in Burlington increased by 22.4% from \$375,000 in December 2020 to \$459,000 by June of 2023. During that same period, median condominium sales prices grew 10% from \$250,000 to \$275,000. The City contains approximately 6,570 owner-occupied housing units, accounting for 38% of Burlington's 17,174 occupied housing units. The number of single-family primary residences sold in Burlington has remained relatively stable since tracking data began in 1988, though 2015 showed a 25% increase against the historic average. Single family home sales in 2022 reached 259.

A number of homes sold in Burlington that fall below the median sale price are purchased through Champlain Housing Trust ("CHT") or Green Mountain Habitat for Humanity. CHT and Green Mountain Habitat for Humanity have placed resale restriction covenants on over 258 homes in Burlington. These organizations receive operating or development grants from the City in order to ensure an adequate supply of owner-occupied homes for low and moderate income residents.

The rental housing market in Burlington remains very strong, though chronic low vacancy rates pose serious challenge for prospective renters. According to a December 2022 Allen, Brooks & Minor Report, Burlington's rental vacancy rate increased an historic low of 0.4% to 0.8%. The long-term average rental vacancy rate for Chittenden County is 1.7%, however, the rate has been below 1% since June 2021. The low vacancy rate pushes demand for rental housing up which results in increased rental rates. Rents rose an average of 5.5% during 2022. While rent inflation lags behind the CPI for 2022 of 8.2%, this pressure places a burden on low and moderate income renter households. Various forms of rental housing assistance for low to moderate-income households are provided by the Burlington Housing Authority, Vermont State Housing Authority, Champlain Housing Trust, and several other nonprofit housing corporations.

At 0.02%, Vermont enjoys the second lowest foreclosure rate in the U.S. For the period January-June 2023, there were only 71 properties in foreclosure for the entire state of Vermont. As of August 15, 2023 there were only 4 Burlington properties in active foreclosure. One indicator of local market conditions is the number of properties that have property

tax delinquency severe enough to warrant a tax sale. As of the date of this Official Statement, there are no properties in Burlington for which a tax sale has been warned.

TAX EXEMPTION

In the opinion of Paul Frank + Collins P.C., Bond Counsel, based on an analysis of existing law, rules and regulations, and assuming (among other things) the accuracy of certain representations of the City and the compliance by the City with certain covenants, the interest on the Series 2025A Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and is not a specific preference item for purposes of the federal alternative minimum tax on individuals; however, interest on the Series 2025A Bonds may be taken into account for purposes of computing the federal alternative minimum tax imposed on certain corporations. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the Series 2025A Bonds.

The Code establishes certain requirements that must be continuously satisfied subsequent to the issuance of the Series 2025A Bonds in order for interest on the Series 2025A Bonds to remain excluded from gross income for federal income tax purposes. These requirements include restrictions on the use, expenditure and investment of bond proceeds and also include the payment of rebates or penalties in lieu of rebates to the United States of America. Failure to comply with these requirements may cause inclusion of interest on the Series 2025A Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025A Bonds for federal income tax purposes. The opinion described above is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2025A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City will covenant to take all lawful action necessary to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2025A Bonds in order that interest on the Series 2025A Bonds be or continue to be excluded from gross income. The opinion of Bond Counsel assumes compliance with these requirements.

The Code contains other provisions that could result in tax consequences, as to which Bond Counsel renders no opinion, as a result of ownership of the Series 2025A Bonds or inclusion in certain computations (including, without limitation, those related to the corporate alternative minimum tax on adjusted financial statement income) of interest that is excluded from gross income.

It should also be noted that the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2025A Bonds or, in the case of a financial institution, for that portion of the holder's interest expense allocated to interest on the Series 2025A Bonds and, for insurance companies subject to the tax imposed by Section 831 of the Code, the amount of certain deductions is reduced by a specific percentage of, among other things, interest on the Series 2025A Bonds. In addition, interest on the Series 2025A Bonds earned by certain corporations could be subject to the environmental tax or the foreign branch profits tax imposed by the Code, and may be included in passive investment income subject to federal income taxation under provisions of the Code applicable to certain S corporations. The Code also requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Series 2025A Bonds in determining the portion of such benefits that are included in gross income. No assurance can be given that future legislation will not have adverse tax consequences for holders of the Series 2025A Bonds.

The Series 2025A Bonds will not be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2025A Bonds is exempt from State of Vermont personal income taxes and State of Vermont corporate income taxes to the extent interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other State of Vermont tax consequences arising with respect to the Series 2025A Bonds. Bond Counsel also has not opined as to the taxability of the Series 2025A Bonds or the income therefrom under the laws of any state other than the State of Vermont.

Premium Bonds

The initial offering price of certain maturities of the Series 2025A Bonds may be more than the stated principal amounts. In general, bonds purchased for an amount greater than the stated principal amount to be paid at maturity, whether at original issuance or otherwise, or, in some cases, at the earlier redemption date of such Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income tax purposes. No deduction from gross income is allowable for the amortizable bond premium in the case of obligations that are Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. The owner must amortize bond premium as provided in Section 171 of the Code and applicable U.S. Treasury regulations. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances and the federal, state and local tax consequences in connection with the purchase, amortization of premium, sale or exchange of the Premium Bonds.

Discount Bonds

The initial public offering price of certain maturities of the Series 2025A Bonds may be less than the principal amount payable on such at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Series 2025A Bonds are sold constitutes original issue discount. The amount of original issue discount that has accrued and is properly allocable to an owner of any maturity of the Series 2025A Bonds with original issue discount (a “Discount Bond”) will be excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2025A Bonds. In general, the issue price of a maturity of the Series 2025A Bonds is the first price at which a substantial amount of Series 2025A Bonds of that maturity was sold to the public (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers). Under Section 1288 of the Code, the amount of original issue discount accrues in accordance with a constant yield method based on the compounding of interest.

An owner of a Discount Bond should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability or other collateral federal income tax consequences, even though the owner of such Discount Bond has not received cash attributable to such original issue discount.

Owners of Series 2025A Bonds who dispose of Series 2025A Bonds prior to their stated maturity (whether by sale, redemption or otherwise), or who purchase Series 2025A Bonds subsequent to the initial public offering or at prices different than the original issue price, should consult their own tax advisors as to the tax consequences.

General

Although Bond Counsel is of the opinion that interest on the Series 2025A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of Vermont personal income taxes and State of Vermont corporate income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2025A Bonds may otherwise affect a Bondholder’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2025A Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners of the Series 2025A Bonds from realizing the full current benefit of the exclusion from gross income of such interest for tax purposes. The introduction or enactment of any future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Series 2025A Bonds. Prospective purchasers of the Series 2025A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is not a guarantee of a result but represents the legal judgment of Bond Counsel based upon review of existing statutes, regulations, published rulings and the covenants of the City described above. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Series 2025A

Bonds may affect the tax status of interest on the Series 2025A Bonds or the tax consequences of ownership of the Series 2025A Bonds. No assurance can be given that future legislation, if enacted into law, will not contain provisions which could directly or indirectly affect the exclusion of the interest on the Series 2025A Bonds from gross income for federal or Vermont State income tax purposes.

Interest paid on tax-exempt obligations such as the Series 2025A Bonds is now generally required to be reported by payors to the Internal Revenue Service (“IRS”) and to recipients in the same manner as interest on taxable obligations. In addition, such interest may be subject to “backup withholding” if the bond owner fails to provide the information required on IRS Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has identified the bond owner as being subject to backup withholding.

Any discussion of U.S. federal and/or Vermont State tax issues set forth in this Official Statement relating to the Series 2025A Bonds was written in connection with the transactions described in this Official Statement. Such discussion is not intended or written to be legal or tax advice with respect to the Series 2025A Bonds to any person or entity, and is not intended or written to be used, and cannot be used, by any person or entity for the purpose of avoiding any federal, state or local tax penalties that may be imposed on such person or entity.

Prospective purchasers are urged to consult their tax advisors with respect to the U.S. federal, state of Vermont, and other tax consequences of the purchase, ownership and disposition of the Series 2025A Bonds before determining whether to purchase the Series 2025A Bonds.

RATING

Moody’s Investors Service (“Moody’s”) assigned an underlying rating of “Aa2” to the Series 2025A Bonds. A rating is subject to withdrawal at any time; withdrawal of a rating may have an adverse effect on the marketability of the Series 2025A Bonds. For an explanation of the significance of the rating, an investor should communicate with Moody’s. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2025A Bonds.

CERTIFICATION

An officer of the City will furnish a certificate to the effect that this Official Statement, to the best of such officer’s knowledge and belief as of the date of sale of the Series 2025A Bonds and the date of delivery of the Series 2025A Bonds, is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Series 2025A Bonds are subject to the opinion of Paul Frank + Collins P.C., Burlington, Vermont, Bond Counsel to the City, as to validity and tax exemption. The opinion will be substantially in the form set forth in Appendix C attached hereto. Other than as to matters expressly set forth herein as prepared by Bond Counsel or as the opinion of Bond Counsel, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that it has independently verified the same.

AUDITOR

The firm of CBIZ, Inc., as successor in interest to Marcum LLP, has agreed to the inclusion in this Official Statement of its report, dated February 10, 2025, on the audit of the financial statements of the City of Burlington, Vermont. Such report and the financial statement, excerpted from the City's Annual Financial Report are included herein Appendix A. CBIZ, Inc. did not perform the audit of the City's financial statements for any year prior to Fiscal Year 2011. The Burlington School District Audited Financial Statements dated January 21, 2025 are included herein as Appendix B.

FINANCIAL ADVISOR

The City retained PFM Financial Advisors LLC, of Minneapolis, Minnesota, as financial advisor (the "Financial Advisor") in connection with the issuance of the Series 2025A Bonds. In preparing this Official Statement, the Financial Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for this Official Statement, and the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Financial Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Series 2025A Bonds.

Requests for information concerning the City should be addressed to PFM Financial Advisors LLC, 45 South 7th Street, Suite 2950, Minneapolis, Minnesota 55402 (612/338-3535), www.pfm.com.

LITIGATION

There is no litigation now pending or, to the knowledge of City officials, threatened which restrains or enjoins the issuance of the Series 2025A Bonds or questions or affects the validity of the Series 2025A Bonds, any proceeding of the City taken with respect to the sale thereof or the pledge of the full faith and credit of the City for the benefit of the Series 2025A Bonds. Neither the creation, organization, nor existence of the City, nor title of the Mayor or present members of the City Council or other officers of the City in their respective offices is being contested.

The City experiences routine litigation and claims incidental to the conduct of its affairs. The City maintains a comprehensive package of insurance coverage, outlined above, that includes both defense and indemnity for most claims.

IT SHOULD BE NOTED THAT ADVERSE DEVELOPMENTS IN PENDING OR FUTURE LITIGATION COULD HAVE A MATERIAL IMPACT ON THE CITY AND ITS FINANCIAL CONDITION TO THE EXTENT SUCH CLAIMS ARE NOT COVERED BY THE CITY'S INSURANCE POLICIES.

CITY OF BURLINGTON, VERMONT

By: _____
Katherine Schad
Chief Administrative Officer

APPENDIX A

**City of Burlington, Vermont – Audited Financial Statements for FY 2024, as excerpted
from the City of Burlington, Vermont Annual Financial Report**

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Burlington, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Burlington, Vermont (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion based on our audit and the report of other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Burlington, Vermont, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Burlington Electric Enterprise Fund, which represents 35 percent, 19 percent, and 59 percent, respectively, of the assets and deferred outflows of resources, net position and revenues of the business-type activities, respectively. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Burlington Electric Enterprise Fund, is based solely on the report of the other auditors. Also, we did not audit the financial statements of the Burlington School District, the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Burlington School District, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of

the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are for additional analysis and are not a required part of the basic financial statements.

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

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report (ACFR). The other information comprises the introductory and statistical sections but does not include the financial statements and our auditors' report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that

an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Marcum LLP

Merrimack, NH
February 10, 2025

BASIC FINANCIAL STATEMENTS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Burlington, Vermont (the City), we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused vacation leave, OPEB and net pension liability).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, public works, culture and recreation, and community development. The business-type activities include the operation of the Electric, Airport, Wastewater, Water and Stormwater 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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources measurable and available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the 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 City'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.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise funds and internal service funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's cost of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for Electric, Airport, Wastewater, Water and Stormwater activities. The proprietary fund financial statements provide separate information for the Electric, Airport and Wastewater funds, which are considered to be major funds.

In addition to enterprise funds, the City maintains internal service funds, which account for activities that provide goods and services to other departments, agencies, or funds of the government on a cost-reimbursement basis. These funds enhance financial transparency and cost tracking by allocating expenses directly to the benefiting departments. The City maintains internal service funds for health insurance and workers' compensation. The health insurance internal service fund tracks revenues from premiums paid by departments and expenses related to claims and administrative costs for the City's self-insured health plan. The workers' compensation internal service fund accounts for claims, reserves, and funding for workers' compensation costs incurred by City departments. Since internal service funds primarily serve internal users, their financial activities are reported in the government-wide financial statements as part of governmental activities rather than business-type activities.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which is required to be disclosed by accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$457,274,962 (net position), an increase of \$20,535,392 in comparison to the prior year.
- Total net position of the City's component unit, the Burlington School District, amounted to \$44,371,387, an increase of \$20,310,425 for the year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$62,488,432, a decrease of \$9,562,793 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,158,621, a decrease of \$371,874 in comparison to the prior year.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$10,409,977.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide statement of net position for the current and prior fiscal year:

	<u>NET POSITION (000s)</u>					
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 115,312	\$ 138,489	\$ 170,962	\$ 168,535	\$ 286,274	\$ 307,024
Capital assets	<u>238,550</u>	<u>209,852</u>	<u>377,796</u>	<u>365,079</u>	<u>616,346</u>	<u>574,931</u>
Total assets	353,862	348,341	548,758	533,614	902,620	881,955
Deferred outflows of resources	<u>22,704</u>	<u>25,167</u>	<u>7,725</u>	<u>8,599</u>	<u>30,429</u>	<u>33,766</u>
Total assets and deferred outflows of resources	<u>\$ 376,566</u>	<u>\$ 373,508</u>	<u>\$ 556,483</u>	<u>\$ 542,213</u>	<u>\$ 933,049</u>	<u>\$ 915,721</u>
Long-term liabilities outstanding	\$ 217,999	\$ 213,148	\$ 164,964	\$ 171,319	\$ 382,963	\$ 384,467
Other liabilities	<u>38,493</u>	<u>48,080</u>	<u>28,562</u>	<u>20,195</u>	<u>67,055</u>	<u>68,275</u>
Total liabilities	256,492	261,228	193,526	191,514	450,018	452,742
Deferred inflows of resources	2,061	1,982	23,695	24,257	25,756	26,239
Net position:						
Net investment in capital assets	145,242	123,312	255,612	253,158	400,854	376,470
Restricted	17,351	16,423	30,131	28,931	47,482	45,354
Unrestricted	<u>(44,580)</u>	<u>(29,437)</u>	<u>53,519</u>	<u>44,353</u>	<u>8,939</u>	<u>14,916</u>
Total net position	<u>118,013</u>	<u>110,298</u>	<u>339,262</u>	<u>326,442</u>	<u>457,275</u>	<u>436,740</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 376,566</u>	<u>\$ 373,508</u>	<u>\$ 556,483</u>	<u>\$ 542,213</u>	<u>\$ 933,049</u>	<u>\$ 915,721</u>

The largest portion of net position \$400,854,199 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position of \$47,482,461 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$8,938,702, which represents a combination of our governmental activities and business-type activities. Our governmental activities unrestricted net position is a deficit of \$44,580,758. The negative balance primarily results from recognizing our net pension liability in accordance with Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions*. See financial statement notes for additional information. Our business-type activities unrestricted net position is \$53,519,460. About 38% of this balance is derived from our Airport Enterprise Fund and 37% of this balance is derived from our Electric Enterprise Fund.

The following is a summary of condensed government-wide statement of changes in net position for the current and prior fiscal year:

<u>CHANGES IN NET POSITION (000s)</u>						
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues:						
Program revenues:						
Charges for services	\$ 26,803	\$ 26,097	\$ 109,616	\$ 107,194	\$ 136,419	\$ 133,291
Operating grants and contributions	13,140	13,158	140	161	13,280	13,319
Capital grants and contributions	20,894	17,495	14,435	9,666	35,329	27,161
General revenues:						
Property taxes	44,511	52,738	-	-	44,511	52,738
Gross receipts taxes	5,397	5,112	-	-	5,397	5,112
Local sales option tax	3,076	3,031	-	-	3,076	3,031
Payments in lieu of taxes	1,772	1,695	-	-	1,772	1,695
Franchise fees	2,485	2,505	-	-	2,485	2,505
Impact fees	218	146	-	-	218	146
Interest and penalties on delinquent taxes	726	575	-	-	726	575
Nonoperating grants	-	-	1,959	2,881	1,959	2,881
Investment income	3,353	1,657	1,968	934	5,321	2,591
Dividends from associated companies	-	-	4,533	4,400	4,533	4,400
Other revenues	2,136	2,264	1,369	194	3,505	2,458
Total revenues	124,511	126,473	134,020	125,430	258,531	251,903
Expenses:						
Governmental activities:						
General government	23,074	23,731	-	-	23,074	23,731
Public safety	42,105	37,657	-	-	42,105	37,657
Public works	21,601	28,548	-	-	21,601	28,548
Culture and recreation	18,566	16,762	-	-	18,566	16,762
Community development	9,388	9,186	-	-	9,388	9,186
Interest on long-term debt	5,249	4,837	-	-	5,249	4,837
Business-type activities:						
Electric	-	-	67,263	64,555	67,263	64,555
Airport	-	-	30,914	26,113	30,914	26,113
Wastewater	-	-	10,232	7,263	10,232	7,263
Water	-	-	8,131	7,454	8,131	7,454
Stormwater	-	-	1,473	1,413	1,473	1,413
Total expenses	119,983	120,721	118,013	106,798	237,996	227,519
Change in net position before transfers	4,528	5,752	16,007	18,632	20,535	24,384
Transfers in / (out)	3,187	3,055	(3,187)	(3,055)	-	-
Change in net position	7,715	8,807	12,820	15,577	20,535	24,384
Net position - beginning of year	110,298	101,491	326,442	310,865	436,740	412,356
Net position - end of year	\$ 118,013	\$ 110,298	\$ 339,262	\$ 326,442	\$ 457,275	\$ 436,740

Governmental activities. Governmental activities for the year resulted in an increase in net position of \$7.7 million. Total revenues decreased \$2.0 million. Property taxes decreased \$8.2 million despite a relatively level municipal tax rate between FY2023 and FY2024. This difference was largely offset by increases to investment income and federal ARPA funding. Assessed value increased from \$5.8 billion to \$5.9 billion. Total expenses decreased by \$0.8 million. Public Safety expenses increased \$4.5 million, and Culture and

Recreation expenses increased nearly \$2 million. This was offset by a decrease in Public Works expenses of \$7.0 million, as the Champlain Parkway project was completed.

Business-type activities. Business-type activities for the year resulted in an increase in net position of \$12.8 million. Key elements of this change are discussed in Section D of the Management’s Discussion and Analysis.

D. FINANCIAL ANALYSIS OF THE CITY’S FUNDS

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

General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6.2 million, while total fund balance was \$11.9 million.

The City has an established General Fund balance policy that outlines a process for reaching and maintaining the targeted level of unassigned fund balance, and the priority for the use of amounts in excess of the target. The policy provides a mechanism for monitoring the General Fund unassigned fund balance. A target of 10%, with a minimum of 5% to a maximum of 15% of operational costs has been established. Therefore, a comparison of both unassigned fund balance, as a measure of the General Fund’s liquidity, and total fund balance of the General Fund to prior year and as a percentage of operational costs is presented below:

<u>City General Fund</u>	<u>6/30/24</u>	<u>6/30/23</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 6,158,621	\$ 6,530,495	\$ (371,874)	7.2%
Total fund balance	\$ 11,907,921	\$ 17,556,415	\$ (5,648,494)	14.0%

The total fund balance decreased due to \$5.6 million expended from the designated fund which was funded by prior year restricted and assigned fund balances. Decrease to nonspendable, restricted, committed and assigned fund balances of \$5.2 million mitigated the decrease to unassigned fund balance, for a net change of \$0.37 million.

Capital Projects Fund

The Capital Projects Fund, a major fund, had a decrease in fund balance of \$3.4 million during the current fiscal year, which put the overall fund balance position in the amount of \$41.5 million. Restricted fund balance of \$44.7 million represents projects that began during the current fiscal year but have not been completed yet. Unassigned fund balance deficit of \$3.2 million represents Champlain Parkway project deficit that is expected to be funded within a year. The City issued \$8.9 million general obligation public improvement

bond and \$18.9 million general obligation downtown tax increment bond in fiscal year 2024. These bonds mostly remain unspent at June 30, 2024.

Other Governmental Funds

The other governmental funds incurred a decrease in fund balances of \$0.5 million.

Proprietary funds. Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

A comparison of the unrestricted net position of each enterprise fund compared to the prior year is shown below:

	<u>Unrestricted Net Position</u>		
	<u>6/30/24</u>	<u>6/30/23</u>	<u>Change</u>
Electric	\$ 19,689,521	\$ 12,927,813	\$ 6,761,708
Airport	20,156,215	18,350,081	1,806,134
Wastewater	4,178,739	4,343,269	(164,530)
Nonmajor funds:			
Water	6,128,721	6,191,875	(63,154)
Stormwater	<u>3,366,264</u>	<u>2,540,224</u>	<u>826,040</u>
Total	<u>\$ 53,519,460</u>	<u>\$ 44,353,262</u>	<u>\$ 9,166,198</u>

Specific factors concerning the finances of each proprietary fund are discussed below:

- The Electric Enterprise Fund unrestricted net position at June 30, 2024 increased from the previous year partly due to decrease in net investment in capital assets. For additional information, please refer to the separate financial statements issued for the City of Burlington, Vermont Electric Department.
- The Airport's unrestricted net position increased from the previous year primarily due to the recognition of the capital contributions received from the Federal Aviation Administration (FAA) for capital improvements. For additional information, please refer to the separate financial statements issued for the Patrick Leahy Burlington International Airport.
- While Stormwater unrestricted net position increased, Wastewater and Water unrestricted net position (which are managed on a combined basis) decreased. For additional information, please refer to the separate financial statements issued for the Wastewater and Water Enterprise Funds.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

The City approved a fiscal year 2024 budget including dedicated taxes, tax increment financing and interdepartmental charges that were netted against appropriations for the presentation on the budget and actual statement in the financial statements.

The City's General Fund budget for fiscal year 2024 (after amendments) resulted in a budgeted surplus of \$0.1 million. The actual performance resulted in expenditures and other uses exceeding revenues and other sources by \$5.6 million. Revenues (not including other financing sources) were short of budget by \$8.6 million. Unspent expenditures were \$3.0 million (not including transfers). The use of fund balance represents the use of restricted, committed, assigned and unassigned fund balance categories. Half of the use of fund balance was spent out of the designated fund primarily in the other uses or the transfers out category, which shows transfers primarily to Capital Projects Fund funded by either use of restricted fund balance (bond premiums) or assigned fund balance.

F. CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental activities at year-end amounted to \$238.6 million (net of accumulated depreciation), an increase of \$28.7 million from the prior year. Total investment in capital assets for business-type activities at year-end amounted to \$377.8 million (net of accumulated depreciation/amortization), an increase of \$12.7 million from the prior year. This investment in capital assets includes land and land improvements, construction in progress, buildings and improvements, infrastructure, distribution and collection systems, and vehicles, machinery, equipment, and furniture and right to use assets.

Major capital asset events during the current fiscal year for governmental activities included Champlain Parkway improvements of \$18.8 million and TIF Main Street design project improvements of \$10.4 million.

The increase in business-type activities is due to AIP projects at the Airport and other projects. Major capital asset events during the current fiscal year for business-type activities can be found in the various stand-alone enterprise fund financial statements.

Additional information on the City's capital assets can be found in Note 11 on pages 74 to 75 of this report.

Credit rating. Moody's Investor Service (Moody's) assigned an Aa3 rating to the City's general obligation debt. Moody's states that the Aa3 reflects the city's status as the regional economic center with institutional presence in the State of Vermont (Aa1 stable). The city's resident income of 81.1% is below-average for the rating category although the median age is young compared to the rest of the state. The city's financial position is expected to remain stable over the next few years as the city continues to reduce its reliance on one-time revenue sources and maintain healthy reserves and liquidity.

Long-term debt. The table below outlines our long-term debt (bonds payable and state revolving loans) at the current and prior year end. Bonds are backed by pledged revenues of the respective enterprise funds and other debt is backed by full faith and credit of the City.

	Bonds Payable and State Revolving Loans		<u>Change</u>
	<u>6/30/24</u>	<u>6/30/23</u>	
Governmental Activities:			
City	\$ 123,414,944	\$ 122,302,850	\$ 1,112,094
Business-Type Activities:			
Electric	85,940,553	88,506,617	(2,566,064)
Airport	23,360,599	26,288,922	(2,928,323)
Wastewater	11,996,190	13,200,706	(1,204,516)
Water	6,593,029	6,927,232	(334,203)
Stormwater	<u>230,065</u>	<u>253,187</u>	<u>(23,122)</u>
Subtotal business-type	128,120,436	135,176,664	(7,056,228)
Component Unit:			
School District	<u>190,951,796</u>	<u>43,209,262</u>	<u>147,742,534</u>
Total	<u>\$ 442,487,176</u>	<u>\$ 300,688,776</u>	<u>\$ 141,798,400</u>

Additional information on the City's long-term debt can be found in Note 15 on pages 77 to 83 of this report.

Net pension liability. The following is an analysis of the City's and our component unit's net pension liability at the end of the current and prior fiscal years. The majority of this increase will increase pension expense over the next four years, and therefore, reduce unrestricted net position.

	Net Pension Liability		<u>Change</u>
	<u>6/30/24</u>	<u>6/30/23</u>	
Governmental Activities:			
City	\$ 83,015,278	\$ 78,070,840	\$ 4,944,438
Business-Type Activities:			
Electric	22,820,338	21,677,516	1,142,822
Airport	2,973,360	2,719,717	253,643
Wastewater	1,354,971	1,164,406	190,565
Water	<u>1,649,820</u>	<u>1,686,558</u>	<u>(36,738)</u>
Subtotal business-type	28,798,489	27,248,197	1,550,292
Component Unit:			
School District	<u>11,781,873</u>	<u>11,074,177</u>	<u>707,696</u>
Total	<u>\$ 123,595,640</u>	<u>\$ 116,393,214</u>	<u>\$ 7,202,426</u>

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Burlington's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information can be found on the City's web page at <https://www.burlingtonvt.gov/> or should be addressed to:

Clerk/Treasurer Office

City Hall

149 Church Street

Burlington, Vermont 05401



CITY OF BURLINGTON, VERMONT

STATEMENT OF NET POSITION

JUNE 30, 2024

	Primary Government			DPCU
	Governmental	Business-Type	Total	Burlington
	<u>Activities</u>	<u>Activities</u>		<u>School</u>
				<u>District</u>
ASSETS AND DEFERRED				
OUTFLOWS OF RESOURCES				
ASSETS:				
Current:				
Cash and short-term investments	\$ 83,084,427	\$ 33,079,081	\$ 116,163,508	\$ 33,853,305
Investments	9,885,651	759,139	10,644,790	25,405
Escrows	1,851,110	638,493	2,489,603	-
Receivables, net of allowance for uncollectibles:				-
Property taxes	3,136,589	-	3,136,589	-
User fees	-	13,527,969	13,527,969	-
Departmental and other	4,071,551	-	4,071,551	91,452
Intergovernmental	6,184,570	15,866,238	22,050,808	9,594,958
Passenger facility charges	-	498,226	498,226	-
Loans	33,174	88,970	122,144	-
Leases	-	2,733,140	2,733,140	-
Inventory	697,308	8,321,595	9,018,903	63,325
Prepaid expenses	216,726	108,686	325,412	359,578
Other assets	352,202	1,622,232	1,974,434	-
Total current assets	109,513,308	77,243,769	186,757,077	43,988,023
Noncurrent:				
Restricted cash and short-term investments	-	23,722,406	23,722,406	106,048,104
Restricted investments	-	15,375,540	15,375,540	-
Receivables, net of current portion:				
Loans	4,310,840	91,675	4,402,515	-
Leases	-	11,746,769	11,746,769	-
Accrued interest	1,487,761	-	1,487,761	-
Equity interests in associated companies	-	35,301,336	35,301,336	-
Regulatory assets and other assets	-	7,480,541	7,480,541	-
Capital assets:				
Land and construction in progress	35,473,774	108,039,359	143,513,133	69,043,124
Other capital assets, net of accumulated depreciation	203,076,280	269,756,236	472,832,516	42,371,340
Total noncurrent assets	244,348,655	471,513,862	715,862,517	217,462,568
TOTAL ASSETS	353,861,963	548,757,631	902,619,594	261,450,591
DEFERRED OUTFLOWS OF RESOURCES:				
Related to pension	22,331,967	7,088,121	29,420,088	2,431,103
Related to OPEB	371,939	388,243	760,182	1,206,763
Loss on advanced refunding	-	248,155	248,155	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	22,703,906	7,724,519	30,428,425	3,637,866
TOTAL ASSETS AND DEFERRED				
OUTFLOWS OF RESOURCES	\$ 376,565,869	\$ 556,482,150	\$ 933,048,019	\$ 265,088,457

(continued)

CITY OF BURLINGTON, VERMONT

STATEMENT OF NET POSITION

JUNE 30, 2024

(continued)

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
LIABILITIES:				
Current:				
Accounts payable	\$ 7,625,335	\$ 12,731,957	\$ 20,357,292	\$ 7,685,798
Accrued liabilities	1,642,144	180,858	1,823,002	2,038,401
Accrued interest	918,433	504,411	1,422,844	-
Due to other governments	-	-	-	104
Unearned revenue	6,749,834	262,119	7,011,953	-
Note payable	21,340,000	11,966,054	33,306,054	-
Other liabilities	217,116	2,156,536	2,373,652	-
Payable from restricted assets	-	759,139	759,139	-
Current portion of long-term liabilities:				
Bonds and loans payable	12,925,019	10,679,485	23,604,504	6,915,528
Notes payable	1,122,163	1,002,172	2,124,335	-
Lease payable	-	195,711	195,711	381,637
Compensated absences liability	292,817	678,265	971,082	339,007
Insurance reserves	1,231,853	-	1,231,853	-
Total current liabilities	54,064,714	41,116,707	95,181,421	17,360,475
Noncurrent, net of current portion:				
Bonds and loans payable	110,489,925	117,440,951	227,930,876	184,036,268
Net pension liability	83,015,278	28,798,489	111,813,767	11,781,873
Total OPEB liability	3,597,477	1,348,276	4,945,753	3,821,771
Notes payable	2,689,111	2,522,461	5,211,572	-
Lease payable	-	1,115,546	1,115,546	338,536
Compensated absences liability	2,635,356	1,182,636	3,817,992	1,921,042
Total noncurrent liabilities	202,427,147	152,408,359	354,835,506	201,899,490
TOTAL LIABILITIES	256,491,861	193,525,066	450,016,927	219,259,965
DEFERRED INFLOWS OF RESOURCES:				
Regulatory deferral	-	7,893,740	7,893,740	-
Related to pensions	-	819,744	819,744	58,137
Related to OPEB	2,061,422	823,564	2,884,986	1,375,729
Related to leases	-	14,157,660	14,157,660	-
Other	-	-	-	23,239
TOTAL DEFERRED INFLOWS OF RESOURCES	2,061,422	23,694,708	25,756,130	1,457,105
NET POSITION:				
Net investment in capital assets	145,242,022	255,612,177	400,854,199	28,548,071
Restricted externally or constitutionally for:				
Community development	9,125,804	-	9,125,804	-
Debt service/renewal and replacements/capital projects	6,933,532	22,289,041	29,222,573	12,045,763
Contingency reserve	-	1,433,365	1,433,365	-
Deposits with bond trustees	-	6,408,333	6,408,333	-
Special revenue funds	-	-	-	1,060,517
Permanent funds:				
Nonexpendable	1,267,054	-	1,267,054	-
Expendable	24,932	-	24,932	25,880
Unrestricted	(44,580,758)	53,519,460	8,938,702	2,691,156
TOTAL NET POSITION	118,012,586	339,262,376	457,274,962	44,371,387
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 376,565,869	\$ 556,482,150	\$ 933,048,019	\$ 265,088,457

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

		Program Revenues			Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	<u>Expenses</u>				
Primary Government:					
Governmental Activities:					
General government	\$ 23,073,628	\$ 5,681,331	\$ 3,385,024	\$ -	\$ (14,007,273)
Public safety	42,105,128	7,153,269	1,100,746	-	(33,851,113)
Public works	21,600,547	7,150,059	771,730	20,893,831	7,215,073
Culture and recreation	18,566,442	5,494,110	1,491,880	-	(11,580,452)
Community development	9,387,538	1,323,772	6,390,214	-	(1,673,552)
Interest and related costs	<u>5,249,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,249,050)</u>
Total Governmental Activities	119,982,333	26,802,541	13,139,594	20,893,831	(59,146,367)
Business-Type Activities:					
Electric	67,262,610	63,783,197	-	633,230	(2,846,183)
Airport	30,913,977	25,396,680	140,008	13,163,060	7,785,771
Wastewater	10,232,375	9,467,114	-	638,493	(126,768)
Water	8,131,031	8,908,200	-	-	777,169
Stormwater	<u>1,472,809</u>	<u>2,060,709</u>	<u>-</u>	<u>-</u>	<u>587,900</u>
Total Business-Type Activities	<u>118,012,802</u>	<u>109,615,900</u>	<u>140,008</u>	<u>14,434,783</u>	<u>6,177,889</u>
Total Primary Government	<u>\$ 237,995,135</u>	<u>\$ 136,418,441</u>	<u>\$ 13,279,602</u>	<u>\$ 35,328,614</u>	<u>\$ (52,968,478)</u>
Discretely Presented Component Unit:					
Burlington School District	<u>\$ 133,483,585</u>	<u>\$ 3,078,736</u>	<u>\$ 66,695,151</u>	<u>\$ -</u>	<u>\$ (63,709,698)</u>

(continued)

CITY OF BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

(continued)

	Primary Government			DPCU
	Governmental	Business-		Burlington
	<u>Activities</u>	<u>Type</u>	<u>Total</u>	<u>School</u>
		<u>Activities</u>		<u>District</u>
Change in Net Position				
Net (expenses) revenues				
from previous page	\$ (59,146,367)	\$ 6,177,889	\$ (52,968,478)	\$ (63,709,698)
General Revenues:				
Property taxes	44,511,419	-	44,511,419	-
Gross receipts taxes	5,396,710	-	5,396,710	-
Local option sales tax	3,076,346	-	3,076,346	-
Payments in lieu of taxes	1,771,890	-	1,771,890	-
Franchise fees	2,484,593	-	2,484,593	-
Impact fees	218,459	-	218,459	-
Interest and penalties on				
delinquent taxes	725,941	-	725,941	-
Non-operating grants	-	1,959,207	1,959,207	-
General state support	-	-	-	78,190,176
Unrestricted investment earnings (loss)	3,352,615	1,967,927	5,320,542	4,847,072
Dividends from associated				
companies	-	4,532,992	4,532,992	-
Other revenues	2,136,121	1,369,650	3,505,771	982,875
Transfers in/(out)	<u>3,187,348</u>	<u>(3,187,348)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>66,861,442</u>	<u>6,642,428</u>	<u>73,503,870</u>	<u>84,020,123</u>
Change in Net Position	7,715,075	12,820,317	20,535,392	20,310,425
Net Position:				
Beginning of year	<u>110,297,511</u>	<u>326,442,059</u>	<u>436,739,570</u>	<u>24,060,962</u>
End of year	<u>\$ 118,012,586</u>	<u>\$ 339,262,376</u>	<u>\$ 457,274,962</u>	<u>\$ 44,371,387</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON, VERMONT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2024

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and short term investments	\$ 612,340	\$ 64,926,072	\$ 16,862,429	\$ 82,400,841
Investments	8,687,698	-	1,197,953	9,885,651
Escrows	1,275,044	576,066	-	1,851,110
Receivables, net of allowance for uncollectibles:				
Property taxes	3,136,589	-	-	3,136,589
Departmental and other	3,812,772	-	208,917	4,021,689
Intergovernmental	-	4,890,268	1,294,302	6,184,570
Loans	-	-	4,344,014	4,344,014
Accrued interest	-	-	1,487,761	1,487,761
Due from other funds	1,125,947	-	-	1,125,947
Advances to other funds	66,000	-	-	66,000
Inventory	236,354	-	460,954	697,308
Prepaid expenditures	214,763	-	1,962	216,725
Other assets	313,376	-	-	313,376
TOTAL ASSETS	\$ 19,480,883	\$ 70,392,406	\$ 25,858,292	\$ 115,731,581
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,862,040	\$ 4,833,943	\$ 813,245	\$ 7,509,228
Accrued liabilities	1,523,816	37,162	79,632	1,640,610
Unearned revenue	1,192,839	-	5,556,996	6,749,835
Notes payable	-	18,840,000	2,500,000	21,340,000
Due to other funds	-	-	1,125,947	1,125,947
Advances from other funds	-	66,000	-	66,000
Other liabilities	82,490	133,934	692	217,116
TOTAL LIABILITIES	4,661,185	23,911,039	10,076,512	38,648,736
Deferred Inflows of Resources:				
Unavailable revenues	2,911,777	4,994,651	6,687,985	14,594,413
Fund Balances:				
Nonspendable	517,117	-	1,729,970	2,247,087
Restricted	980,827	44,657,994	10,760,437	56,399,258
Committed	732,802	-	259,451	992,253
Assigned	3,518,554	-	-	3,518,554
Unassigned	6,158,621	(3,171,278)	(3,656,063)	(668,720)
TOTAL FUND BALANCES	11,907,921	41,486,716	9,093,795	62,488,432
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 19,480,883	\$ 70,392,406	\$ 25,858,292	\$ 115,731,581

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON, VERMONT

RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2024

Total governmental fund balances	\$ 62,488,432
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	238,550,054
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	14,594,413
Deferred outflows and inflows of resources related to pension and OPEB are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pension	22,331,967
Deferred outflows of resources related to OPEB	371,939
Deferred inflows of resources related to OPEB	(2,061,422)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable, net of related unamortized premiums	(123,414,944)
Equipment notes payable	(3,811,274)
Compensated absences liability	(2,928,173)
Total other post-employment benefits payable	(3,597,477)
Net pension liability	(83,015,278)
Accrued interest on long-term obligations	(918,433)
Internal Service Funds net position	<u>(577,218)</u>
Net position of governmental activities	<u><u>\$ 118,012,586</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON, VERMONT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2024

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 46,744,327	\$ 4,516,406	\$ 6,005,039	\$ 57,265,772
Payments in lieu of taxes	1,771,890	-	-	1,771,890
Licenses and permits	3,830,266	186,235	146,632	4,163,133
Intergovernmental	3,049,035	21,061,843	7,764,573	31,875,451
Charges for services	19,514,567	-	5,827,893	25,342,460
Contributions	916,202	538,999	509,848	1,965,049
Investment income	1,081,778	2,141,072	129,765	3,352,615
Loan repayments	30,652	-	162,273	192,925
Other	302,130	407,539	811,540	1,521,209
Total Revenues	77,240,847	28,852,094	21,357,563	127,450,504
Expenditures:				
Current:				
General government	18,813,205	-	2,422,224	21,235,429
Public safety	35,683,952	-	-	35,683,952
Public works	4,912,516	2,145,379	4,218,514	11,276,409
Culture and recreation	16,127,734	38,787	-	16,166,521
Community development	1,120,371	8,344	7,957,350	9,086,065
Capital outlay	107,422	41,287,885	439,956	41,835,263
Debt service:				
Principal	5,092,331	-	4,031,851	9,124,182
Interest and bond issue costs	3,304,134	55,645	2,708,625	6,068,404
Total Expenditures	85,161,665	43,536,040	21,778,520	150,476,225
Excess (deficiency) of revenues over (under) expenditures	(7,920,818)	(14,683,946)	(420,957)	(23,025,721)
Other Financing Sources (Uses):				
Sale of capital asset	-	614,915	-	614,915
Issuance of equipment notes	-	576,066	-	576,066
Issuance of bonds	-	8,860,000	-	8,860,000
Bond premium	974,599	-	-	974,599
Transfers in	4,199,887	1,259,148	290,162	5,749,197
Transfers out	(2,902,162)	-	(409,687)	(3,311,849)
Total Other Financing Sources (Uses)	2,272,324	11,310,129	(119,525)	13,462,928
Net change in fund balances	(5,648,494)	(3,373,817)	(540,482)	(9,562,793)
Fund Balances, at Beginning of Year	17,556,415	44,860,533	9,634,277	72,051,225
Fund Balances, at End of Year	\$ 11,907,921	\$ 41,486,716	\$ 9,093,795	\$ 62,488,432

CITY OF 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, 2024

Net Changes in Fund Balances - Total Governmental Funds	\$ (9,562,793)																		
- Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table> <tr> <td>Capital outlay purchases</td><td style="text-align: right;">37,432,593</td></tr> <tr> <td>Depreciation</td><td style="text-align: right;">(8,734,500)</td></tr> </table> - Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, etc.) differ between the two statements. (3,555,357) - The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table> <tr> <td>Issuance of bonds and equipment notes</td><td style="text-align: right;">(9,436,066)</td></tr> <tr> <td>Repayments of debt</td><td style="text-align: right;">9,160,277</td></tr> <tr> <td>Bond premium activity, net of amortization</td><td style="text-align: right;">(136,397)</td></tr> </table> - In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. (54,943) - 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 the governmental funds. <table> <tr> <td>Increase in pension expense from GASB 68</td><td style="text-align: right;">(6,873,694)</td></tr> <tr> <td>Increase in OPEB expense from GASB 75</td><td style="text-align: right;">36,529</td></tr> <tr> <td>Change in compensated absences liability</td><td style="text-align: right;">(237,213)</td></tr> <tr> <td>Change in insurance reserves</td><td style="text-align: right;">253,857</td></tr> </table> - Internal Service Funds change in net position (577,218)	Capital outlay purchases	37,432,593	Depreciation	(8,734,500)	Issuance of bonds and equipment notes	(9,436,066)	Repayments of debt	9,160,277	Bond premium activity, net of amortization	(136,397)	Increase in pension expense from GASB 68	(6,873,694)	Increase in OPEB expense from GASB 75	36,529	Change in compensated absences liability	(237,213)	Change in insurance reserves	253,857	
Capital outlay purchases	37,432,593																		
Depreciation	(8,734,500)																		
Issuance of bonds and equipment notes	(9,436,066)																		
Repayments of debt	9,160,277																		
Bond premium activity, net of amortization	(136,397)																		
Increase in pension expense from GASB 68	(6,873,694)																		
Increase in OPEB expense from GASB 75	36,529																		
Change in compensated absences liability	(237,213)																		
Change in insurance reserves	253,857																		
Change in Net Position of Governmental Activities	\$ <u>7,715,075</u>																		

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON, VERMONT

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2024

	Business-Type Activities Enterprise Funds					Governmental Activities
	<u>Electric</u>	<u>Airport</u>	<u>Wastewater</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
ASSETS:						
Current:						
Cash and cash equivalents	\$ 12,334,880	\$ 9,500,497	\$ 3,317,113	\$ 7,926,591	\$ 33,079,081	\$ 683,586
Restricted investments	759,139	-	-	-	759,139	-
Escrows	-	-	638,493	-	638,493	-
Receivables, net of allowance for uncollectibles:						
User fees	7,711,851	1,544,625	1,983,073	2,288,420	13,527,969	-
Departmental and other	-	-	-	-	-	49,862
Intergovernmental	-	11,922,183	2,049,168	1,894,887	15,866,238	-
Passenger facility charges	-	498,226	-	-	498,226	-
Loans	-	88,970	-	-	88,970	-
Leases	-	2,733,140	-	-	2,733,140	-
Inventory	7,239,687	418,100	199,392	464,416	8,321,595	-
Prepaid expenses	-	103,386	1,588	3,712	108,686	-
Other current assets	1,622,232	-	-	-	1,622,232	38,826
Total current assets	29,667,789	26,809,127	8,188,827	12,578,026	77,243,769	772,274
Noncurrent:						
Restricted cash and short-term investments	-	21,293,388	1,433,365	995,653	23,722,406	-
Restricted investments	15,375,540	-	-	-	15,375,540	-
Loans receivable, net of current portion	-	91,675	-	-	91,675	-
Leases receivable, net of current portion	-	11,746,769	-	-	11,746,769	-
Equity interests in associated companies	35,301,336	-	-	-	35,301,336	-
Regulatory assets	5,172,924	-	-	-	5,172,924	-
Renewable Energy Standard inventory	2,307,617	-	-	-	2,307,617	-
Other noncurrent assets	-	-	-	-	-	-
Capital assets:						
Land and construction in progress	7,191,292	89,722,366	6,063,802	5,061,899	108,039,359	-
Capital assets, net of accumulated depreciation	92,582,928	135,951,178	20,799,444	20,422,686	269,756,236	-
Total noncurrent assets	157,931,637	258,805,376	28,296,611	26,480,238	471,513,862	-
TOTAL ASSETS	187,599,426	285,614,503	36,485,438	39,058,264	548,757,631	772,274
DEFERRED OUTFLOWS OF RESOURCES						
Related to pension	5,379,034	829,103	383,064	496,920	7,088,121	-
Related to OPEB	118,463	148,021	53,398	68,361	388,243	-
Loss on advanced refunding	248,155	-	-	-	248,155	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,745,652	977,124	436,462	565,281	7,724,519	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 193,345,078	\$ 286,591,627	\$ 36,921,900	\$ 39,623,545	\$ 556,482,150	\$ 772,274

(continued)

CITY OF BURLINGTON, VERMONT

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2024

(continued)

	Business-Type Activities Enterprise Funds					Governmental Activities
	<u>Electric</u>	<u>Airport</u>	<u>Wastewater</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION						
LIABILITIES:						
Current:						
Accounts payable	\$ 3,140,439	\$ 7,189,630	\$ 1,019,478	\$ 1,382,410	\$ 12,731,957	\$ 116,106
Accrued liabilities	-	81,192	32,300	67,366	180,858	1,533
Accrued interest	-	504,411	-	-	504,411	-
Unearned revenue	-	262,119	-	-	262,119	-
Notes payable	-	1,005,305	6,433,261	4,527,488	11,966,054	-
Insurance reserve	-	-	-	-	-	1,231,853
Other current liabilities	2,082,265	2,597	-	71,674	2,156,536	-
Payable from restricted assets:						
Deposits with bond trustees	759,139	-	-	-	759,139	-
Current portion of long-term liabilities:						
Bonds and loans payable	6,180,000	3,000,004	1,131,449	368,032	10,679,485	-
Equipment notes payable	317,057	464,543	42,997	177,575	1,002,172	-
Lease payable	-	195,711	-	-	195,711	-
Compensated absences liability	-	350,751	134,126	193,388	678,265	-
Total current liabilities	12,478,900	13,056,263	8,793,611	6,787,933	41,116,707	1,349,492
Noncurrent, net of current portion:						
Bonds and loans payable	79,760,553	20,360,595	10,864,741	6,455,062	117,440,951	-
Equipment notes payable	1,081,440	897,732	87,806	455,483	2,522,461	-
Lease payable	-	1,115,546	-	-	1,115,546	-
Net pension liability	22,820,338	2,973,360	1,354,971	1,649,820	28,798,489	-
Total OPEB liability	815,159	276,606	115,473	141,038	1,348,276	-
Compensated absences liability	1,182,636	-	-	-	1,182,636	-
Total noncurrent liabilities	105,660,126	25,623,839	12,422,991	8,701,403	152,408,359	-
TOTAL LIABILITIES	118,139,026	38,680,102	21,216,602	15,489,336	193,525,066	1,349,492
DEFERRED INFLOWS OF RESOURCES						
Regulatory deferral	7,893,740	-	-	-	7,893,740	-
Related to pension	698,083	39,138	11,795	70,728	819,744	-
Related to OPEB	551,792	141,008	58,866	71,898	823,564	-
Related to leases	-	14,157,660	-	-	14,157,660	-
TOTAL DEFERRED INFLOWS OF RESOURCES	9,143,615	14,337,806	70,661	142,626	23,694,708	-
NET POSITION:						
Net investment in capital assets	39,964,583	192,124,116	10,022,533	13,500,945	255,612,177	-
Restricted:						
For debt service/renewal and replacements/capital projects	-	21,293,388	-	995,653	22,289,041	-
For contingency reserve	-	-	1,433,365	-	1,433,365	-
Deposits with bond trustees	6,408,333	-	-	-	6,408,333	-
Unrestricted	19,689,521	20,156,215	4,178,739	9,494,985	53,519,460	(577,218)
TOTAL NET POSITION	66,062,437	233,573,719	15,634,637	23,991,583	339,262,376	(577,218)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 193,345,078	\$ 286,591,627	\$ 36,921,900	\$ 39,623,545	\$ 556,482,150	\$ 772,274

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON, VERMONT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2024

	Business-Type Activities Enterprise Funds					Governmental Activities
	Electric	Airport	Wastewater	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating Revenues:						
Charges for services	\$ 63,783,197	\$ 22,819,105	\$ 9,467,114	\$ 10,090,842	\$ 106,160,258	\$ -
Intergovernmental	-	140,008	-	-	140,008	-
Contributions	-	-	-	-	-	19,616,152
Miscellaneous	-	-	-	878,067	878,067	-
Total Operating Revenues	63,783,197	22,959,113	9,467,114	10,968,909	107,178,333	19,616,152
Operating Expenses:						
Personnel	-	5,845,913	2,257,260	4,001,920	12,105,093	20,943,370
Nonpersonnel	-	15,544,983	6,080,509	4,171,681	25,797,173	-
Purchased power and other costs	57,520,044	-	-	-	57,520,044	-
Depreciation and amortization	6,397,556	8,149,621	1,468,094	1,117,416	17,132,687	-
Total Operating Expenses	63,917,600	29,540,517	9,805,863	9,291,017	112,554,997	20,943,370
Operating Income (Loss)	(134,403)	(6,581,404)	(338,749)	1,677,892	(5,376,664)	(1,327,218)
Nonoperating Revenues (Expenses):						
Dividends from associated companies	4,532,992	-	-	-	4,532,992	-
Passenger facility charges	-	2,577,575	-	-	2,577,575	-
Intergovernmental revenue	-	1,834,346	124,861	-	1,959,207	-
Investment income	1,215,158	579,593	121,420	51,756	1,967,927	-
Other income	743,994	475,869	115,893	59,062	1,394,818	-
Interest expense	(3,345,010)	(1,082,126)	(426,512)	(312,823)	(5,166,471)	-
Loss on lease termination	-	(291,334)	-	-	(291,334)	-
Gain (loss) on disposal of capital assets	(129,310)	103,926	-	216	(25,168)	-
Total Nonoperating Revenues (Expenses), net	3,017,824	4,197,849	(64,338)	(201,789)	6,949,546	-
Income Before Contributions and Other Items	2,883,421	(2,383,555)	(403,087)	1,476,103	1,572,882	(1,327,218)
Capital contributions	633,230	13,163,060	638,493	-	14,434,783	-
Transfers in	-	-	-	-	-	750,000
Transfers out	(2,265,941)	-	(464,770)	(456,637)	(3,187,348)	-
Change in Net Position	1,250,710	10,779,505	(229,364)	1,019,466	12,820,317	(577,218)
Net Position, at Beginning of Year	64,811,727	222,794,214	15,864,001	22,972,117	326,442,059	-
Net Position, at End of Year	\$ 66,062,437	\$ 233,573,719	\$ 15,634,637	\$ 23,991,583	\$ 339,262,376	\$ (577,218)

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON, VERMONT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2024

	Business-Type Activities					Governmental
	Enterprise Funds				Internal Service Funds	Activities
	<u>Electric</u>	<u>Airport</u>	<u>Wastewater</u>	Nonmajor Enterprise <u>Funds</u>		
				<u>Total</u>		
Cash Flows From Operating Activities:						
Receipts from customers and users	\$ 63,014,811	\$ 22,184,226	\$ 9,272,227	\$ 10,798,878	\$ 105,270,142	\$ -
Receipts of operating grants	-	140,008	-	-	140,008	-
Payments for power and other costs	(55,368,636)	-	-	-	(55,368,636)	-
Payments to suppliers	-	(15,640,548)	(5,677,817)	(3,628,836)	(24,947,201)	-
Receipts from City and employees	-	-	-	-	-	19,616,152
Payments for wages and benefits and claims	-	(5,526,437)	(2,079,545)	(3,855,174)	(11,461,156)	(20,758,349)
Other receipts	93,934	202,546	115,893	13,204	425,577	-
Net Cash Provided (Used) by Operating Activities	7,740,109	1,359,795	1,630,758	3,328,072	14,058,734	(1,142,197)
Cash Flows From Noncapital Financing Activities:						
Transfers in	-	-	-	-	-	750,000
Payment in lieu of taxes	(2,265,941)	-	(464,770)	(456,637)	(3,187,348)	-
Intergovernmental revenues	650,061	1,834,344	124,861	-	2,609,268	-
Loan payments from BCDC	-	86,344	-	-	86,344	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(1,615,880)	1,920,690	(339,909)	(456,637)	(491,736)	750,000
Cash Flows From Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(8,331,422)	(11,233,975)	(2,252,000)	(3,193,810)	(25,011,207)	-
Proceeds from bonds and loans	2,785,000	-	-	-	2,785,000	-
Proceeds from bond premium	820,963	-	-	-	820,963	-
Capital grants/contributions	633,230	10,480,181	-	-	11,113,411	-
Passenger facility charges	-	2,575,553	-	-	2,575,553	-
Drawdowns on notes and loans	-	1,005,305	1,463,603	2,203,269	4,672,177	-
Repayment of notes and loans	-	(1,401,866)	-	-	(1,401,866)	-
Release of escrow	-	-	22,400	60,000	82,400	-
Principal paid on:						
Bonds and loans	(5,760,000)	(2,655,000)	(1,204,516)	(314,111)	(9,933,627)	-
Notes	-	(575,171)	(49,206)	(152,618)	(776,995)	-
Leases	-	(193,579)	-	-	(193,579)	-
Interest paid on outstanding debt, including issue costs	(3,537,347)	(1,139,011)	(426,512)	(312,823)	(5,415,693)	-
Net Cash Used for Capital and Related Financing Activities	(13,389,576)	(3,137,563)	(2,446,231)	(1,710,093)	(20,683,463)	-
Cash Flows From Investing Activities:						
Withdrawal of investments	1,538,227	-	-	21,268	1,559,495	-
Investment income	5,324,626	579,593	121,420	30,488	6,056,127	-
Proceeds from deposits with Bond Trustees	3,897,140	-	-	-	3,897,140	-
Net Cash Provided by Investing Activities	10,759,993	579,593	121,420	51,756	11,512,762	-
Net Increase (Decrease) in Cash and Short Term Investments	3,494,646	722,515	(1,033,962)	1,213,098	4,396,297	(392,197)
Cash and short term investments at beginning of year	8,840,234	30,071,370	5,784,440	7,709,146	52,405,190	1,075,783
Cash and short term investments at end of year	\$ 12,334,880	\$ 30,793,885	\$ 4,750,478	\$ 8,922,244	\$ 56,801,487	\$ 683,586

(continued)

CITY OF BURLINGTON, VERMONT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2024

(continued)	Business-Type Activities Enterprise Funds					Governmental Activities
	Electric	Airport	Wastewater	Nonmajor Enterprise Funds	Total	Internal Service Funds
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income/(loss)	\$ (134,403)	\$ (6,581,404)	\$ (338,749)	\$ 1,677,892	\$ (5,376,664)	\$ (1,327,218)
Depreciation and amortization*	6,397,556	8,149,621	1,468,094	1,117,416	17,132,687	-
Other receipts	93,934	202,546	115,893	13,204	425,577	-
Changes in assets, liabilities, and deferred outflows/inflows:						
(Increase)/decrease in receivables	(1,015,685)	4,348,265	(194,887)	(146,653)	2,991,040	-
(Increase)/decrease in inventory	(310,720)	(16,254)	3,117	15,961	(307,896)	15,961
(Increase)/decrease in prepaids	-	11,656	(913)	1,540	12,283	1,540
(Increase)/decrease in deferred outflows	910,990	(113,790)	(56,051)	86,505	827,654	86,505
Increase/(decrease) in accounts payable	124,256	(90,967)	400,488	525,344	959,121	525,344
Increase/(decrease) in accrued liabilities	-	21,214	7,784	13,857	42,855	13,857
Increase/(decrease) in net pension liability	1,142,822	253,643	190,565	(36,738)	1,550,292	(36,738)
Increase/(decrease) in total OPEB liability	(129,690)	54,447	17,582	3,664	(53,997)	3,664
Increase/(decrease) in compensated absences	15,886	42,981	(4,069)	(9,572)	45,226	(9,572)
Increase/(decrease) in unearned revenue liability	-	(431,004)	-	-	(431,004)	-
Increase/(decrease) in other operating assets/liabilities	636,431	-	-	(23,134)	613,297	(23,134)
Increase/(decrease) in deferred inflows	8,732	(4,491,159)	21,904	88,786	(4,371,737)	88,786
Net Cash Provided (Used) by Operating Activities	\$ 7,740,109	\$ 1,359,795	\$ 1,630,758	\$ 3,328,072	\$ 14,058,734	\$ (661,005)

* Electric depreciation and amortization includes change in deferred depreciation reported in other noncurrent assets.

Schedule of Noncash Activities: Debt Forgiveness	\$ -	\$ -	\$ 638,493	\$ -	\$ 638,493	\$ -
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The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON, VERMONT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

	Pension Trust <u>Fund</u>	Private Purpose Trust <u>Fund</u>	Custodial <u>Fund</u>
ASSETS			
Current:			
Cash and short term investments	\$ 605,002	\$ 38,885	\$ 1,625,807
Investments:			
Mutual funds	235,067,059	-	-
Limited partnerships	9,203,207	-	-
Accounts receivable	-	-	334,458
Contributions receivable	<u>154,916</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 245,030,184</u>	<u>\$ 38,885</u>	<u>\$ 1,960,265</u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Current:			
Accounts payable	\$ 88,342	\$ -	\$ 190,703
Gross revenue taxes payable	-	-	5,692
Fuel taxes payable	-	-	950
Accrued liabilities	<u>20,510</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	108,852	-	197,345
NET POSITION			
Restricted for pension	244,921,332	-	-
Restricted for individuals and organizations	-	38,885	-
Restricted for energy efficiency utility programs	<u>-</u>	<u>-</u>	<u>1,762,920</u>
Total Net Position	<u>244,921,332</u>	<u>38,885</u>	<u>1,762,920</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 245,030,184</u>	<u>\$ 38,885</u>	<u>\$ 1,960,265</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON, VERMONT

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2024

	Pension Trust <u>Fund</u>	Private Purpose Trust <u>Fund</u>	Custodial <u>Fund</u>
Additions:			
Contributions:			
Employer - pension	\$ 11,716,667	\$ -	\$ -
Plan members	<u>3,992,236</u>	<u>-</u>	<u>-</u>
Total Contributions	15,708,903	-	-
Investment earnings:			
Investment income	6,633,128	303	-
Net decrease in the fair value of investments	<u>21,878,134</u>	<u>-</u>	<u>-</u>
Total Investment Earnings	28,511,262	303	-
Less: Investment Expenses	<u>(222,092)</u>	<u>-</u>	<u>-</u>
Net Investment Earnings	28,289,170	303	-
EEC collections from customers	-	-	2,104,952
Forward Capacity Market	-	-	194,022
Regional Greenhouse Gas Initiative	-	-	468,968
Weatherization Repayment Assistance Program Admin Fees	<u>-</u>	<u>-</u>	<u>12,000</u>
Total Additions	43,998,073	303	2,779,942
Deductions:			
Benefits - pension	22,082,080	-	-
Administrative expenses	648,900	-	-
Payments for programs	-	-	2,581,219
Payments for administration	-	-	302,534
EEC uncollectible return	-	-	6,347
Gross revenue taxes	-	-	11,177
Fuel taxes	<u>-</u>	<u>-</u>	<u>10,525</u>
Total Deductions	<u>22,730,980</u>	<u>-</u>	<u>2,911,802</u>
Change in net position	21,267,093	303	(131,860)
Net position restricted for pension and other purposes:			
Beginning of year	<u>223,654,239</u>	<u>38,582</u>	<u>1,894,780</u>
End of year	<u>\$ 244,921,332</u>	<u>\$ 38,885</u>	<u>\$ 1,762,920</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON, VERMONT

Notes to Financial Statements

Incorporated in 1865, the City of Burlington, Vermont (the City) operates under a tripartite system of government with the Mayor serving as Chief Executive, the City Council as the legislative body and the Commissioners as the primary policy makers within their respective departments. The City Charter authorizes the provision for the following services for the residents of the City: general administration, public safety, public works, community development, culture and recreation, utilities and education.

1. Summary of Significant Accounting Policies

The accounting policies adopted by the City conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. *The Financial Reporting Entity*

This report includes all of the funds of the City of Burlington, Vermont. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The following entity is reported as a discretely presented component unit, in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City because it is fiscally dependent on the City, but does not provide services almost entirely to the City and the City guarantees debt of the School District. The City Council can override the School District's decisions concerning the debt that the City issues on behalf of the School District.

Burlington School District (the School District) – the School District's primary purpose is to carry out the vision of education in the community. The Burlington School District is governed by a separately elected School Board, the legal entity for conducting a system of public education within the geographic area of a school district. The system was created by, and is governed by, state statutes. Members of a Board are, therefore, state officers chosen by citizens of a district to represent them, and the state, in the legislative management of public schools. The Board of

School Commissioners has the dual responsibility for implementing statutory requirements pertaining to public education and local citizens' desires for educating the community's youth. For detailed information on the Burlington School District accounts, refer to separately issued financial statements, which can be obtained by contacting the School District's Financial Management at 150 Colchester Avenue, Burlington, Vermont 05401.

B. Basis of Presentation

The accounts of the City are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the City include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the City as a whole and present a longer-term view of the City's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the City and present a shorter-term view of how operations were financed and what remains available for future spending.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government, the City, and its component unit, the Burlington School District. These statements include the financial activities of the overall City, except for fiduciary activities. The statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Eliminations have been made to minimize the double counting of activities between funds. However, interfund services provided and used are not eliminated in the consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each segment of the City's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund

category—governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

Proprietary enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating revenues consists of sales of electricity, rents of electric property, fees to transmit electricity of others, sales of renewable energy credits, operation of other utilities to run generation facilities, rent of airport terminal space and buildings, concessions, commissions, parking receipts, sales of water, wastewater user charges, and other miscellaneous fees for service. Nonoperating revenues result from certain nonexchange transactions or ancillary activities. Nonoperating revenues consist of investment earnings, electric services rendered to customers upon their request, passenger facility charges, grant income, and building rents from buildings purchased for future expansion.

Enterprise fund operating expenses are defined as the ordinary costs and expenses for the operation, maintenance and repairs of the electric plant, airport, water facility, and wastewater facility. Operating expenses include the cost of production, purchased power, maintenance of transmission and distribution systems, administrative, and general expenses and depreciation and amortization. Operating expenses do not include the interest on bonds, notes or other evidence of indebtedness and related costs.

Internal service fund operating revenues include contributions from employer and employees. Internal service fund operating expenses include claims.

The City reports on the following major governmental funds:

General Fund - This is the City's main operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

Capital Projects Fund – This fund accounts for resources obtained and expended for the acquisition of major capital facilities or equipment.

The City reports on the following major enterprise funds:

Electric Fund - This fund accounts for the operations of the Burlington Electric Enterprise Fund. For more details on this fund, refer to its separately issued financial statements.

Airport Fund - This fund accounts for the operations of the Patrick Leahy Burlington International Airport. For more details on this fund, refer to its separately issued financial statements.

Wastewater Fund - The Division of Public Works provides 3 wastewater treatment plants, 25 pump stations, and 100 miles of collection system for year-round wastewater disposal. For more details on this fund, refer to its separately issued financial statements.

The City reports internal service funds for health insurance and risk management services (including claims for workers' compensation, general liability and property damage) provided to other departments on a cost-reimbursement basis.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The City reports the following fiduciary funds:

Pension Trust Fund – This fund accounts for monies contributed by the City and its employees and the income on investments, less amounts expended for the pensions of retired City employees. This fund is partially funded by a dedicated tax rate, which is determined by the City's Retirement Board, and subject to annual appropriation by the City Council.

Private-Purpose Trust Fund – This fund is used to report trust arrangements under which resources are to be used for the benefit of firemen injured in the line of duty, Christmas gifts for servicemen overseas, and Christmas dinners for the destitute. All investment earnings, and in some cases the principal of these funds, may be used to support these activities.

Custodial Fund – Effective January 1, 2020, Electric Department began to function as a fiscal agent and fund administrator under 30 V.S.A Section 209(d)(3) for Vermont Energy Efficiency Utility (EEU) and Thermal Energy and Process Fuels (TEPF) activities.

C. *Measurement Focus*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., net total assets) is segregated into net investment in capital assets; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets and current liabilities are generally reported on their balance sheets. Their reported fund balances (net current assets) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

D. 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.

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues reported in governmental funds to be available if the revenues are collected within thirty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences, self-insured health and dental benefits, reserves for property and casualty and workers’ compensation claims, net pension obligation, post-employment benefits and other long-term liabilities, which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources in governmental funds.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and

unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Recognition of revenues on funds received in connection with loan programs are recognized when loans are awarded and expenses incurred in excess of current grants and program income. An offsetting deferred inflows is recognized for all loans receivable. Loan repayment revenue is recognized as the loans are repaid.

The City Council appoints the Commissioners of the Electric Department. The Electric Department is also subject as to rates, accounting, and other matters, to the regulatory authority of the State of Vermont Public Service Board (VPSB) and the Federal Energy Regulatory Commission (FERC). In accordance with FASB ASC Topic 980, *Regulated Operations* (and Codified in GASB Statement 62), the Electric Department records certain assets and liabilities in accordance with the economic effects of the rate making process.

E. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and sweep account is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the financial statements under the caption "cash and short-term investments."

For purpose of the Statement of Cash Flows, the proprietary funds consider investments with maturities of one year or less to be short-term investments.

F. Investments

Investments, generally, are presented at fair value. Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using net asset value (NAV). The NAV per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV for fair value are not subject to level classification.

G. Leases

The City follows GASB Statement Number 87, *Leases*.

City as a Lessor: The City recognizes a lease receivable and a related deferred inflow of resources. At the commencement of a lease, the City initially measures

the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis over its useful life. The following key assumptions are made:

The City uses its estimated incremental borrowing rate as the discount rate for leases when the interest rate is not explicitly stated.

The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease receivable and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City as a Lessee: At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. The following assumptions are made:

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised. Lease payments included in the measurement of the lease liability are comprised of fixed payments and purchase option price, if the City is reasonably certain that it will be exercised.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

H. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due from/to

other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate the portion not available for appropriation and not available as expendable financial resources.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

I. Jointly Owned Facilities

The Electric Department has recorded its 50% ownership interest in the McNeil Generating Station as capital assets. The Department is responsible for its proportionate share of the operating expenses of the jointly owned facilities, which are billed to the Department on a monthly basis. The associated operating costs allocated to the Department are classified in their respective expense categories in the statement of operations. Separate financial statements are available from the Department.

J. Equity Interests in Associated Companies

The Electric Department follows the cost method of accounting for its 6.38% Class B common stock, 1.97% Class C common stock and 7.69% Class C preferred stock ownership interest in Vermont Electric Power Company, Inc. (VELCO), and its 5.70% ownership interest in Vermont Transco LLC (Transco). Transco is an affiliated entity of VELCO. VELCO owns and operates a transmission system in the State of Vermont over which bulk power is delivered to all electric utilities in the State of Vermont. Under a Power Transmission Contract with the State of Vermont, VELCO bills all costs, including amortization of its debt and a fixed return on equity, to the State of Vermont and others using the system.

During the year ended June 30, 2024, the Department purchased 27,918 Class A Units and 35,531 Class B Units in Transco for a cost of \$634,490.

Schedule of ownership in associated companies at June 30, 2024:

Velco, Class B Common Stock	\$ 1,403,800
Velco, Class C Common Stock	39,200
Velco, Class C Preferred Stock	11,196
VT Transco, LLC, A Units	14,892,751
VT Transco, LLC, B Units	18,954,389
	<u>\$ 35,301,336</u>

K. Inventory and Prepaid Items

Inventory is valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. No significant inventory balances were on hand in governmental funds.

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

L. Capital Assets

City

Capital assets, which include property, plant, equipment, land improvements, buildings and improvements, infrastructure, and right to use assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, as well as proprietary and fiduciary fund financial statements. Depreciable capital assets are defined by the City as assets with an estimated useful life of five years or greater, while non-depreciable do not consider estimated useful life. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment are depreciated/amortized using the straight-line method over the following estimated useful lives:

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
Land	\$ -	N/A
Construction in Progress	-	N/A
Land Improvements	25,000	30 years
Buildings	-	25-150 years
Building Improvements	20,000	25-150 years
Vehicles, Machinery, Equipment and Furniture	10,000	5-15 years
Right to Use Vehicles, Machinery and Equipment	10,000	5-15 years
Book Collections	10,000	5 years
Infrastructure	50,000	10-40 years

Capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

Electric Department

The Electric Department capital assets are stated at historical cost. Provisions for depreciation of general capital assets are reported using the straight-line method at rates based upon the estimated service lives and salvage values of the several classes of property. Depreciation of capital assets of the McNeil Station, the Highgate Converter Facility, and the Winooski One hydroelectric plant are calculated using the straight-line method. However, a portion of the current depreciation expense is only recoverable through future rates. The difference is included in deferred charges (calculated as the straight-line depreciation expense, less the depreciation expense on a sinking fund basis) and will be recovered in future years. See Note 12, Regulatory Assets and Regulatory Deferred Inflows of Resources.

Maintenance and repairs of capital assets are charged to maintenance expense. Replacements and betterments are capitalized to capital assets. When assets are retired or otherwise disposed of, the costs are removed from capital assets, and such costs, plus removal costs, net of salvage, are charged to accumulated depreciation.

The Department’s capitalization policy considers four factors. Property will be capitalized when:

- 1) The combined cost to put a unit in service is more than \$500.
- 2) The unit’s estimated life is at least three years.
- 3) The unit is vital to the Department and must be controlled, and tracked, even if it falls under the dollar limit stated in (1) above. Watt-hour meters to record electric usage are the only unit in this category.
- 4) The Public Utilities Commission (PUC) rules in a rate making decision that the Department will capitalize a cost that normally would not be capitalized based on the first three factors above. The Department does not have any assets in this category.

The depreciable lives of utility plant are as follows:

	<u>Estimated Service Life</u>
Production plant	10-50 years
Transmission plant	33-50 years
Distribution plant	10-50 years
General plant	5-50 years
Other plant	5 years

Discretely Presented Component Unit – School District

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 acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset 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 capital assets are valued at their acquisition value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
Buildings and improvements	\$ 5,000	20-50 years
Machinery and Equipment	5,000	3-50 years
Vehicles	5,000	3-25 years

M. Renewable Energy Credit Sales

The Electric Department received Renewable Energy Certificates (RECs) based on the amount of energy produced by its resources in a year. These RECs have value in terms of allowing the holder to demonstrate compliance with the Renewable Portfolio Standard (RPS) requirements of the various New England states. These RECs may be bought and sold, separate from the underlying energy production, and vary in value based on the amount of supply versus the demands created by the RPS, for that particular type of REC. The ability to claim energy renewability is transferred with the REC (either lost in the case of a REC sale or acquired in the case of a REC purchase).

The Electric Department's resource planning staff monitors output levels from the REC producing units, REC commitments made, the markets for these RECs, and the State statutes and rules that govern the creation and sale of these RECs. The Electric Department has and will continue to involve itself in discussions/proceedings as needed, either in Vermont or elsewhere in New England, where such rules and statutes are the subject at hand.

In 2008, the McNeil Generating Station (McNeil) installed a Regenerative Selective Catalytic Reduction (RSCR) unit. The RSCR unit significantly reduces McNeil's Nitrous Oxide (NOx) emission levels, which allows the station to qualify to sell Connecticut Class 1 Renewable Energy Certificates (RECs). The McNeil RECs are determined to be qualified for sale based on a review of emissions outputs submitted by McNeil. At the end of every quarter, an affidavit is signed stating whether or not McNeil's emissions output met the requirements needed to sell the RECs.

McNeil receives a certification from the State of Connecticut indicating that they met the standards for the quarter based on the statistics provided by McNeil. Sales are recorded as revenue upon delivery of the RECs to the customer.

Effective September 1, 2014, the Electric Department became the 100% owner of the Winooski One hydro facility. Currently operations at the facility are being managed through a contract with Northbrook Energy. Winooski One is a Low Impact Hydro Institute (LIHI) certified generator and is qualified to produce Massachusetts Class 2 RECs (non-waste-to-energy).

The Electric Department receives RECs from the Vermont Wind Project in Sheffield (the Electric Department is entitled to 40% of the output of the 40MW project), the Georgia Mountain Community Wind Farm (the Electric Department has entitlement to the full 100 MW of output from this project), along with RECs from its entitlement to 13.5 MW of the 52 MW Hancock Wind Project. The RECs from all of these wind facilities are qualified for participation in most of the high value New England REC markets.

In February 2015, the Electric Department commissioned a 500 KW AC solar array at the Airport (and leases space on the parking garage roof under a long-term agreement between the Department and the Airport). Following that, in October 2018, the Department commissioned a 107 KW AC solar array at the Electric Department's offices at 585 Pine Street. The Department owns 100% of these resources. Additionally, the City receives RECs from South Forty Solar, a 2.5 MW solar array, as well as several smaller solar arrays totaling 409 kW. These solar arrays are designed to help reduce the Electric Department's peak demand and energy needs during high priced periods.

The Electric Department no longer receives RECs from Vermont Standard Offer projects purchased by the Vermont Purchasing Agent. At the end of 2016, the Department's status as a distribution utility that sources 100% of the load it serves from renewable sources exempted it from purchasing energy from these projects in 2017. This exemption will continue through at least 2025.

The Department purchases Vermont Tier I RECs to replace the New England Class I RECs that are sold in the market to maintain its ability to claim 100% renewability.

For the fiscal year ended June 30, 2024, REC revenue for McNeil, wind resources, the Winooski One hydro facility, and the solar arrays were \$3,157,978, \$2,437,683, \$1,007,220, and \$175,383, respectively.

N. Pollution Remediation Obligations

The Electric Department faces possible liability as a potentially responsible party (PRP) with respect to the cleanup of certain hazardous waste sites. The City is currently a PRP as a landowner of a hazardous waste superfund site in Burlington, Vermont that is the subject of a remediation investigation by the Environmental Protection Agency (the EPA). The Department has agreed to share on an equal basis

all past and future costs incurred in connection with any and all settlements or actions resulting from the designation of the City as a PRP at this site. In light of the agreement between the City and the EPA concerning the remediation plan at the site, the Department believes that the likelihood of any liability material to the financial position of the Department is remote and as such, no liability has been accrued as of June 30, 2024.

The Electric Department faces possible liability with respect to the J. Edward Moran Electric Generation Station ("Moran Station"). The Moran Station is a decommissioned coal-fired power plant that was controlled and operated by the Department from 1954 until 1990 when the Department entered into a memorandum of understanding ("MOU") with the City of Burlington transferring responsibility for the Moran Station to the City. The MOU transferred the Moran Station to the City in "as is" condition and held the Department harmless for any and all future liability and or responsibility for such Moran Station and property, excluding environmental remediation (if any) which shall be required in the future by a state or federal environmental regulatory agency, for conditions existing before the transfer. In 2009 the City conducted an assessment of activities at the Moran Station site and was engaged in a corrective action plan with the Vermont Department of Environmental Conservation. The City and the Department entered into a letter of agreement in December 2009 where it was agreed that the Department shall make a \$100,000 payment to the City as settlement of the Department's liability for any and all environmental remediation costs associated with known environmental contamination at the Moran Station. In September 2019, the City began the efforts of creating a Site Resolution Plan and in February 2020, the City Council authorized the Mayor to execute a settlement agreement between the City and the Department to compensate the City for the costs of abating/remediating contaminants that had been identified at that time as requiring such abatement. In June 2022, the Department entered into a new MOU with the City of Burlington that calls for the Department to make a contribution of \$950,715 in eight equal installments with an annual interest rate of 1%.

O. Compensated Absences

It is the City's policy to permit employees to accumulate earned, but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

P. Liabilities to be Paid from Restricted Assets

The balance in these liabilities represents accrued interest payable on revenue bonds and construction invoices, which will be paid from restricted assets. The restricted assets will also be used for additional construction of certain assets, including certain costs in accounts and contracts payable.

Q. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance - Fund balance represents the difference between current assets/deferred outflows and current liabilities/deferred inflows. The City reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources, and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The City’s fund balance classification policies and procedures are as follows:

- 1) *Nonspendable funds* represents amounts that cannot be spent because they are either (a) not in spendable form (i.e., inventory or prepaid items) or (b) legally or contractually required to be maintained intact (i.e., perpetual care). This fund balance classification includes General Fund reserves for prepaid expenditures, inventory, long-term advances to other funds and nonmajor governmental fund reserves for the principal portion of permanent trust funds.
- 2) *Restricted funds* represent amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. In the case of capital projects fund, these funds are restricted for projects financed by bonds. In the case of permanent fund, it represents the income portion of trust funds.
- 3) *Committed funds* represent amounts that can only be used for specific purposes pursuant to constraints imposed by formal action, resolutions of the City’s highest level of decision-making authority, the City Council. Subsequent City Council approval is necessary to modify or rescind a fund balance commitment.
- 4) *Assigned funds* represent amounts that are constrained by the City’s intent to use these resources for a specific purpose. The City’s fund balance policy gives authority to the Mayor to delegate assignments to staff. Approved resolutions after year-end are also classified as assigned funds.
- 5) *Unassigned funds* represent the residual classification for the General Fund and include all amounts not contained in other classifications. Unassigned amounts are available for any purpose. Temporary fund balance deficits are reported as negative amounts in the unassigned classification in other governmental funds. Positive unassigned amounts are reported only in the General Fund.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the City uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

R. Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements for the General Fund:

- 1) Departments, and departments with commission approval, prepare detailed recommendations to the Mayor on the budget. Prior to June 15, the Mayor, with the assistance of the other members of the Board of Finance, prepares and submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and estimated revenues.
- 2) Prior to July 1, the budget is legally enacted through passage of a resolution of the City Council.
- 3) The Mayor may propose, with the advice of the Board of Finance, amendments to the budget. Such proposed amendments require a majority approval of the City Council. The amount of such proposed amendments may be decreased by a simple majority vote of the City Council. Such proposed amendments may be increased above the level proposed by the Mayor only with a two-thirds vote of the City Council.
- 4) The Board of Finance is authorized to transfer budgeted amounts between line items within an appropriation account or within accounts of a depart-

ment. Any revisions which increase the total expenditures of any department function or fund above the original appropriation must be approved by resolution of the City Council.

- 5) That portion of the designated fund balance that consists of operating and capital improvement carry-overs, represents unexpended appropriations, which are allowed to be carried over to later years as provided for by the City Charter or by resolution of the City Council. All other unexpended appropriations lapse at the close of the fiscal year. The City Charter specifically prohibits expenditures in excess of appropriations, except on an emergency basis for health, police, fire and public welfare.
- 6) The City of Burlington tax rate can change each year by the cost of CCTA, retirement, county and debt service without voter approval. However, any rate change on the tax rate for other purposes, above the maximum approved tax rate previously approved by voters, must be approved by City voters.
- 7) Title III, Section 70(a) of the Burlington City Charter defines the legal level of budgeting control at the department level. Excerpts of Section 70(a) are as follows:

No superintendent, Board or commission member or corresponding executive officer of any City department, with the exception of the health, police and fire departments, and then only in case of an emergency, shall expend any money or incur any obligation, unless there is an available appropriation from which the same may be paid and to which it may be charged, and shall not at any time expend any money or incur any obligation in excess of such appropriation. In case any such superintendent, Board or commission member or corresponding executive officer of any city department violates this provision, the city chief administrative officer shall report such occurrence to the mayor and to the city council. The mayor shall advise the city council as to whether there was appropriate justification for such violation and if the mayor and city council agree that such violation was unjustified, the mayor may recommend and the city council may determine that the office shall thereupon become vacant and shall be forthwith filled for the unexpired term of the officials authorized to make the original appointment in such case. Nothing in this section shall be construed to authorize the city council to remove a duly elected school commissioner or the superintendent of schools.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in any fund in the City.

B. Budgetary Basis

The General Fund final appropriation appearing on the “Budget and Actual” page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

C. Budget Over Expenditures

The mayor, clerk treasurer, fire, police departments and capital outlay overspent their budget by \$18,516, \$66,742, \$158,326, \$377,727 and \$9,623, respectively. The fire department had offsetting revenues that exceeded budget to cover the expenditures.

D. Deficit Fund Equity

Certain individual funds reflected unassigned fund balance deficits as of June 30, 2024. It is anticipated that the deficits will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds. See the combining statements for deficits, which are reflected as negative unassigned fund balance.

3. Deposits and Investments

Primary Government, Excluding Electric Department

A. Custodial Credit Risk - Deposits

The custodial credit risk for deposits or investments is the risk that, in the event of the failure of the bank or counterparty to a transaction, the City will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of another party. The City’s deposits were insured or collateralized as of June 30, 2024.

B. Investment Summary

The following is a summary of the City’s investments as of June 30, 2024:

<u>Investment Type</u>	<u>Amount</u>
Municipal bonds	\$ 783,527
Federal agencies	7,357,095
Market-linked certificates of deposits	1,630,085
Other investments	<u>114,944</u>
Total investments	\$ <u>9,885,651</u>

C. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City’s investments in municipal

bonds were rated Aa3 and government agency securities were rated Aaa by Moody's at June 30, 2024. Market-linked certificates of deposits were unrated at June 30, 2024.

D. Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. At June 30, 2024, the City's investments each represented under 5% of City's investments.

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has a formal investment policy that limits investment maturities based on type of security as a means of managing its exposure to fair value losses arising from increasing interest rates. Per the policy, investments remain sufficiently liquid to enable the City to meet its cash flow requirements. The City categorizes investments with maturities of one year or less as short-term investments. As of June 30, 2024, the maturities of the City's long-term investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity in Years</u>	
		<u>1-5</u>	<u>6-10</u>
Municipal bonds	\$ 783,527	\$ 783,527	\$ -
Federal agencies	7,357,095	7,357,095	-
Market-linked certificates of deposit	1,630,085	1,630,085	-
Total investments	<u>\$ 9,770,707</u>	<u>\$ 9,770,707</u>	<u>\$ -</u>

F. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The City does not have any such investments, or policies for foreign currency risk.

G. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

The City categorizes its fair value measurements as follows:

		Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investment Type	Fair Value			
Investments by fair value level:				
Debt securities:				
Municipal bonds	\$ 783,527	\$ -	\$ 783,527	\$ -
Federal agencies	7,357,095	-	7,357,095	-
Market-linked certificates of deposit	1,630,085	-	1,630,085	-
Other investments	114,944	-	114,944	-
Total	\$ 9,885,651	\$ -	\$ 9,885,651	\$ -

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the security's relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

Burlington Electric Department

A. Custodial Credit Risk – Deposits

Except for the custodial fund deposits of \$1,798,023, the Department's deposits at June 30, 2024 are insured or collateralized.

B. Investments

The Department has a formal investment policy and is authorized per Article 1, Section 1.1 of the General Bond Resolution to invest in obligations as follows:

- 1) Direct obligations of the United States of America or obligations guaranteed by the United States of America.
- 2) Bonds, notes or other evidence of indebtedness issued or guaranteed by the CoBank, Federal Intermediate Credit Banks, FHLB, FNMA, GNMA, Export-Import Bank of the United States, Federal Land Banks, U.S. Postal Service, Federal Financing Bank, or any agency or instrumentality of or corporation wholly owned by the United States of America.

- 3) New Housing Authority Bonds issued by public agencies or municipalities and fully secured by a pledge of annual contributions under annual contribution contracts with the United States or America, or Project Notes issued by public agencies or municipalities and fully secured by a requisition or payment agreement with the United States of America.
- 4) Obligations of any state, commonwealth or territory of the United States of America, or the District of Columbia, or any political subdivision of the foregoing, with an investment grade rating not lower than the three highest categories by at least one nationally recognized debt rating service.
- 5) Certificates of deposit and bankers acceptances issued by banks which are members of the FDIC and each of which has a combined capital and surplus of not less than ten million dollars, provided that the time deposits in and acceptances of any bank under the Resolution (a) do not exceed at any time 25% of the combined capital and surplus of the bank or (b) are fully secured by obligations described in items 1, 2, 3, and 4 of this paragraph.
- 6) Repurchase contracts with banks, which are described in item 5 of this paragraph, or with recognized primary dealers in government bonds, fully secured by obligations described in items 1, 2, 3, and 4 of this paragraph.

C. Concentration of Credit Risk

Concentration of credit risk of investments is the risk of loss attributable to the magnitude of an investment in a single issuer. The Electric Department's invested balance was primarily in U.S. Treasuries at June 30, 2024.

D. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Electric Department has minimized its risk exposure as its investments are limited to government securities and other conservative investments as outlined in the investment policy.

The Electric Department's investments as of June 30, 2024 (all of which are restricted by Bond resolution) only included money market funds and U.S. Treasury Bills.

The Department is required by its bond indenture to make monthly deposits into the renewal and replacement fund equal to 10% of the monthly revenue bond debt service funding requirements. Funds on deposit may be withdrawn from the renewal and replacement fund for expenses allowed by the bond covenant. Amounts in excess

of \$867,000 at June 30, 2024 may be returned to the revenue fund. A summary of deposits with bond trustees at June 30, 2024 is as follows:

Bond funds:	
Construction fund	\$ 8,967,207
Renewal and replacement fund	\$ 867,000
Debt service fund	2,759,139
Debt service reserve fund	3,507,937
Accrued interest receivable	<u>33,396</u>
Total	<u>\$ 16,134,679</u>

E. Fair Value

All of the Electric Department’s investments as of June 30, 2024, are considered to be Level 1 under the fair value hierarchy.

Discretely Presented Component Unit – School District

A. Credit Risk

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

B. Custodial Credit Risk

The custodial credit risk for investments is that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the School District does not have a policy for custodial credit risk for investments.

At June 30, 2024, out of the School Districts deposits of \$142,301,533, \$130,118 were uninsured or uncollateralized.

C. Interest Rate Risk

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

Burlington Employees Retirement System (the System)

A. Credit Risk

The System invests in private equities, which are exempt from the credit risk disclosure.

B. Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The System does not have a policy for custodial credit risk.

The System's investment in private equities has a custodial credit risk exposure because the related securities are either uninsured or uncollateralized.

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The System does not have a policy for interest rate risk.

D. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The System does not have a policy to manage foreign currency risk.

E. Fair Value

GASB 72 established fair value hierarchy levels based on the valuation inputs used to measure the fair value of the asset. The System does not place their investments by these levels, as they are all measured using NAV (net asset value per share or its equivalent), such as share of index funds or partnership member units.

Investments that are measured at fair value using NAV as a practical expedient are not classified in the fair value hierarchy per GASB 72. Hamilton Lane, Sustainable Woodlands, and USB Realty Investors investment value is based on the System's share of fair value of partner's capital at year-end. The System's share of EB DV and DL Index Funds of the Bank of New York Mellon and Johnson Mutual Funds were valued based on net asset values of the funds derived from audited financial statements of the respective funds. The investment strategy of the System matches the investment strategy of the funds. The primary holdings of the BNY Mellon funds and Johnson Mutual Funds are as follows:

- EB DV Non-SL Stock Index Fund – Level 1
- EB DL Smid Cap Stock Index Fund – Level 2
- EB DV Non-SL International Stock Index Fund – Level 1
- EB DV Non-SL Emerging Markets Stock Index Fund – Level 1
- Johnson Institutional Core Bond – Level 2

The following summarizes the investment strategies of the underlying BNY Mellon funds and Johnson Mutual funds:

Equities – Stocks traded on U.S. security exchanges are valued by the service approved by the Trustee at closing market prices on the valuation date. Stocks traded on a non-U.S. security exchange are valued at closing market prices on the applicable non-U.S. security exchange on the valuation date. These types of investments are generally categorized within Level 1 of the fair value hierarchy. If market quotations are not readily available for any stocks traded on U.S. or non-U.S. security exchanges, the assets may be valued by a method the Trustee of the fund has determined accurately reflects fair value. In these instances, stocks are generally categorized within Level 2 of the fair value hierarchy.

Bond funds – Fixed income securities are valued on the basis of valuations provided by the service, which determines valuations using methods based on market transactions for comparable securities and various relationships between securities, which are generally recognized by institutional traders. These valuations are based on methods, which include the consideration of: yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. If market quotations are not readily available for valuations, assets may be valued by a method the Trustee of the fund has determined accurately reflects fair value. These types of investments are generally categorized within Level 2 of the fair value hierarchy.

The System categorizes its investments as follows:

Investments measured at the net asset value (NAV):	Value	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Hamilton Lane Secondary Fund II LP	\$ 11,702	\$ 417,305	N/A (a)	N/A
Hamilton Lane Private Equity Offshore Fund VII Series A LP	457,161	195,175	N/A (a)	N/A
Hamilton Lane Private Equity Offshore Fund VII Series B LP	178,691	174,774	N/A (a)	N/A
Sustainable Woodlands Fund II LP	-	-	N/A (a)	N/A
EB DV Non-SL Stock Index Fund	81,598,723	-	daily	1 day
Johnson Institutional Core Bond	66,015,507	-	daily	1 day
EB DL Smid Cap Stock Index Fund	22,918,547	-	daily	1 day
EB DV Non-SL International Stock Index Fund	46,652,902	-	daily	1 day
EB DV Non-SL Emerging Markets Stock Index Fund	17,881,380	-	weekly	2 days
USB Realty Investors LLC - Trumbull Prop	8,555,653	-	N/A (a)	N/A
Total	\$ 244,270,266			

(a) Units may be sold at any time on the secondaries market, with approval of the General Partner, although not ordinarily done, as this most likely will result in a loss. Partnership agreements are entered into with the intent of holding them to maturity when the partnerships sell all the remaining assets and declare distributions. Therefore, redemptions are not typically eligible until end of partnership terms.

4. Property Taxes Receivable

The City is responsible for assessing and collecting its own property taxes, as well as education property taxes for the State. Property taxes are assessed based on property valuations as of April 1, annually. Taxes are due four times per year on August 12, November 12, March 12, and June 12. Taxes unpaid after each due date are considered to be late and are subject to 1% interest added on the next day; an additional 4% interest is added after the tenth day late and an additional 1% per month thereafter. Taxes which remain unpaid ten days after the June 12 due date are delinquent and are subject to an 8% penalty and interest calculated at 12%. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale.

Property taxes receivable at June 30, 2024 consisted of the following:

Property taxes:	
2024	\$ 2,087,258
2023	403,584
2022	310,132
Prior years	1,219,292
Less: Allowance for doubtful taxes	(883,677)
Total	\$ 3,136,589

5. User Fees Receivable

User fees receivable include amounts due from customers for electric service, rent and passenger facility charges at the airport, water, wastewater, and stormwater usage. User fees receivable are reported net of an allowance for doubtful accounts depending on the

aging of the receivables. Water, wastewater, and stormwater delinquent receivables are lienied in a similar manner as property taxes, described in Note 4.

User fees receivable and the related allowance for doubtful accounts at June 30, 2024 consist of the following:

	<u>Billed Service Fees</u>	<u>Estimated Unbilled Fees</u>	<u>Allowance for Doubtful Fees</u>	<u>Total</u>
Electric	\$ 5,280,440	\$ 2,648,674	\$ (217,263)	\$ 7,711,851
Airport	1,552,469	-	(7,844)	1,544,625
Wastewater	1,342,002	644,071	(3,000)	1,983,073
Nonmajor Enterprise Funds:				
Water	1,307,870	584,424	(3,000)	1,889,294
Stormwater	237,034	162,092	-	399,126
Total	<u>\$ 9,719,815</u>	<u>\$ 4,039,261</u>	<u>\$ (231,107)</u>	<u>\$ 13,527,969</u>

6. Departmental and Other Receivables

Departmental and other receivables represent the following receivables, net of allowance for doubtful accounts depending on the aging of the receivables:

	<u>Gross</u>	<u>Allowance for Doubtful Accounts</u>	<u>Total</u>
Police tickets	\$ 2,483,794	\$ (1,693,332)	\$ 790,462
Local option sales tax	762,704	-	762,704
Ambulance	943,903	(417,264)	526,639
Church Street marketplace	208,917	-	208,917
Code enforcement	399,176	(67,388)	331,788
Equipment maintenance	94,495	-	94,495
Fire	98,106	(8,400)	89,706
Franchise fees	292,476	-	292,476
Gross receipts tax	604,038	-	604,038
Recycling	122,567	-	122,567
Other	266,866	(19,107)	247,759
Total	<u>\$ 6,277,042</u>	<u>\$ (2,205,491)</u>	<u>\$ 4,071,551</u>

7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal year 2024.

	Governmental Activities	Business-Type Activities	Total
Community and economic development	\$ 1,294,302	\$ -	\$ 1,294,302
Capital project grants	4,890,268	-	4,890,268
Airport improvement program (AIP) grants	-	11,199,446	11,199,446
CARES grant		722,737	722,737
State Revolving Loan program	-	3,944,055	3,944,055
Total	<u>\$ 6,184,570</u>	<u>\$ 15,866,238</u>	<u>\$ 22,050,808</u>

8. Loans Receivable

The City, through various state and federal grant programs, has extended loans for the development or rehabilitation of residential and commercial properties within the City and small business loans for new Burlington businesses. The repayment terms of these loans and interest rates all vary and are contingent on numerous factors outside of the control of the City, such as the financial viability of the projects. It is the City's policy to recognize the grant revenues when the loans are repaid. The following is a summary of the loans receivable related to Community and Economic Development Office (CEDO), Burlington Community Development Corporation (BCDC) and the Airport at June 30, 2024:

	Receivable	Less: Discount	Less: Allowance	Total
CEDO:				
HODAG loans	\$ 7,415,942	\$ -	\$ (5,932,754)	\$ 1,483,188
Housing and urban development programs:				
HOME loans	11,267,257	(5,346,121)	(4,543,172)	1,377,964
Lead paint loans	3,317,707	(162,967)	(2,367,531)	787,209
Other CEDO loans	208,423	(8,207)	(59,216)	141,000
BCDC:				
Westlake Parking - \$72,000 annual payment at 7% interest with \$448,000 due on July 26, 2026	554,653	-	-	554,653
Governmental funds subtotal	22,763,982	(5,517,295)	(12,902,673)	4,344,014
Airport:				
Aviation Support Hanger - annual payments of \$93,172 with an interest rate of 3%, maturing in June 2026	180,645	-	-	180,645
Total loans receivable	<u>\$ 22,944,627</u>	<u>\$ (5,517,295)</u>	<u>\$ (12,902,673)</u>	<u>\$ 4,524,659</u>

9. Leases Receivable

The Airport leases office, building, and ground space to various businesses (BETA, Heritage Building 890), car rental companies (Budget Rent-A-Car, Hertz Dollar, food and gift concessions (ELRAC, Hudson News), governmental agencies (GSA - National Weather Service) and others. The lease rates vary and are computed based upon square footage, percentages of gross revenues, and combinations of the two.

As of June 30, 2024, there are twenty-two leases. These leases range in length from 2 to 30 years. As of June 30, 2024, the value of the individual lease receivables ranged from \$26,636 to \$2,213,435. The range value of the deferred inflow of resources as of June 30, 2024 was \$26,420 to \$2,172,501 and the Airport recognized lease revenues of \$3,331,775 during the years ended June 30, 2024.

Regulated Leases

The Airport leases office, building and ground space to various airlines. These leases are excluded from lease receivables and related deferred inflows per GASB Statement Number 87, as these are regulated leases.

Lease revenue for the year ending June 30, 2024 was \$1,170,288. Airline agreements are renewed annually. Guaranteed payments for fiscal year 2025 are approximately \$1,023,123.

10. Interfund Accounts

Interfund receivable and payable accounts as of June 30, 2024 were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 1,125,947	\$ -
Nonmajor governmental funds:		
Community development corporation	<u>-</u>	<u>1,125,947</u>
Total	<u>\$ 1,125,947</u>	<u>\$ 1,125,947</u>

The composition of advances to/from other funds (amounts considered to be long-term) as of June 30, 2024 is as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund	\$ 66,000	\$ -
Capital Projects Fund (major fund)	-	66,000
Total	<u>\$ 66,000</u>	<u>\$ 66,000</u>

The City reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. The following is a summary of interfund transfers made in fiscal year 2024:

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General Fund	\$ 4,199,887	\$ 2,902,162
Capital Projects fund	1,259,148	-
Nonmajor governmental funds:		
Special revenue funds:		
Parking facilities	-	64,400
Community and economic development	165,126	-
Church street marketplace	78,579	-
Impact fees	-	265,259
TIF waterfront	46,457	15,949
TIF downtown	-	42,636
Permanent funds:		
Cemetery	-	21,443
Subtotal Nonmajor Governmental funds	290,162	409,687
<u>Enterprise Funds:</u>		
Major fund:		
Electric	-	2,265,941
Wastewater	-	464,770
Nonmajor funds:		
Water	-	423,060
Stormwater	-	33,577
Internal Service Fund	750,000	-
Subtotal Business-type Funds:	750,000	3,187,348
Grand Total	<u>\$ 6,499,197</u>	<u>\$ 6,499,197</u>

Significant transfers include Electric, Wastewater, Water and Stormwater primarily for payments in lieu of taxes to the General Fund. The General Fund transfer out to the Capital Projects Fund was primarily for the use of assigned fund balance for capital projects.

11. Capital Assets

Capital asset activity for the City's governmental and business-type activities for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 16,011,499	\$ -	-	\$ 16,011,499
Construction in progress	40,335,321	30,971,703	(51,966,334)	19,340,690
Antiques and works of art	52,000	69,585	-	121,585
Total capital assets, not being depreciated	56,398,820	31,041,288	(51,966,334)	35,473,774
Capital assets, being depreciated:				
Land improvements	21,415,581	1,389,462	(844,388)	21,960,655
Buildings and building improvements	74,970,848	1,691,163	(344,000)	76,318,011
Vehicles, machinery, equipment and furniture	34,028,687	2,498,636	(2,710,843)	33,816,480
Book collections	3,054,594	-	(1,464,143)	1,590,451
Infrastructure	169,005,903	52,778,378	(12,532,740)	209,251,541
Total capital assets, being depreciated	302,475,613	58,357,639	(17,896,114)	342,937,138
Less accumulated depreciation for:				
Land improvements	(4,112,075)	(685,707)	844,388	(3,953,394)
Buildings and building improvements	(19,470,278)	(1,414,912)	344,000	(20,541,190)
Vehicles, machinery, equipment and furniture	(23,366,377)	(1,844,864)	2,710,843	(22,500,398)
Book collections	(2,721,322)	(87,313)	1,464,143	(1,344,492)
Infrastructure	(99,352,420)	(4,701,704)	12,532,740	(91,521,384)
Total accumulated depreciation	(149,022,472)	(8,734,500)	17,896,114	(139,860,858)
Total capital assets, being depreciated, net	153,453,141	49,623,139	-	203,076,280
Governmental activities capital assets, net	\$ 209,851,961	\$ 80,664,427	\$ (51,966,334)	\$ 238,550,054

Depreciation expense was charged to functions of the City as follows:

Governmental Activities:	
General government	\$ 359,432
Public safety	936,862
Public works	5,390,274
Community development	151,777
Culture and recreation	1,896,155
Total depreciation expense - governmental activities	\$ 8,734,500

Business-Type Activities:

Electric	\$ 5,193,377
Airport	8,149,621
Wastewater	1,468,094
Water	928,130
Stormwater	<u>189,286</u>
Total depreciation expense - business-type activities	<u>\$ 15,928,508</u>

*Represents depreciation of Electric capital assets and not regulatory amortization expense as reported on the Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position.

A summary of the Burlington School District's capital assets activity was as follows for the year ended June 30, 2024:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Burlington School District:				
Capital assets, not being depreciated:				
Land	\$ 2,251,677	\$ -	-	\$ 2,251,677
Construction in progress	<u>15,285,693</u>	<u>51,636,987</u>	<u>(131,233)</u>	<u>66,791,447</u>
Total capital assets, not being depreciated	17,537,370	51,636,987	(131,233)	69,043,124
Capital assets, being depreciated:				
Buildings and building improvements	60,678,973	781,501	-	61,460,474
Vehicles, machinery, equipment and furniture	6,152,742	301,069	(466,485)	5,987,326
Right of use lease asset	<u>6,904,619</u>	<u>-</u>	<u>-</u>	<u>6,904,619</u>
Total capital assets, being depreciated	73,736,334	1,082,570	(466,485)	74,352,419
Less accumulated depreciation for:				
Buildings and building improvements	(19,269,490)	(1,782,747)	-	(21,052,237)
Vehicles, machinery, equipment and furniture	(4,830,769)	(371,571)	457,950	(4,744,390)
Right to use lease asset	<u>(4,096,428)</u>	<u>(2,088,024)</u>	<u>-</u>	<u>(6,184,452)</u>
Total accumulated depreciation	<u>(28,196,687)</u>	<u>(4,242,342)</u>	<u>457,950</u>	<u>(31,981,079)</u>
Total capital assets, being depreciated, net	<u>45,539,647</u>	<u>(3,159,772)</u>	<u>(8,535)</u>	<u>42,371,340</u>
Burlington School District capital assets, net	<u>\$ 63,077,017</u>	<u>\$ 48,477,215</u>	<u>\$ (139,768)</u>	<u>\$ 111,414,464</u>

12. Regulatory Assets and Regulatory Deferred Inflows of Resources

For the Electric Department, regulatory assets and regulatory deferred inflows of resources at June 30, 2024 comprise the following:

Deferred depreciation expense to be recovered in future years	\$ 1,054,384
COVID-19 capitalized personnel costs	131,508
IBEW pension back-payment	152,321
Winter 2022-2023 excess energy revenue shortfall	3,121,675
Moran settlement payment	<u>713,036</u>
Total regulatory assets	<u>\$ 5,172,924</u>
Deferred depreciation expense - McNeil Plant	\$ 2,650,951
Deferred depreciation expense - operating	<u>5,242,789</u>
Total regulatory deferred inflows of resources	<u>\$ 7,893,740</u>

Provisions for depreciation of capital assets are reported using the straight-line method at rates based upon the estimated service lives and salvage values of the several classes of property. However, a portion of the current depreciation expense is only recoverable through future rates. The difference is included in deferred charges (calculated as the straight-line depreciation expense less the depreciation expense on a sinking fund basis) and will be recovered in future years. The Department recorded straight-line depreciation of \$4,683,965 for the year ended June 30, 2024. In 2024, \$1,276,685 of deferred depreciation expense was realized. Unamortized deferred depreciation balance of \$1,054,384 remained at June 30, 2024. The deferred inflows represent accumulated deferred depreciation balances that became negative due to the fact that the financed assets were close to being fully depreciated when compared to the future debt sinking fund requirements.

13. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the City that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions and OPEB will be recognized as expense in future years are described in the corresponding pension and OPEB notes. Deferred outflows of resources also represent unamortized balances of deferred amounts on refunded debt.

14. Short-Term Debt

A. Grant Anticipation Note (GAN)

In February 2023, the Airport renewed a \$10,000,000 GAN with the interest rate of 3.065%. GAN was renewed again on June 28, 2024. The unused limit at June 30, 2024 was \$10,000,000. There was no activity during the year.

B. Revenue Anticipation Note - Electric

On June 30, 2022, the City renewed on behalf of the Electric Department, a \$5,000,000 General Obligation Revenue Anticipation Note (line of credit) with a local bank, placing the line of credit directly with the Electric Department. On June 25, 2024, the credit was extended to \$10,000,000. The Electric Department had the entire line of credit balance of \$10,000,000 available for use at June 30, 2024 and there was no activity during the year.

C. State Revolving Loan Interim Notes

The Wastewater, Water and Stormwater Funds had interim loans from the State of Vermont EPA Clean Water State Revolving Fund with a beginning balance of \$6,963,900 at July 1, 2023, additional drawdowns of \$3,996,849 during the fiscal year 2024. Available balance for use was \$2,273,540 at June 30, 2024.

D. Bond and Revenue Anticipation Notes – Governmental Funds

The activity in bond and revenue anticipation notes in governmental funds for the fiscal year ended June 30, 2024 was as follows:

	Issue Date	Maturity Date	Interest Rate	Amount Outstanding as of 7/1/23	Additions	Reductions	Total Balance 6/30/2024
Waterfront TIF Note Series 2023	6/21/2023	5/31/2024	4.00%	\$ 18,840,000	\$ -	\$ (18,840,000)	\$ -
BAN Series 2022	9/15/2022	9/14/2023	2.79%	2,000,000	-	(2,000,000)	-
RAN Series 2022, Traffic Division	9/15/2022	9/14/2023	3.49%	2,500,000	-	(2,500,000)	-
Waterfront TIF Note Series 2023	5/31/2024	5/15/2025	4.82%	-	18,840,000	-	18,840,000
RAN Series 2022, Traffic Division	9/15/2023	9/14/2024	6.90%	-	2,500,000	-	2,500,000
				<u>\$ 23,340,000</u>	<u>\$ 21,340,000</u>	<u>\$ (23,340,000)</u>	<u>\$ 21,340,000</u>

15. Long-Term Obligations – Primary Government

A. Types of Long-Term Obligations

General Obligation (GO) Bonds. The City issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior bond issues. General obligation bonds have been issued for both governmental and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from governmental fund revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

No-Interest Revolving Loans. – The State of Vermont offers a number of no-interest revolving loan programs to utilize for predetermined purposes. Two of the five no-interest loans do charge a 2% administration fee. The City has borrowed money from the Vermont Special Environmental Revolving Fund for sewer and stormwater projects. These bonds are both general obligation and revenue supported bonds.

Revenue Bonds – The City issues bonds where the City pledges income to pay the debt service. Revenue bonds are reported in business type activities only because the debt is expected to be repaid from proprietary fund revenues.

Unamortized Premiums and Discounts – Debt premiums and discounts incurred in connection with the sale of bonds are amortized over the terms of the related debt. Unamortized balances are included as a component of long-term debt.

Certificates of Participation (COPS) – The City enters into agreements for the purpose of financing the acquisition and/or renovation of land and buildings. These agreements qualify as long-term debt obligations for accounting purposes (even though they include clauses that allow for cancellation of the certificate of participation in the event the City does not appropriate funds in future years). The Certificates of Participation are reported in governmental activities because all of the debt is expected to be repaid from general governmental revenues.

Other Notes Payable – The City has other notes payable to finance various capital projects through local banks and U.S. government agencies.

Equipment Financing Notes Payable – The City enters into agreements for the purpose of financing the acquisition of major pieces of equipment. Notes are reported in governmental activities if the debt is expected to be repaid from general fund revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

Leases Payable – The rent of snow equipment by the Airport qualified as GASB 87 lease liability and will be repaid by Airport proprietary fund revenues.

Compensated Absences – It is the policy of the City to permit certain employees to accumulate earned but unused benefits. The City allows employees to carryover up to 360 hours of vested vacation time to the next fiscal year. The City also allows all employees hired prior to July 1, 2000 to carry over the lesser of 25% of their sick leave balance or 120 hours. City employees hired after July 1, 2000 may carry over earned sick leave balances; however, it is not a vested benefit upon termination. Compensated absences are paid by the applicable fund where the employee is charged, specifically the General Fund, special revenue funds and enterprise funds.

Insurance Reserves – This liability represents an estimate of claims incurred but not reported and includes only an estimate for known loss events expected to later be presented as claims. The City is unable to estimate the amount of unknown loss events expected to become claims and expected future developments on claims already reported. Insurance reserves are liquidated by the Internal Service Funds.

Pension and Other Post-employment Benefits – The City has recorded a liability for governmental and business-type activities in the Statement of Net Position and in the individual enterprise funds which represent their actuarially determined liabilities for pension and other post-employment benefits. These costs relate to retirement and subsidized health care and life insurance for retirees during the period from retirement to the date of eligibility for social security benefits. Our proprietary fund pension and OPEB liabilities are liquidated by the Electric, Airport, and other enterprise funds. Remaining pension and OPEB liabilities are paid by the General Fund.

A detailed listing of the general obligation bonds and other debt payable is as follows:

	Serial Maturities Through	Interest Rate(s) %	Amount Issued	Amount Outstanding as of 6/30/24
<u>Governmental Activities:</u>				
Non-TIF Public offering general obligation and revenue bonds:				
General Improvements 2011 Series B	06/30/2030	2.00 - 4.75%	\$ 1,000,000	\$ 355,000
Taxable G.O. Bonds 2013 Series A - Fiscal Stability	11/01/2028	3.50 - 5.25%	9,000,000	3,750,000
Refunding Bond Series 2016A	06/30/2030	3.00 - 5.00%	2,195,000	450,000
Public Improvement Bonds 2016 Series B	11/01/2036	4.00 - 5.00%	2,000,000	1,505,000
Refunding Bond Series 2016C	11/01/2029	2.00 - 5.00%	2,545,000	1,520,000
Public Improvement Bonds 2017 Series A	11/01/2036	1.20 - 3.85%	5,267,000	3,202,000
Public Improvement Bonds 2017 Series B	11/01/2032	5.00%	2,730,000	2,730,000
Public Improvement Bonds 2017 Series C	11/01/2037	2.00 - 5.00%	2,000,000	1,580,000
Public Improvement Bonds 2018 Series A - UVM & Champlain College	11/01/2037	4.00 - 5.00%	5,650,000	4,485,000
Public Improvement Bonds 2018 Series A - Fire Truck	11/01/2030	4.00 - 5.00%	3,000,000	1,965,000
Public Improvement Bonds 2018 Series A - G.O. Capital	11/01/2038	4.00 - 5.00%	6,000,000	5,000,000
Public Improvement Bonds 2018 Series B - City Portion	11/01/2038	5.00%	2,000,000	1,675,000
Public Improvement Bonds 2019 Series A - City Portion	11/01/2039	3.00 - 5.00%	2,000,000	1,740,000
Public Improvement Bonds 2019 Series A - Sustainable Bonds	11/01/2039	3.00 - 5.00%	10,500,000	9,130,000
Taxable G.O. Bonds Refunding 2019 Series C	11/01/2035	1.844 - 3.031%	9,225,000	7,570,000
Public Improvement Bonds 2021 Series A	11/01/2041	3.00 - 5.00%	1,750,000	1,640,000
Public Improvement Bonds 2022 Series A	11/01/2042	5.00%	14,765,000	14,320,000
Public Improvement Bonds 2023 Series A	11/01/2043	5.00%	8,860,000	8,860,000
Total non-TIF public offering general obligation bonds				71,477,000
TIF public offering general obligation bonds:				
Refunding COP Series 2016A - Lakeview Garage Project	06/30/2025	3.00 - 5.00%	5,145,000	575,000
General Obligation Tax Increment Bonds, Series 2017D	11/01/2035	2.00 - 5.00%	3,400,000	2,545,000
General Obligation Tax Increment Bonds, Series 2018C	05/01/2025	5.00%	405,000	70,000
General Obligation Tax Increment Bonds, Series 2018D	11/01/2035	5.00%	1,570,000	1,235,000
General Obligation Waterfront Tax Increment Bonds Series 2018E	05/01/2025	4.30%	745,000	125,000
General Obligation Waterfront Tax Increment Bonds Series 2022B	11/01/2035	5.00%	30,120,000	28,435,000
Total TIF public offering general obligation bonds				32,985,000
Total public offering general obligation and revenue bonds				104,462,000
TIF direct borrowing debt:				
HUD Section 108 - US Guaranteed Notes 2014	06/15/2025	5.00%	2,091,000	372,000
Special Obligation Tax Increment Financing Bond	11/15/2024	0.51 - 4.28%	7,800,000	780,000
General Obligation Waterfront Tax Increment Bonds Series 2019	06/30/2025	2.61%	4,360,000	3,704,637
Non-TIF direct borrowing general obligation bond:				
Public Improvement Bonds 2014 Series A	11/15/2034	0.51 - 3.99%	2,000,000	1,100,000
Parking Revenue Note, Series 2023	05/01/2028	4.93%	750,000	750,000
BCDC direct borrowing loans:				
Aviation support hanger	06/01/2026	3.00%	1,400,000	180,626
Gilbane property	10/30/2025	6.25%	324,049	42,868
VEDA	12/19/2030	5.00%	560,000	246,521
Total direct borrowing debt:				7,176,652
Total Governmental Activities:				\$ 111,638,652

A detailed listing of the general and revenue obligation bonds expected to be repaid by proprietary funds are as follows:

<u>Business-Type Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Issued</u>	<u>Amount Outstanding as of 6/30/24</u>
Public offering general obligation bonds:				
Electric General Improvements 2011 Series B	11/01/2031	2.00 - 4.75%	\$ 1,000,000	\$ 495,000
Electric Taxable Public Improvement 2012 Series B	11/01/2032	6.00%	1,250,000	740,000
Electric G.O. Public Improvement Bonds 2014 Series 3	11/01/2034	2.78%	3,000,000	1,650,000
Electric G.O. Refunding Bond 2016 Series A	11/01/2029	2.00-5.00%	10,235,000	5,230,000
Electric G.O. Public Improvement Bonds 2016 Series B	11/01/2036	4.00 - 5.00%	3,000,000	2,260,000
Electric G.O. Refunding Bond 2016 Series C	11/01/2029	2.00 - 5.00%	7,785,000	4,695,000
Electric Taxable Refunding 2016 Series D	11/01/2029	1.15 - 3.25%	9,680,000	5,535,000
Electric G.O. Public Improvement Bonds 2017 Series C	11/01/2037	2.00 - 5.00%	3,000,000	2,365,000
Electric G.O. Public Improvement Bonds 2018 Series B	11/01/2038	5.00%	3,000,000	2,500,000
Electric G.O. Public Improvement Bonds 2019 Series A	11/01/2040	4.39%	3,000,000	2,610,000
Electric G.O Public Improvement Bonds 2019 Series C	11/01/2036	2.59%	8,130,000	7,055,000
Electric G.O Public Improvement Bonds 2021 Series A	11/01/2041	3.45%	2,625,000	2,455,000
Electric G.O. Public Improvement Bonds 2022 Series A	11/01/2042	5.00%	2,650,000	2,570,000
Electric G.O. Public Improvement Bonds 2023 Series A	11/01/2043	5.00%	2,650,000	3,000,000
Electric G.O. Public Improvement Bonds 2023 Series A Refunding	01/01/2042	5.00%	2,650,000	<u>2,785,000</u>
Total public offering general obligation bonds				45,945,000
Other public offering debt:				
Electric Revenue Bonds 2014 Series A	07/01/2035	3.78%	12,000,000	7,650,000
Electric Revenue Bonds 2014 Series B	07/01/2035	3.36%	5,820,000	665,000
Airport Revenue Refunding 2014 Series A	07/01/2030	0.67 - 3.59%	15,660,000	8,520,000
Water System Revenue Bonds 2017 Series A	11/01/2036	2.00 - 5.00%	3,250,000	2,490,000
Electric Revenue Bonds 2017 Series A	07/01/2031	4.00 - 5.00%	4,010,000	3,350,000
Taxable Electric Revenue Bonds 2017 Series B	07/01/2031	2.20 - 3.65%	5,410,000	3,725,000
Water System Revenue Bonds 2018 Series A	11/01/2038	4.00 - 5.00%	2,000,000	1,665,000
Water System Revenue Bonds 2018 Series B	11/01/2038	5.00%	2,000,000	1,675,000
Airport Revenue Refunding 2021 Series A	07/01/2030	1.20 - 3.00%	5,175,000	5,090,000
Airport Revenue Refunding 2022 Series A	06/30/2029	4.00 - 5.00%	10,635,000	9,060,000
Electric Revenue Bonds 2022 Series A	06/30/2043	5.00%	18,045,000	<u>18,045,000</u>
Total other public offering debt				<u>61,935,000</u>
Total public offering debt:				107,880,000
Direct borrowing debt:				
Stormwater/Wastewater State of VT-EPA 2009 Series I (Turbo)	10/01/2031	0.00%	1,204,000	258,498
Wastewater State of VT-EPA 2006 Series 1 (Siphon)	02/01/2027	0.00%	1,650,000	312,957
Wastewater State of VT-EPA 2001 Series 1 (Digester)	08/01/2027	0.00%	2,500,000	425,635
Water State Revolving Loan RF3-295	11/01/2034	1.00%	253,340	130,767
Wastewater VT Municipal Bond Bank 2014 Series 1	11/15/2033	0.643 - 4.723%	14,645,620	7,322,810
Wastewater State of VT-EPA Series 2020	06/01/2041	0.00%	390,063	339,622
Wastewater State of VT-EPA RF1-246-3.0 (disinfection Systems)	04/01/2041	0.00%	2,622,466	2,196,864
Wastewater State of VT-EPA '23 Series (Flynn PS and Fletcher PS)	04/01/2041	0.00%	2,622,466	<u>1,369,869</u>
Total direct borrowing debt				<u>12,357,022</u>
Total Business-Type Activities:				<u>\$ 120,237,022</u>

B. Future Debt Service

The annual payments to retire all governmental long-term debt outstanding as of June 30, 2024 are as follows:

Year Ending June 30,	Governmental Activities			
	Public Offering General Obligation		Direct Borrowing	
	Bonds			
	Principal	Interest	Principal	Interest
2025	\$ 7,170,000	\$ 4,749,764	\$ 4,868,087	\$ 208,684
2026	6,700,000	4,429,033	493,833	88,160
2027	6,992,000	4,110,098	415,015	67,653
2028	7,266,000	3,775,808	417,426	49,445
2029	7,534,000	3,427,781	169,854	31,134
2030 - 2034	34,905,000	12,136,286	712,437	74,901
2035 - 2039	25,335,000	4,446,657	100,000	1,997
2040 - 2044	8,560,000	868,275	-	-
Total	<u>\$ 104,462,000</u>	<u>\$ 37,943,702</u>	<u>\$ 7,176,652</u>	<u>\$ 521,974</u>

The annual payments to retire all business-type long-term debt outstanding as of June 30, 2024 are as follows:

Year Ending June 30,	Business-Type Activities			
	Public Offering General Obligation		Direct Borrowing	
	and Revenue Bonds			
	Principal	Interest	Principal	Interest
2025	\$ 9,240,000	\$ 3,008,467	\$ 1,163,407	\$ 390,005
2026	8,970,000	2,696,339	1,172,113	355,736
2027	9,215,000	2,359,811	1,180,996	320,305
2028	9,550,000	2,013,999	1,081,540	283,932
2029	10,755,000	1,656,261	976,834	248,781
2030 - 2034	34,125,000	4,508,486	4,929,367	684,689
2035 - 2039	16,305,000	1,795,848	1,244,672	136,467
2040 - 2044	9,720,000	368,975	608,093	20,982
Total	<u>\$ 107,880,000</u>	<u>\$ 18,408,186</u>	<u>\$ 12,357,022</u>	<u>\$ 2,440,897</u>

C. Changes in General Long-Term Liabilities

During the year ended June 30, 2024, the following changes occurred in long-term liabilities for the City's governmental and business-type activities:

	Total Balance 7/1/2023	Additions	Reductions	Total Balance 6/30/2024	Less Current Portion	Equals Long Term Portion
Governmental Activities:						
Bonds payable:						
General obligation and other bonds	\$ 102,087,000	\$ 8,860,000	(6,485,000)	\$ 104,462,000	\$ (7,170,000)	\$ 97,292,000
Direct borrowing bonds and loans	8,575,955	-	(1,399,303)	7,176,652	(4,868,087)	2,308,565
Add unamortized premium	11,639,895	974,599	(838,202)	11,776,292	(886,932)	10,889,360
Subtotal bonds payable	122,302,850	9,834,599	(8,722,505)	123,414,944	(12,925,019)	110,489,925
Net pension liability	78,070,840	4,944,438	-	83,015,278	-	83,015,278
Total OPEB liability	4,247,046	-	(649,569)	3,597,477	-	3,597,477
Direct borrowing equipment notes payable	4,511,182	576,066	(1,275,974)	3,811,274	(1,122,163)	2,689,111
Compensated absences liability	2,690,960	237,213	-	2,928,173	(292,817)	2,635,356
Insurance reserves	1,325,419	-	(93,566)	1,231,853	(1,231,853)	-
Total	\$ 213,148,297	\$ 15,592,316	\$ (10,741,614)	\$ 217,998,999	\$ (15,571,852)	\$ 202,427,147
Business-type Activities:						
Bonds payable:						
General obligation bonds	\$ 46,985,000	\$ 5,785,000	(6,825,000)	\$ 45,945,000	\$ (4,180,000)	\$ 41,765,000
Revenue bonds	66,805,000	-	(4,870,000)	61,935,000	(5,060,000)	56,875,000
Direct borrowing bonds and loans	13,592,788	-	(1,235,766)	12,357,022	(1,163,407)	11,193,615
Add unamortized premium	9,144,108	639,496	(683,899)	9,099,705	(276,078)	8,823,627
Less unamortized discount	(1,350,232)	-	133,941	(1,216,291)	-	(1,216,291)
Subtotal bonds and loans payable	135,176,664	6,424,496	(13,480,724)	128,120,436	(10,679,485)	117,440,951
Net pension liability	27,248,197	1,550,292	-	28,798,489	-	28,798,489
Total OPEB liability	1,402,273	-	(53,997)	1,348,276	-	1,348,276
Direct borrowing notes payable	4,171,589	431,642	(1,078,598)	3,524,633	(1,002,172)	2,522,461
Lease payable	1,504,836	-	(193,579)	1,311,257	(195,711)	1,115,546
Compensated absences liability	1,815,675	45,226	-	1,860,901	(678,265)	1,182,636
Total	\$ 171,319,234	\$ 8,451,656	\$ (14,806,898)	\$ 164,963,992	\$ (12,555,633)	\$ 152,408,359

D. Equipment Notes Payable, Excluding Electric Department

The City acquired certain equipment under direct purchase financing agreements repaid with General Fund, Airport Fund, Wastewater and the Water Funds. The notes are collateralized by the following equipment and include the following repayment terms.

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Airport equipment - interest at 2.77%, maturing on August 10, 2025.	\$ -	\$ 143,266
General fund, traffic, and airport equipment - interest at 2.37%, maturing on September 2, 2024.	68,128	80,546
Airport equipment - interest at 2.99%, maturing on September 18, 2027.	-	1,138,461
Wastewater truck - interest at 3.76%, maturing on February 20, 2025.	-	14,299
Water truck - interest at 4.15%, maturing on March 15, 2026.	-	30,748
Water equipment and vehicles - interest at 1.64%, maturing on June 19, 2027.	351,203	170,106
General fund vehicles - interest at 1.10%, maturing on November 1, 2030.	1,388,090	-
General fund equipment - interest at 0.93%, maturing on May 1, 2026.	377,114	-
General fund, wastewater and water equipment - interest at 0.93%, maturing on May 1, 2028.	1,096,225	151,200
Recycling truck, stormwater distribution and water equipment - interest at 4.00%, maturing on December 1, 2030.	<u>530,514</u>	<u>397,510</u>
Total Equipment Financing Notes Payable	<u>\$ 3,811,274</u>	<u>\$ 2,126,136</u>

Future minimum payments under the equipment financing notes consisted of the following as of June 30, 2024:

Fiscal <u>Year</u>	Governmental Activities			Business-Type Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,122,163	\$ 52,857	\$ 1,175,020	\$ 685,115	\$ 60,331	\$ 745,446
2026	921,167	38,375	959,542	576,356	41,704	618,060
2027	573,603	27,636	601,239	429,650	26,740	456,390
2028	511,166	19,270	530,436	269,900	13,208	283,108
2029	238,115	10,597	248,712	64,089	2,822	66,911
2030	445,060	10,473	455,533	101,026	-	101,026
Total	<u>\$ 3,811,274</u>	<u>\$ 159,208</u>	<u>\$ 3,970,482</u>	<u>\$ 2,126,136</u>	<u>\$ 144,805</u>	<u>\$ 2,270,941</u>

16. Long-Term Liabilities – Burlington School District

A. Bonds Payable

All bonds payable and notes from direct borrowings payable are direct obligations of the School District, for which its full faith and credit are pledged. The School

District is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the School District.

The School District has various bonds outstanding as follows:

<u>School District:</u>	<u>Serial</u> <u>Maturities</u> <u>Through</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/24</u>
General obligation bonds, net of premiums:				
G.O. School 2010 Series A Qualified School Constr.	11/1/2026	6.50%	9,700,000	\$ 9,700,000
G.O. School 2010 Series B Taxable GO Public Impr.	11/1/2026	6.50%	2,000,000	2,000,000
General Improvements 2011 Series B	11/1/2031	2.00 - 4.75%	2,000,000	985,000
G.O. Public Improvement Bonds 2014 Series A	11/15/2034	0.51 - 3.99%	2,000,000	1,100,000
G.O. Public Improvement Bonds 2016 Series A	3/15/2036	2.00 - 5.00%	4,005,000	1,115,000
G.O. Public Improvement Bonds 2016 Series B	11/1/2036	4.00 - 5.00%	2,000,000	1,505,000
G.O. Public Improvement Bonds 2016 Series C	11/1/2029	2.00 - 5.00%	1,650,000	995,000
G.O. Public Improvement Bonds 2017 Series C	11/1/2037	2.00 - 5.00%	2,300,000	1,805,000
G.O. Public Improvement Bonds 2018 Series B	11/1/2038	5.00%	8,000,000	6,675,000
G.O. Public Improvement Bonds 2019 Series A	11/1/2039	4.00%	6,000,000	5,220,000
G.O. Public Improvement Refunding Bonds 2019 Series C	11/1/2035	1.84 - 3.03%	5,495,000	4,835,000
G.O. Public Improvement Bonds 2021 Series A	11/1/2041	3.00-5.00%	1,750,000	1,640,000
G.O. Public Improvement Bonds 2022 Series A	11/1/2042	5.00%	1,765,000	1,715,000
G.O. Public Improvement Bonds 2023 Series A	11/1/2043	5.00%	130,000,000	130,000,000
G.O. Public Improvement Bonds 2023 Series B	11/1/2043	5.00%	1,860,000	1,860,000
G.O. Public Improvement Bonds 2023 Series C	11/1/2043	5.00%	4,000,000	4,000,000
Subtotal School District				175,150,000
Plus: unamortized premiums				15,801,796
Total School District				<u>\$ 190,951,796</u>

B. Future Debt Service

The annual payments to retire the School District's bonds payable outstanding as of June 30, 2024 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 6,045,000	\$ 8,645,622	\$ 14,690,622
2026	6,235,000	8,268,534	14,503,534
2027	18,185,000	7,579,547	25,764,547
2028	6,495,000	6,889,575	13,384,575
2029	6,735,000	6,549,448	13,284,448
2030 - 2034	37,565,000	27,424,888	64,989,888
2035 - 2039	44,825,000	18,183,572	63,008,572
2040 - 2044	49,065,000	6,254,575	55,319,575
Total	<u>\$ 175,150,000</u>	<u>\$ 89,795,761</u>	<u>\$ 264,945,761</u>

17. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net assets by the City that is applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and are described in the corresponding pension and OPEB notes.

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The Electric Department's regulatory deferred inflows of resources are disclosed in Note 12.

Deferred inflows in relation to the Airport's leases receivable are disclosed in Note 9.

18. Governmental Funds – Fund Balances

Following is a summary of the City's fund balances at June 30, 2024:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Advances to other funds	\$ 66,000	\$ -	\$ -	\$ 66,000
Inventory and prepaid expenditures	451,117	-	462,916	914,033
Nonexpendable permanent funds	-	-	1,267,054	1,267,054
Total Nonspendable	<u>517,117</u>	<u>-</u>	<u>1,729,970</u>	<u>2,247,087</u>
Restricted				
Future debt payments	684,134	-	-	684,134
Police equitable sharing funds	296,693	-	-	296,693
Community development	-	-	2,990,773	2,990,773
Church Street marketplace	-	-	811,197	811,197
TIF waterfront	-	-	2,630,380	2,630,380
TIF downtown	-	-	3,572,965	3,572,965
Impact fees	-	-	730,190	730,190
Capital improvement program	-	44,657,994	-	44,657,994
Expendable permanent funds	-	-	24,932	24,932
Total Restricted	<u>980,827</u>	<u>44,657,994</u>	<u>10,760,437</u>	<u>56,399,258</u>
Committed				
Public records restoration	297,540	-	-	297,540
Compressed natural gas	182,743	-	-	182,743
Fire alarm surcharge	215,904	-	-	215,904
Traffic	-	-	149,209	149,209
Library books and donations	12,278	-	-	12,278
Parking and other projects	24,337	-	-	24,337
Telecom sale proceeds	-	-	110,242	110,242
Total Committed	<u>732,802</u>	<u>-</u>	<u>259,451</u>	<u>992,253</u>
Assigned for				
Community safety	354,000	-	-	354,000
Fleet reserve	100,000	-	-	100,000
Early learning initiative grant	499,264	-	-	499,264
Reappraisal	616,021	-	-	616,021
Planning	312,159	-	-	312,159
BPRW investment	90,922	-	-	90,922
Public works	250,000	-	-	250,000
Police rebuilding fund	350,000	-	-	350,000
Racial equity, inclusion, and belonging	264,000	-	-	264,000
Opioid funding	200,328	-	-	200,328
Clerk Treasurer	100,000	-	-	100,000
Other purposes	381,860	-	-	381,860
Total Assigned	<u>3,518,554</u>	<u>-</u>	<u>-</u>	<u>3,518,554</u>
Unassigned	<u>6,158,621</u>	<u>(3,171,278)</u>	<u>(3,656,063)</u>	<u>(668,720)</u>
Total Unassigned	<u>6,158,621</u>	<u>(3,171,278)</u>	<u>(3,656,063)</u>	<u>(668,720)</u>
Total Fund Balance	<u>\$ 11,907,921</u>	<u>\$ 41,486,716</u>	<u>\$ 9,093,795</u>	<u>\$ 62,488,432</u>

19. Retirement System (GASB 68)

The City follows the provisions of *GASB Statement No. 68, Accounting and Financial Reporting for Pensions* with respect to the Burlington Employees' Retirement System (the System).

A. Plan Description

The System is a cost sharing, single employer, defined benefit pension plan covering substantially all of its employees except elective officials, other than the Mayor, and the majority of the public-school teachers, who are eligible for the Vermont State Teacher's Retirement System. The plan is broken down into Class A participants and Class B participants. Class A participants are composed of firemen and policemen. Class B participants include all other covered City employees. The System does not issue a stand-alone financial report.

The System is governed by an eight-member board. The eight members include three appointed by the City Council, two Class A members of the system selected by the Class A membership, two Class B members of the system elected by the Class B membership, and the City Treasurer as an ex officio member. Of the Class A and Class B board members, no two shall be employed at the same department.

The City Council has the authority to amend the benefit terms of the System by enacting ordinances and sending them to the Mayor for approval.

As of June 30, 2024, there are 923 active members and 875 retirees or beneficiaries currently receiving benefits. Additionally, there are 768 former employees with vested rights.

B. Benefits Provided

Class A participants vest 20% after three years of creditable service, and 20 percent for each year thereafter until they are 100% vested after 7 years of creditable service. The normal benefit is payable commencing at age 55 or with 25 years of service. Class A participants who retire at or after age 55 with 7 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2.75% of their average final compensation (AFC) during the highest three non-overlapping twelve-month periods (five years for certain non-union police employees) times creditable service not in excess of 25 years plus .5% of the AFC times years of creditable service between 25 and 35 years, prior to age 60 and a yearly COLA based on CPI. Class A retirees could alternatively elect to choose an accrual rate of 3.25% and one-half the yearly COLA, or an accrual rate of 3.8% (3.6% for service from July 2006 forward) and no COLA. The half and no COLA options have been eliminated for new policemen hired after July 1, 2006 and new firemen hired after January 1, 2007. Also, these new hires have a 2.65% accrual rate only. Employees may retire prior to age 55 and receive reduced retirement benefits. Class A employees have unreduced benefits after 25 years of service, regardless of age.

All eligible City Class B employees vest 20% after three years of creditable service, and 20% for each year thereafter until they are 100% vested after 7 years of creditable service. Class B participants who retire at or after age 65 are entitled to a retirement benefit, payable monthly for life, equal to 1.60% of AFC (at age 65) during the highest three non-overlapping twelve-month periods times creditable service at age 65 not in excess of 25 years plus 0.5% of AFC times creditable

service at age 65 in excess of 25 years and a yearly COLA based on the CPI. Class B retirees could alternatively elect to choose an accrual rate of 1.9% for service up to June 30, 2006 and 1.8% thereafter and one half the yearly COLA, or an accrual rate of 2.2% for service up to June 30, 2006 and 2.0% thereafter and no COLA. The half and no COLA options have been eliminated for new hires after January 1, 2006 and they are only entitled to a 1.4% accrual rate. Employees may retire prior to age 65 and receive reduced retirement benefits. Creditable service or an actuarial increase is used after age 65. For Class B IBEW participants hired after October 30, 2012, the number of years used in the calculation of AFC was changed from three years to five. Also, the disability retirement was revised from 75% of pay to 66 $\frac{2}{3}$ % of pay.

The System also provides accidental and line of duty death benefits for Class A participants, and disability and survivor income benefits for both Class A and Class B participants. The benefits are changed by negotiation and by the Retirement Board with budgetary approval by the City Council.

C. Contributions

Participants contribute a set percentage of their gross regular compensation annually. Class A participants contribute 11.00% of earnable compensation for the first 35 years of creditable service, and none thereafter. Class B participants, who elected to continue to be eligible for early retirement benefits at 2% per year deduction between ages 55 and 65 contribute 7.00%. All Class B participants not covered by a collective bargaining agreement contribute 4.87% and all Class A employees not covered by a collective bargaining agreement contribute 13.37%.

The Board establishes employer contributions based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by the System members during the year, with an additional amount to finance a portion of any unfunded accrued liability. The calculation of the actuarially determined contribution is governed by the applicable provisions of the Retirement Code.

D. Net Pension Liability

The components of the net pension liability as of June 30, 2024, measured as of June 30, 2023, are shown below:

Total pension liability	\$ 347,249,879
System fiduciary net position	<u>(223,654,239)</u>
Net pension liability	<u>\$ 123,595,640</u>
Plan fiduciary net position as a percentage of the net pension liability	64.41%

Target Allocations – The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real rate of Return</u>
Core Fixed Income	17.50%	5.00%
US Bonds - Dynamic	7.50%	5.60%
U.S. Large Cap Equity	32.00%	6.70%
U.S. Small Cap Equity	9.00%	6.50%
International Developed Equity	20.50%	8.89%
International Emerging Markets Equity	7.00%	10.80%
Private Equity	0.50%	9.70%
Real Estate	6.00%	7.40%

Discount Rate – The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions would continue to be made in accordance with the current funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current System members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the System’s net pension liability calculated using the discount rate of 7.10%, as well as what the System’s net pension liability would be if it was calculated using a discount rate that is one percentage-point lower (6.10%) or one percentage-point higher (8.10%) than the current rate:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
Primary government	\$ 148,162,719	\$ 111,813,767	\$ 81,493,224
Discretely presented component unit	<u>15,465,543</u>	<u>11,781,873</u>	<u>8,686,634</u>
Net Pension Liability	<u>\$ 163,628,262</u>	<u>\$ 123,595,640</u>	<u>\$ 90,179,858</u>

E. Deferred Outflows and (Inflows) of Resources

For the year ended June 30, 2024, the City recognized pension expense of \$18,900,623. In addition, the City reported deferred outflows of resources and deferred (inflows) of resources related to pension from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>(Inflows) of</u> <u>Resources</u>
Primary Government:		
Fiscal year 2024 deferred pension contributions	\$ 10,717,107	\$ -
Changes in proportional share of contributions	817,059	(819,744)
Difference between expected and actual pension experience	7,162,639	-
Changes in assumptions	2,944,986	-
Difference between projected and actual investment earnings	<u>7,778,297</u>	<u>-</u>
Total Primary Government	29,420,088	(819,744)
Discretely Presented Component Unit:		
Fiscal year 2024 deferred pension contributions	485,632	-
Changes in proportional share of contributions	60,822	(58,137)
Difference between expected and actual pension experience	754,731	-
Changes in assumptions	310,315	-
Difference between projected and actual investment earnings	<u>819,603</u>	<u>-</u>
Total Discretely Presented Component Unit	<u>2,431,103</u>	<u>(58,137)</u>
Total	<u>\$ 31,851,191</u>	<u>\$ (877,881)</u>

Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized in pension expense in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pension will be recognized in pension expense as follows:

	Deferred Outflows/ (Inflows) of Resources
Year ended June 30:	
2025	\$ 7,475,063
2026	3,669,788
2027	7,926,056
2028	<u>(1,187,670)</u>
Total Primary Government	17,883,237
Year ended June 30:	
2025	773,482
2026	403,822
2027	835,172
2028	<u>(125,142)</u>
Total Discretely Presented Component Unit	<u>1,887,334</u>
Total	<u>\$ 19,770,571</u>

F. Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 12.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

20. Retirement System (GASB 67)

The System follows the provision of GASB Statement No. 67, *Financial Reporting for Pension Plans*.

A. Actuarial Assumptions

The total actuarially determined contribution to the system for 2024 was \$11,716,667. A summary of the actuarial assumptions as of the latest actuarial valuation is shown below:

Valuation Date	June 30, 2023
Actuarial cost method	Entry Age Normal Actuarial Cost Method (level percentage of salary)
Actuarial assumptions:	
Investment rate of return	7.10%
Inflation rate	2.70% (Prior: 2.60%)
Post-employment cost-of-living adjustment	3.10% per year (Prior: 3.00%)
Assumed annual rates of salary increases	3.60% - 11.00% (includes

Ongoing actuarial valuation of the System involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used in the June 30, 2023 valuation were based on the results of the most recent actuarial experience study covering the period July 1, 2018 to July 1, 2023.

Mortality rates were based on the RP-2014 Mortality Tables. This mortality assumption was selected based on the most recently published mortality study released by the Society of Actuaries.

Discount Rate – The discount rate used to measure the total pension liability was 7.1%. The projection of cash flows used to determine the discount rate assumed that contributions would continue to be made in accordance with the current funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current System members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability – The components of the net pension liability, measured as of June 30, 2024, were as follows:

Total pension liability	\$ 356,980,534
Plan fiduciary net position	<u>(244,921,332)</u>
Net pension liability	<u>\$ 112,059,202</u>
Plan fiduciary net position as a percentage of the total pension liability	68.61%

21. Vermont State Teachers’ Retirement System

A. Plan Description

All of the teachers employed by the Burlington School District, a component unit of the City, participate in the Vermont State Teachers’ Retirement System (VSTRS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, covering nearly all public day school and nonsectarian private Union teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State of Vermont that are controlled by the State Board of Education. Membership in the VSTRS for those covered classes is a condition of employment. During the year ended June 30, 2022 (the most recent period available), the retirement system consisted of 24,552 participating members.

The plan was established effective July 1, 1947, and is governed by *Title 16, V.S.A. Chapter 55*. Subsequent Vermont state legislation, *Act 74*, which became effective on July 1, 2010 and updated to reflect Act 114 and Act 173, effective on July 1, 2022 and contained numerous changes to the plan benefits available to current and future members, as well as a change in access to health care coverage after retirement, resulting from a multi-party agreement to provide sustainability of quality pension and retiree health benefits for Vermont teachers.

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

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. The Vermont State Agency of Administration issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for the

VSTRS. That report may be viewed on the State’s Department of Finance & Management website at: http://finance.vermont.gov/reports_and_publications/ACFR.

B. Benefits Provided

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

Benefits available to each group are based on average final compensation (AFC) and years of creditable service, and the full chart is disclosed in the stand-alone BSD financial statements.

C. Contributions

VSTRS is a cost-sharing, public employee retirement system with one exception: all risks and costs are not shared by the School District but are the liability of the State of Vermont. VSTRS is funded through State and employee contributions and trust fund investment earnings; and the School District has no legal obligation for paying benefits. Required contributions to the System are made by the State of Vermont based on a valuation report prepared by the System’s actuary, which varies by plan group. The Vermont State Teachers Retirement System estimates the contributions on behalf of the School District’s employees included in the teacher’s retirement plan, which approximates \$10,163,059 or 25.54% of total payroll for employees covered under the plan.

Employee contribution rates by plan group follow:

<u>VSTRS</u>	<u>Group A</u>	<u>Group C - Group 1</u>	<u>Group C - Group 2</u>
Employee Contributions	5.5% of gross salary; contributions stop after 25 years of creditable service	5.0% of gross salary	Percentages are based on earnable compensation and range between 6.10% and 7.25%

Employee contributions totaled \$2,730,645 during the year and were paid by the School District to the State of Vermont. The School District has no other liability under the plan. The School District’s total payroll for all employees covered under this plan was \$39,637,514 for the year ended June 30, 2024. Beginning in 2016, school districts that pay for teachers with federal dollars are required to include costs of pensions in the federal grant, lowering the liability for the State. Federally funded pension costs

reimbursed to the State by the Supervisory Union for the fiscal year ending June 30, 2024 were \$593,577. The Supervisory Union's total payroll for all federally funded employees covered under this plan was \$2,315,046 for the year ended June 30, 2024.

D. Pension Liabilities

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB No. 68 and the State is treated as a nonemployer to VSTRS. Since the School District does not contribute directly to VSTRS, no net pension liability was recorded at June 30, 2024. The State's portion of the collective net pension liability that was associated with the School District was \$88,909,736 as of June 30, 2024.

The State of Vermont's proportionate share of the net pension liability associated with the School District is equal to the collective net pension liability, actuarially measured as of June 30, 2023, multiplied by the School District's proportionate share percentage. The School District's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2023, the School District's proportion was 4.754% which was a decrease of 0.057% from its proportion measured as of June 30, 2022.

E. Pension Expense

For the year ended June 30, 2024, the School District recognized total pension expense and revenue of \$10,174,566 for support provided by the State of Vermont for the VSTRS plan.

F. Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using the actuarial assumptions outlined below.

Investment Rate of Return – 7.00% net of pension plan investment expenses, including inflation.

Inflation – 2.30%.

Salary Increases – ranging from 3.19% to 8.50%.

Deaths After Retirement – PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2021 for pre-retirement, PubT-2010 Teacher Healthy Retiree Amount-Weighted Table with generational projection using scale MP-2021 for healthy retirees, and the PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Table with generational projection using scale MP-2021 for disabled retirees.

Inactive Members - Valuation liability for the VSTRS plan equals 100% of accumulated contributions.

Unknown Data for Participants - For the VSTRS plan, it is the same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married - 85% of male members and 35% of female members are assumed to be married.

Cost-of-Living Adjustments – Adjustments for the VSTRS plan are assumed to occur on January 1 following one year of retirement. For the VSTRS plan this occurs at the rate of 2.30% per annum for Group A members and 1.20% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement). The January 1, 2023 COLA is assumed to be 5.00% for Group A and 2.00% for Group C.

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

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

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

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real rate of Return</u>
Global Equities	44.00%	5.35%
Private Equity	10.00%	7.50%
Emerging Markets Debt	2.00%	5.00%
Private and Alternative Credit	10.00%	5.50%
Non-Core Real Estate	4.00%	5.50%
Core Fixed Income	19.00%	1.50%
Core Real Estate	4.00%	3.25%
US TIPS	2.00%	1.50%
Infrastructure/Farmland	5.00%	4.25%

G. Discount Rate

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

22. Other Post-Employment Benefits (OPEB)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The City's post-employment benefit plan is a single-employer plan.

A. City OPEB Plan

All the following OPEB disclosures are based on a measurement date of June 30, 2024.

General Information about the OPEB Plan

Plan Description

The City provides post-employment healthcare benefits for retired employees through the City's plan. The OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

The City indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the City who participate in this single-employer plan pay 100% of the healthcare premiums to participate in the City's healthcare program. Since they are included in the same pool as active employees, the insurance rates are implicitly higher for current employees due to the age consideration. This increased rate is an implicit subsidy the City pays for the retirees.

In addition, the City allows certain retired employees to purchase health insurance through the City at the City's group rate. GASB 75 recognizes this as an implied subsidy and requires accrual of this liability.

Benefits Provided

The City provides medical, prescription drug, mental health/substance abuse, and life insurance to retirees and their covered dependents. All active employees who retire from the City and meet the eligibility criteria may receive these benefits.

Contributions

The employees contribute 6.24% of their compensation for fiscal year 2024.

Plan Membership

At July 1, 2023 (the last full valuation date), the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries	
currently receiving benefit payments	484
Active plan members	<u>666</u>
Total	<u><u>1,150</u></u>

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.7% (prior 2.6%)
Rate of annual aggregate payroll growth	3.6% to 11.0%
Discount rate	3.93% (prior 3.65%)
Healthcare cost trend rates	7.0% in 2023, reducing by 0.2% each year to an ultimate rate of 4.7% per year rate for 2035 and later

Since the OPEB plan is not funded, the selection of the discount rate is consistent with the GASB 75 standard linking the discount rate to the 20- year AA municipal bond index for unfunded OPEB plans. The discount rate was based on the published Bond Buyer GO 20-Bond Municipal Index effective as of June 30, 2024.

Mortality rates were as follows:

- Class A: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for Public Safety Employees and Survivors, projected to the valuation date with Scale MP-2021, set forward two years.
- Class B: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for General Employees and Survivors, projected to the valuation date with Scale MP-2021, set forward two years.
- Disabled: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for Public Safety and General Disabled Employees, projected to the valuation date with Scale MP-2021.

The actuarial assumptions used in the valuation were based on the results of the experience study that was performed for the five-year period ending June 30, 2022.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2021.

Changes in the Total OPEB Liability

The following summarizes the changes in the total OPEB liability for the past year.

	Total OPEB <u>Liability</u>
Balance as of June 30, 2023	\$ 5,649,319
Changes for the year:	
Service cost	324,278
Interest	216,341
Differences between expected and actual experience	(1,010,975)
Changes in assumptions	(139,504)
Benefit payments	<u>(93,706)</u>
Net Changes	<u>(703,566)</u>
Balance as of June 30, 2024	<u>\$ 4,945,753</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability calculated using the discount rate of 3.93%, as well as what the total OPEB liability would be if it was calculated using a discount rate that is one percentage-point lower (2.93%) or one percentage-point higher (4.93%) than the current rate:

1% <u>Decrease</u>	Current Discount <u>Rate</u>	1% <u>Increase</u>
\$ 5,604,786	\$ 4,945,753	\$ 4,392,898

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% <u>Decrease</u>	Healthcare Cost Trend <u>Rates</u>	1% <u>Increase</u>
\$ 4,512,244	\$ 4,945,753	\$ 5,469,616

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

For the year ended June 30, 2024, the City recognized an OPEB expense of \$224,311. At June 30, 2024, the City reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Difference between expected and actual experience	\$	\$ (1,897,338)
Change in assumptions	396,439	(623,905)
Changes in proportional share of contributions	<u>363,743</u>	<u>(363,743)</u>
Total	<u>\$ 760,182</u>	<u>\$ (2,884,986)</u>

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

<u>Year Ended June 30:</u>	
2025	\$ (481,349)
2026	(560,403)
2027	(620,583)
2028	(239,795)
2029	(185,561)
Thereafter	<u>(37,113)</u>
Total	<u>\$ (2,124,804)</u>

B. Burlington School District OPEB Plan

Plan Description

In addition to providing pension benefits, the City provides post-employment health-care insurance benefits for retired employees from the Burlington School District. The OPEB Plan is a single-employer defined benefit plan.

Benefits Provided

The City provides medical benefits in various options for both active employees and retirees. Each class of employees are eligible for explicit subsidies based on dates of enrollment and years of service. Spouses of retirees are able to remain on

the applicable plan as long as the retiree is covered. Surviving spouses are allowed to continue coverage only as permitted by COBRA.

The City provides life insurance benefits to certain classes of employees. Office personnel retired on/before June 30, 2018 and AFSCME (bus, food, technology services, and maintenance) employees are eligible to obtain \$10,000 in life insurance at normal, disability, or termination retirement with the premiums being paid by the School District.

Eligibility

All employees are eligible for disability retirement with 10 years of service. All employees are eligible to retire after termination with the District if at termination the employee is age 50 with 15 years of service. Retiree health benefits will commence at age 55 for these terminated employees. Retiree health benefits are only available to Teachers, Administrative Staff, and Paraeducators.

Teachers/Administrative Staff

Certified teachers and staff are eligible for retiree health care benefits until age 65 once they meet the District's retirement eligibility requirements:

1. Age 55 and 15 years of service
2. 30 years of service

Paraeducators

Paraeducators are eligible for retiree health care benefits until age 65 once they meet the District's retirement eligibility requirements, which is age 55 with 20 years of service.

Food, Maintenance, Bus, Technology Services

Food, maintenance, technology services, and bus personnel are eligible for subsidized life insurance once they meet the School District's retirement eligibility requirements, which are as follows:

1. Age 55
2. 25 years of service

These groups are only eligible for subsidized life insurance and are ineligible to continue health coverage with the District at retirement.

Employees Covered by Benefit Terms

At June 30, 2024, the following employees were covered by the benefit terms:

Retirees and spouses	43
Active plan members	<u>493</u>
Total	<u><u>536</u></u>

The active participants' number above may include active employees who currently have no health care coverage.

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to OPEB

The total OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date.

For the year ended June 30, 2024, the District recognized OPEB expense of \$472,611. At June 30, 2024, the District reported deferred outflows of resources and deferred (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 926,773	\$ 927,039
Change in assumptions	<u>279,990</u>	<u>448,690</u>
Total	<u><u>\$ 1,206,763</u></u>	<u><u>\$ 1,375,729</u></u>

Amounts reported as deferred outflows of resources and deferred (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:

2025	\$ (118,920)
2026	(14,672)
2027	(14,672)
2028	(14,669)
2029	(52,710)
Thereafter	<u>46,677</u>
Total	<u><u>\$ (168,966)</u></u>

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2024. The discount rate determination is based on the yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The rate of 4.21% per annum for June 30, 2024 was based upon a measurement date of June 30, 2024. The sensitivity of the total and net OPEB liability to changes in discount rate are as follows:

<u>1%</u>	<u>Current</u>	<u>1%</u>
<u>Decrease</u>	<u>Discount</u>	<u>Increase</u>
	<u>Rate</u>	
\$ 4,008,626	\$ 3,821,771	\$ 3,636,595

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of the total and net OPEB liability to changes in healthcare cost trend rates are as follows:

<u>1% Decrease</u>	<u>Healthcare</u>	<u>1% Increase</u>
	<u>Cost Trend</u>	
	<u>Rates</u>	
\$ 3,485,224	\$ 3,821,771	\$ 4,208,431

Actuarial Methods, Inputs and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

The total OPEB liability for the Plan was determined as of June 30, 2024 based on an actuarial valuation date of June 30, 2024.

Inflation	2.30%
Rate of annual aggregate payroll growth	2.30%
Discount rate	4.21% (prior 4.13%)
Healthcare cost trend rates	8.00% in 2025, reducing by 0.5% each year to an ultimate rate of 4.5% per year rate for 2032 and later

Mortality:

Teachers and Admin employees and retirees: SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2022

Non-Teacher Employees and retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2022

Disabled Retirees: SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2022

Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2022.

Salary Increase Rate

General wage inflation of 2.3% plus merit/productivity increases based on the assumptions used in the City of Burlington actuarial valuation as of June 30, 2023 for non-teachers and Vermont State Teachers Retirement System (VSTRS) OPEB actuarial valuation as of June 30, 2024 for teachers and administration.

The actuarial assumptions used in the valuation were based on the results of the periodic experience study.

23. Other Post Employment Benefit (OPEB) Plans – Burlington School District

Vermont State Teachers' Retirement System

A. Plan Description

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

The plan covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board

of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2022, the Plan consisted of 7,313 retired members or beneficiaries currently receiving benefits and 10,387 active members.

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

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

B. Benefits Provided

VSTRS retirees and their spouses are eligible for medical, prescription drug, and dental benefits on a lifetime basis if the retiree is eligible for pension benefits.

C. Contributions

The contributions chart is disclosed in the stand-alone Burlington School District financial statements.

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

D. OPEB Liabilities

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB 75 and the State is treated as a nonemployer to VSTRS. Since the District does not contribute directly to VSTRS, no net OPEB liability was recorded at June 30, 2024. The State's portion of the collective net OPEB liability that was associated with the District was \$31,721,505.

The State of Vermont's proportionate share of the net OPEB liability associated with the District is equal to the collective net OPEB liability, actuarially measured as of June 30, 2023, multiplied by the District's proportionate share percentage. The District's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2023, the District's proportion was 4.069% which was a decrease of 0.046% from its proportion measured as of June 30, 2022.

E. OPEB Expense

For the year ended June 30, 2024, the District recognized total OPEB expense and revenue of \$1,793,628 for support provided by the State of Vermont for the Plan.

F. Discount Rate

The discount rate is the single rate of return, that when applied to all projected benefit payments, results in an actuarial present value that is the sum of the actuarial present value of projected benefit payments projected to be funded by plan assets using a long-term rate of return, and the actuarial present value of projected benefit payments using a yield or index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

G. Healthcare Trend Rate

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The trend rate assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the 2023 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor Statistics.

H. Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2023, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

Amortization

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

Asset Valuation Method

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

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

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real rate of Return</u>
Global Equities	43.00%	5.35%
US Aggregate Fixed Income	19.00%	1.50%
Emerging Markets Debt (Hard)	4.00%	5.00%
TIPS	3.00%	1.50%
Private Credit	10.00%	5.50%
Real Estate	11.00%	3.25%
Private Equity	10.00%	7.50%

Assumptions

The actuarial assumptions used to calculate the actuarially determined contribution rates can be found in the Report on the Actuarial Valuation of Post- Retirement Benefits of the Vermont State Teachers' Retirement System Prepared as of June 30, 2016 completed by Buck Consulting. As of June 30, 2023, they are as follows:

Discount Rate	7.00%
Salary Increase Rate	Varies by age

Non-Medicare	7.39% graded to 4.50% over 12 years
Medicare	6.90% graded to 4.50% over 12 years
Retiree Contributions	Equal to health trend
Pre-retirement Mortality	PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using Scale MP-2021.
Post-retirement Mortality	Retirees: PubT-2010 Teacher Healthy Headcount-Weighted Table Spouses: 109 % of the Pub-2010 Contingent Survivor Headcount-Weighted Table, both Retiree RP- Retirees and Spouses with generational projection using Scale MP-2021.

I. Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2023 with the following exceptions:

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was twenty-five years as of July 1, 2023.

24. Defined Contribution Plans

The City offers its employees a Defined Contribution Plan (DCP) in accordance with Internal Revenue Code Section 457(b) through the International City/County Management Association's (ICMA) Retirement Corporation and Nationwide Retirement Solutions, which is also supplemented with the Post Employment Health Plan (PEHP) for its police and fire employees. The DCP permits full-time employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, or death. The PEHP permits contributions to offset medical expenses upon separation from service or retirement. The City has no liability for losses under these plans, but does have the duty of due care that would be required of an ordinary prudent investor for safeguarding purposes only. The investments are self-directed by employees.

25. Commitments and Contingencies

A. Airport

Grants

Amounts received or receivable from grantor agencies, including possible grant assurance violations, are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Fund expects such amounts, if any, to be immaterial.

Construction Commitments

The Airport has a number of ongoing Airport Improvement Program (AIP) projects for construction and land acquisition as well as several Passenger Facility Charges (PFC) projects for terminal improvements that are funded from restricted assets. AIP projects include taxiway reconstruction, storm-water treatment projects, building demolition related to previously acquired property and land acquisition. The PFC projects include energy projects, cargo apron reconstruction, escalator and baggage carousel projects and related work.

B. Electric Department Commitments and Contingencies

The Electric Department receives output from generation of the McNeil Generating Station, the Burlington Gas Turbine, the Winooski One hydro facility, the Airport Solar array, and the Pine Street Solar array. Except for the McNeil Generating Station (for which the Electric Department is the operator and 50% owner), the Electric Department owns 100% of the remaining resources and is also responsible for their operation.

In addition to energy provided by its owned generation, the Electric Department purchases a portion of its electricity requirements pursuant to long-term (greater than one year in duration) contracts. During the fiscal year ended June 30, 2024, long-term sources of purchased power included:

- New York Power Authority (NYPA) power from hydro stations on the Niagara and St. Lawrence rivers under contracts through September 1, 2025 (Niagara) and through April 30, 2032 (St. Lawrence).
- Under the Vermont Wind contract, BED receives 16 MW (40%) of Vermont Wind's wind farm in northeast Vermont (Sheffield) through October 18, 2026. BED's 16 MW entitlement is expected to provide approximately 9% of BED's annual energy requirements.
- BED purchases energy from the Georgia Mountain Community Wind (GMCW) project with commercial operation on December 31, 2012. Pursuant to a 25-year contract, BED receives 10MW (100%) entitlement from Georgia

Mountain's wind farm in Milton/Georgia, Vermont. GMCW is expected to produce energy sufficient to meet approximately 8% of BED's annual energy needs.

- Deliveries pursuant to a ten-year contract with Hancock began in December 2016. Under the contract, BED will receive 13.5 MW (26.5%) of Hancock's wind farm. It is expected to produce energy sufficient to meet approximately 11% of BED's annual energy needs.
- Prior to 2017, BED has received energy from long-term purchases from a number of small in-state resources under a state mandated feed-in tariff program (called Standard Offer Resources). Effective January 1, 2017, BED was exempted from purchasing energy from these high-priced resources (in recognition of its 100% renewable energy purchases). BED expects this exemption to continue through at least December 31, 2025.
- The Burlington City Council, the Vermont Public Service Board, and the voters of Burlington have approved a 23-year energy-only contract with Hydro-Quebec. The contract was executed and deliveries began (for BED) in November 2015. Under the contract, BED will receive 5 MW of contract energy for the period November 1, 2015 to October 31, 2020 and a second (additional) 4 MW of contract energy for the period November 1, 2020 to October 31, 2038. BED's entitlement is expected to provide approximately 16% of BED's annual energy requirements at the 9 MW level.
- In 2013, BED entered a long-term power agreement to purchase the output of a proposed 2.5 MW solar generating facility to be located in Burlington (South Forty Solar). This facility came online in January of 2018 and provides the Department with VT Class 2 RECs as well as energy and reduced capacity and transmission requirements.
- In addition to South Forty Solar, BED purchased the output from 7 small in-city solar projects under long-term agreements that amount to 414kW.
- In 2017, BED signed a two-year contract with Great River Hydro with deliveries beginning January 1, 2019. In 2019, this contract was extended for five additional years from 2021 through 2024. The Department receives 7.5 MW during 16 peak hours of each day, along with the attributed RECs (that qualify as VT Class I). This contract is sources from one or more hydro facilities in the State of Vermont.
- In 2024, BED signed an 18-month contract with FirstLight for 25% of the output of the Shepaug Dam.

Energy and Capacity Payments under these long-term power supply contracts were \$14,482,063 for the year ended June 30, 2024. Budgeted commitments under these long-term contracts and long-term contracts approved and executed for future delivery periods total approximately \$55,893,245 for the 5-year period from July 1, 2024 to June 30, 2028.

<u>Fiscal Year</u>	<u>Budgeted Commitment</u>
2025	\$ 14,671,356
2026	13,831,582
2027	10,117,550
2028	8,572,660
2029	<u>8,700,097</u>
Total	<u>\$ 55,893,245</u>

The remainder of BED’s energy requirement (if any) is satisfied through short-term purchases including:

- Short-term purchases from a number of market counterparties, if necessary.
- Net exchange of energy through the Independent System Operator New England power markets.

The costs of power purchased under these contracts are accounted for as purchase power expenses in the statements of revenues, expenses, and changes in net position. The percentages of the Department’s total energy requirements were provided as follows:

	<u>2024</u>
McNeil Generating Station and Gas Turbine	28%
Winooski One	12%
New York Power Authority	5%
Wind Production	25%
Hydro-Quebec	16%
Great River Hydro	13%
In-City Solar	<u>1%</u>
Total	<u>100%</u>

Note the percentages are relative to the Department’s total sources rather than a percentage of requirements, and the Department sells RECs associated with much of the above generation and the above table should not be considered a representation of BED’s renewability. In fiscal year 2024, the sources of energy shown above exceed BED’s annual energy requirement.

C. Other Funds' Commitments and Contingencies

Grant Programs

The City participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for, or including, the year ended June 30, 2024 have not yet been conducted. Accordingly, the City's compliance with grant application requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

D. General Commitments and Contingencies

The City has several claims for which the insurance carriers have issued a reservation of rights. The City is not able to assess the likelihood or the amount, if any, of an unfavorable outcome on these cases at this time.

Insurance Reserves

Starting fiscal year 2016, the City has a large-deductible workers' compensation plan with Travelers Indemnity Company and maintains a fund in its budget to cover claims as they occur up to the insurance limit. Prior to fiscal year 2016, the City was self-insured for workers' compensation. Hickok & Boardman, the City's insurance agent, provides the City with data estimating reserve development of prior year claims. The City's claim reserve estimates are not created by an external actuary but are heavily based in actuarial concepts. Travelers Indemnity Company acts as the third-party administrator to process, pay, and administer the claims after which they bill the City for reimbursement. The City has an irrevocable standby letter of credit with the Travelers Indemnity Company as beneficiary in the amount of \$1,800,000 to secure the payment of claims.

The City is self-insured for health insurance. This plan is administered by a third-party administrator that is responsible for approval, processing and payment of claims, after which they bill the City for reimbursement. The City has reinsurance for individual claims in excess of \$130,000 and for aggregate stop loss of 125% of projected claims.

The City also self-insures for dental insurance. This plan is administered by a third-party administrator that is responsible for approval, processing and payment of claims, after which they bill the City for reimbursement. Each covered employee is guaranteed \$1,500 of paid claims per year after which the employee must pick up any excess costs.

The costs associated with these self-insurance plans are budgeted in the General Fund and allocated to other funds based on the following:

<u>Type</u>	<u>Allocation Method</u>
Workers' Compensation	50% Experience and 50% Exposure
Health	Number of Employees and Levels of Coverage
Dental	Actual Claims and Administration Fees Paid

At June 30, 2024, the City has recorded an estimated liability of \$1,215,871 and \$15,982 in the Internal Service Funds, which represents the short-term payable for health and dental claims, respectively, as of June 30, 2024.

Settled claims resulting from insured risks have not exceeded coverage in the past three fiscal years.

The City has elected to pay actual unemployment claims instead of enrolling in an unemployment insurance program. No liabilities have been accrued as the City is not able to make an estimate as to any future costs.

26. Subsequent Events

Management has evaluated subsequent events through February 10, 2025, which is the date the Annual Comprehensive Financial Report was available to be issued.

On November 1, 2024, the City issued \$35,500,000 General Obligation Bond Public Improvement Bonds, Series 2024A maturing November 1, 2044 with an interest rate of 5%.

27. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 101, *Compensated Absences*, and No. 102, *Certain Risk Disclosures*, effective for the City beginning with its fiscal year ending June 30, 2025. Management is currently evaluating the impact of implementing these statements.

The GASB has issued GASB Statement No. 103, *Financial Reporting Model Improvements*, and No. 104, *Disclosure of Certain Capital Assets*, effective for the City beginning with its fiscal year ending June 30, 2026. Management is currently evaluating the impact of implementing these statements.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BURLINGTON, VERMONT

GENERAL FUND
STATEMENT OF REVENUES AND OTHER SOURCES,
AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Adjusted	Variance With
	Original	Final	Actual	Variance With
	Budget	Budget	Amounts	Final Budget
Revenues and other sources:				
Taxes and special assessments	\$ 44,044,417	\$ 44,044,417	\$ 43,667,981	\$ (376,436)
Local option sales tax	3,200,000	3,210,000	3,076,346	(133,654)
Payments in lieu of taxes	1,699,319	1,724,319	1,771,890	47,571
Licenses and permits	4,281,000	4,281,000	3,830,266	(450,734)
Intergovernmental	3,131,775	4,215,546	3,049,035	(1,166,511)
Charges for services	19,356,613	19,519,233	19,514,567	(4,666)
Investment income (loss)	975,000	975,000	1,081,778	106,778
Contributions and donations	905,750	1,053,081	916,202	(136,879)
Loan repayments	4,000	4,000	30,652	26,652
Other revenues	1,394,761	599,078	302,132	(296,946)
Transfers in	4,396,126	4,744,246	4,199,887	(544,359)
Bond premium	300,000	300,000	974,599	674,599
Use of fund balance	4,809,424	6,389,772	-	(6,389,772)
Total Revenues and Other Sources	88,498,185	91,059,692	82,415,335	(8,644,357)
Expenditures and other uses:				
Nondepartmental	3,687,252	3,759,191	3,849,317	(90,126)
City council	273,443	303,443	190,891	112,552
Regional services and programs	2,866,822	2,893,072	2,861,068	32,004
Mayor	548,097	548,097	612,639	(64,542)
Clerk treasurer	3,438,282	3,425,756	3,197,583	228,173
City attorney	1,473,816	1,123,816	1,127,431	(3,615)
Planning and zoning	805,277	1,039,835	886,480	153,355
City assessor	542,342	492,342	419,760	72,582
Human resources	1,529,268	1,529,268	1,495,648	33,620
REIB	1,699,318	1,499,318	1,086,407	412,911
Department of business and workforce development	1,623,628	1,698,628	1,148,055	550,573
Information technology	1,986,566	1,986,406	1,937,928	48,478
Fire	15,568,120	15,745,091	15,820,404	(75,313)
Police	18,698,378	18,698,378	17,702,930	995,448
Code enforcement	2,272,996	2,272,264	2,160,618	111,646
Public works	5,604,144	5,603,844	4,912,516	691,328
Library	2,721,499	2,794,156	2,729,962	64,194
Parks and recreation	10,077,940	10,374,176	9,980,456	393,720
Burlington city arts	3,199,382	3,508,352	3,417,316	91,036
Community and economic development	1,360,196	1,360,196	1,120,371	239,825
Capital outlay	209,657	209,657	107,422	102,235
Debt service	8,306,155	8,305,331	8,396,465	(91,134)
Transfers	142,542	1,881,168	2,902,162	(1,020,994)
Total Expenditures and Other Uses	88,635,120	91,051,785	88,063,829	2,987,956
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	\$ (136,935)	\$ 7,907	\$ (5,648,494)	\$ (5,656,401)

See Independent Auditors' Report.

**CITY OF BURLINGTON, VERMONT
PENSION LIABILITY**

SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (GASB 68)

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

Burlington Employees' Retirement System (BERS)

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2023	100.00%	\$123,595,640	\$58,652,458	210.73%	64.41%
June 30, 2022	100.00%	\$116,393,214	\$51,361,810	226.61%	64.28%
June 30, 2021	100.00%	\$61,843,988	\$51,634,214	119.77%	80.10%
June 30, 2020	100.00%	\$98,583,037	\$50,694,990	194.46%	66.37%
June 30, 2019	100.00%	\$83,437,732	\$50,482,389	165.28%	70.00%
June 30, 2018	100.00%	\$75,685,982	\$49,012,028	154.42%	71.41%
June 30, 2017	100.00%	\$87,310,528	\$54,282,231	160.85%	66.77%
June 30, 2016	100.00%	\$89,153,906	\$48,107,717	185.32%	63.75%
June 30, 2015	100.00%	\$68,164,434	\$44,765,172	152.27%	70.35%
June 30, 2014	100.00%	\$53,829,773	\$45,788,172	117.56%	75.31%

Vermont State Teachers' Retirement System (VSTRS)

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	State of Vermont's Total Proportionate Share of the Net Pension Liability Associated with School District	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2023	4.75%	-	\$88,909,736	\$37,487,467	-	57.48%
June 30, 2022	4.70%	-	\$90,587,205	\$35,307,041	-	54.81%
June 30, 2021	4.71%	-	\$79,841,269	\$37,335,924	-	58.83%
June 30, 2020	4.61%	-	\$89,906,447	\$32,780,844	-	50.00%
June 30, 2019	4.59%	-	\$71,563,284	\$31,498,868	-	54.96%
June 30, 2018	4.49%	-	\$67,882,065	\$30,377,299	-	51.84%
June 30, 2017	4.55%	-	\$67,400,147	\$30,079,258	-	53.98%
June 30, 2016	4.66%	-	\$60,991,444	\$30,171,373	-	55.31%
June 30, 2015	4.80%	-	\$56,961,562	\$26,774,383	-	58.22%
June 30, 2014	4.94%	-	\$47,328,006	\$27,991,613	-	64.02%

See notes to financial statements for summary of actuarial methods and assumptions.

See Independent Auditors' Report.

**CITY OF BURLINGTON, VERMONT
EMPLOYEES' RETIREMENT SYSTEM**

SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

<u>Fiscal Year</u>	<u>Actuarially Determined Employer Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2024	\$ 11,716,667	\$ 11,716,667	\$ -	\$ 60,470,653	19.38%
June 30, 2023	\$ 11,254,693	\$ 11,254,693	\$ -	\$ 52,902,664	21.27%
June 30, 2022	\$ 10,821,716	\$ 10,821,716	\$ -	\$ 53,183,240	20.35%
June 30, 2021	\$ 10,236,862	\$ 10,236,862	\$ -	\$ 52,121,603	19.64%
June 30, 2020	\$ 9,715,893	\$ 9,715,893	\$ -	\$ 50,694,990	19.17%
June 30, 2019	\$ 9,516,913	\$ 9,516,913	\$ -	\$ 50,482,389	18.85%
June 30, 2018	\$ 9,172,822	\$ 9,172,822	\$ -	\$ 49,012,028	18.72%
June 30, 2017	\$ 9,219,098	\$ 9,219,098	\$ -	\$ 45,650,372	20.20%
June 30, 2016	\$ 9,149,159	\$ 9,149,159	\$ -	\$ 48,107,717	19.02%
June 30, 2015	\$ 8,840,768	\$ 8,840,768	\$ -	\$ 44,765,172	19.75%

See notes to financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

CITY OF BURLINGTON, VERMONT
PENSION LIABILITY
SCHEDULE OF CHANGES IN THE
EMPLOYERS' NET PENSION LIABILITY (GASB 67)
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 6,748,529	\$ 6,979,586	\$ 6,876,288	\$ 6,708,721	\$ 6,513,321	\$ 6,374,840	\$ 6,670,325	\$ 5,939,730	\$ 5,327,448	\$ 5,915,439
Interest	23,410,682	22,719,464	22,138,395	21,120,066	20,412,921	19,718,409	19,961,295	19,571,180	18,268,523	17,419,148
Changes of benefit terms	-	71,175	-	3,851,405	-	-	(138,534)	-	(414,295)	(3,167,853)
Differences between expected and actual experience	11,886,458	2,923,768	427,899	3,263,952	1,826,152	-	(1,453,843)	(4,272,574)	6,852,487	4,312,195
Changes of assumptions	3,184,849	3,446,511	3,731,943	2,243,904	2,153,694	-	(7,508,856)	10,370,856	-	-
Benefit payments, including refunds of member contributions	(22,082,080)	(21,384,228)	(20,614,115)	(18,411,850)	(17,338,220)	(16,617,928)	(15,616,191)	(14,770,644)	(13,971,175)	(12,602,652)
Net change in total pension liability	23,148,438	14,756,276	12,560,410	18,776,198	13,567,868	9,475,321	1,914,196	16,838,548	16,062,988	11,876,277
Total pension liability - beginning	333,832,096	319,075,820	306,515,410	287,739,212	274,171,344	264,696,023	262,781,827	245,943,279	229,880,291	218,004,014
Total pension liability - ending (a)	356,980,534	333,832,096	319,075,820	306,515,410	287,739,212	274,171,344	264,696,023	262,781,827	245,943,279	229,880,291
Plan Fiduciary Net Position										
Contributions - employer	11,716,667	11,254,693	10,821,716	10,236,862	9,715,892	9,543,529	9,172,822	9,219,098	9,149,159	8,840,768
Contributions - member	3,992,236	4,075,840	3,957,281	3,522,346	3,458,775	3,604,228	3,624,939	2,712,823	2,304,971	2,167,652
Net investment income (loss)	28,289,170	21,190,350	(32,688,208)	59,811,879	4,500,108	9,561,727	16,762,760	21,882,460	(2,088,531)	(557,357)
Benefit payments, including refunds of member contributions	(22,082,080)	(21,384,228)	(20,615,115)	(18,411,850)	(17,338,220)	(16,617,928)	(15,616,191)	(14,770,644)	(13,971,175)	(12,602,652)
Administrative expense	(648,900)	(722,335)	(935,694)	(762,205)	(411,925)	(338,039)	(385,309)	(361,811)	(320,908)	(306,795)
Other	-	(184,882)	(50,100)	(50,100)	(50,100)	(50,100)	(20,278)	-	-	-
Net change in plan fiduciary net position	21,267,093	14,229,438	(39,510,120)	54,346,932	(125,470)	5,703,417	13,538,743	18,681,926	(4,926,484)	(2,458,384)
Plan fiduciary net position - beginning	223,654,239	209,424,801	248,934,921	194,587,989	194,713,459	189,010,042	175,471,299	156,789,373	161,715,857	164,174,241
Plan fiduciary net position - ending (b)	244,921,332	223,654,239	209,424,801	248,934,921	194,587,989	194,713,459	189,010,042	175,471,299	156,789,373	161,715,857
Net pension liability - ending (a-b)	\$ 112,059,202	\$ 110,177,857	\$ 109,651,019	\$ 57,580,489	\$ 93,151,223	\$ 79,457,885	\$ 75,685,981	\$ 87,310,528	\$ 89,153,906	\$ 68,164,434
Schedule of Investment Returns										
Annual money weighted rate of return, net of investment expense	12.80%	10.30%	-13.20%	31.10%	5.25%	5.20%	9.80%	10.25%	-1.30%	-0.15%

See notes to financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

**CITY OF BURLINGTON, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Schedules of Changes in the Total OPEB Liability and Contributions (GASB 75)

(Unaudited)

Changes in Total OPEB Liability

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability							
Service cost	\$ 324,278	\$ 316,282	\$ 446,755	\$ 422,580	\$ 239,652	\$ 213,616	\$ 216,056
Interest	216,341	204,025	160,062	155,461	191,430	200,377	179,050
Differences between expected and actual experience	(1,010,975)	(249,066)	(1,243,743)	(324,780)	(463,076)	(227,919)	163,021
Changes of assumptions	(139,504)	(76,338)	(912,019)	45,326	1,524,927	207,752	(162,358)
Benefit payments, including refunds of member contributions	<u>(93,716)</u>	<u>14,450</u>	<u>50,602</u>	<u>55,496</u>	<u>(243,673)</u>	<u>(45,401)</u>	<u>(385,708)</u>
Net change in total OPEB liability	(703,576)	209,353	(1,498,343)	354,083	1,249,260	348,425	10,061
Total OPEB liability - beginning	<u>5,649,329</u>	<u>5,439,976</u>	<u>6,938,319</u>	<u>6,584,236</u>	<u>5,334,976</u>	<u>4,986,551</u>	<u>4,976,490</u>
Total OPEB liability - ending	\$ <u>4,945,753</u>	\$ <u>5,649,329</u>	\$ <u>5,439,976</u>	\$ <u>6,938,319</u>	\$ <u>6,584,236</u>	\$ <u>5,334,976</u>	\$ <u>4,986,551</u>
Covered employee payroll	\$ 47,768,573	\$ 41,430,355	\$ 41,430,355	\$ 42,461,912	\$ 41,385,879	\$ 40,224,487	\$ 39,205,153
Total OPEB liability as a percentage of covered employee payroll	10.35%	13.64%	13.13%	16.34%	15.91%	13.26%	12.72%

There are no assets accumulated in a trust that meets the criteria of GASB codification P52.101 to pay related benefits for the OPEB plan.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the City's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

**CITY OF BURLINGTON, VERMONT
BURLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Schedules of Changes in the Total OPEB Liability and Contributions (GASB 75)

(Unaudited)

Changes in Total OPEB Liability

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability						
Service cost	\$ 561,228	\$ 480,686	\$ 627,827	\$ 564,340	\$ 352,070	\$ 315,649
Interest	345,586	275,954	156,245	165,143	217,893	213,029
Changes of benefit terms	(4,002,323)	-	-	-	-	-
Differences between expected and actual experience	(887,665)	1,152,040	(245,161)	125,483	(77,737)	112,870
Changes of assumptions	222,360	(18,248)	(549,939)	178,792	(547,751)	164,085
Benefit payments	<u>(443,277)</u>	<u>(259,271)</u>	<u>(200,786)</u>	<u>(141,645)</u>	<u>(170,085)</u>	<u>(108,152)</u>
Net change in total OPEB liability	(4,204,091)	1,631,161	(211,814)	892,113	(225,610)	697,481
Total OPEB liability - beginning	<u>8,025,862</u>	<u>6,394,701</u>	<u>6,606,515</u>	<u>5,714,402</u>	<u>5,940,012</u>	<u>5,242,531</u>
Total OPEB liability - ending	\$ <u>3,821,771</u>	\$ <u>8,025,862</u>	\$ <u>6,394,701</u>	\$ <u>6,606,515</u>	\$ <u>5,714,402</u>	\$ <u>5,940,012</u>
Covered employee payroll	\$ 39,176,740	\$ 39,759,711	\$ 37,376,385	\$ 37,609,262	\$ 38,782,212	\$ 33,983,834
Total OPEB liability as a percentage of covered employee payroll	9.8%	20.2%	17.1%	17.6%	14.7%	17.5%

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 to pay related benefits for the OPEB plan.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the City's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

**SUPPLEMENTARY STATEMENTS
AND SCHEDULES**

Combining Financial Statements

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are established to account for resources obtained and expended for specific purposes and restricted by law or local action.

- Traffic: The Traffic Division provides planning, engineering, operations, and maintenance of the traffic signs, markings, and signals that allow the transportation system to operate safely and efficiently for all modes of travel.
- Parking Facilities: The Parking Facilities fund is used to account for the Marketplace parking garage, College Street garage, and various public parking spaces.
- Community and Economic Development: The Community and Economic Development Office (CEDO) works with the community to foster economic vitality, preserve and enhance neighborhoods, improve the quality of life and the environment, and promote equity and opportunity for all residents of Burlington.
- Church Street Marketplace: Church Street Marketplace manages the public right of way for a four-block pedestrian mall and business improvement district. This includes maintenance, marketing and administrative services.
- ARPA: The ARPA fund is used to account for activities reimbursed through federal grants under the ARPA program.
- Impact Fees: Impact fees are assessed against new development to help offset the costs of new infrastructure required by the City's growth. These funds are restricted for the use of capital improvement projects.
- Community Development Corporation (BCDC): The organization's primary purpose is to carry out the industrial and economic development within the City. As such, the purposes of the Corporation include fostering, encouraging and assisting the physical location of business enterprises in the Greater Burlington area and otherwise fulfilling the purposes of a "local development corporation."
- Telecom Sales Proceeds: The fund is used for holding proceeds of the sale for future City programs.

PERMANENT FUNDS

Permanent funds are established to account for certain assets held by the City in a fiduciary capacity as trustee.

- Cemetery: This fund is used to account for the sale of endowments and interest for maintenance of cemetery.
- Gift fund: This fund is used to account for a bequest by Horatio G. Loomis in 1902 and interest to be used by the Fletcher Free Library; a bequest from L. Deming in 1972 for use by the parks department for the removal and planting of trees; a bequest of M. Waddell in 1988 to be used for planting flowers in public flower beds; and contributions by the Norman Knight Charitable Foundation to assist the police department with DARE Program.

DEBT SERVICE FUNDS

Debt service funds are established to account for tax increment revenues covering debt service expenditures for districts established under 24 V.S.A.

- Tax Increment Financing - Waterfront: The Waterfront TIF Fund is utilized for enhancing public infrastructure and making the waterfront area more accessible and vibrant.
- Tax Increment Financing - Downtown: The Downtown TIF Fund is utilized for enhancing public infrastructure in the Downtown District, including structured parking, utility upgrades and renovations, and streetscape improvements.

CITY OF BURLINGTON, VERMONT

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024

	Special Revenue Funds				
	<u>Traffic</u>	<u>Parking Facilities</u>	<u>Community and Economic Development</u>	<u>Church Street Marketplace</u>	<u>ARPA</u>
ASSETS					
Cash and short-term investments	\$ 277,545	\$ 24,756	\$ 2,857,778	\$ 777,315	\$ 5,774,718
Investments	-	-	-	-	-
Receivables, net of allowance:					
Departmental and other	-	-	-	208,917	-
Intergovernmental	-	-	1,294,302	-	-
Loans	-	-	3,789,361	-	-
Accrued interest	-	-	1,487,761	-	-
Prepaid expenditures	78	78	1,806	-	-
Inventory	460,954	-	-	-	-
Total Assets	<u>\$ 738,577</u>	<u>\$ 24,834</u>	<u>\$ 9,431,008</u>	<u>\$ 986,232</u>	<u>\$ 5,774,718</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 115,580	\$ 42,015	\$ 247,556	\$ 23,142	\$ 373,135
Accrued liabilities	12,646	12,730	42,869	9,027	2,360
Unearned revenue	-	-	14,781	142,866	5,399,349
Notes payable	-	2,500,000	-	-	-
Due to other funds	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total Liabilities	128,226	2,554,745	305,206	175,035	5,774,844
Deferred Inflows of Resources:					
Unavailable revenues	110	-	6,133,223	-	-
Fund Balances:					
Nonspendable	461,032	78	1,806	-	-
Restricted	-	-	2,990,773	811,197	-
Committed	149,209	-	-	-	-
Unassigned	-	(2,529,989)	-	-	(126)
Total Fund Balances	<u>610,241</u>	<u>(2,529,911)</u>	<u>2,992,579</u>	<u>811,197</u>	<u>(126)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 738,577</u>	<u>\$ 24,834</u>	<u>\$ 9,431,008</u>	<u>\$ 986,232</u>	<u>\$ 5,774,718</u>

(continued)

CITY OF BURLINGTON, VERMONT

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024

(continued)

	Special Revenue Funds			
	Impact Fees	Community Development Corporation	Telecom Sales Proceeds	Subtotals
ASSETS				
Cash and short-term investments	\$ 730,882	\$ (2)	\$ 110,242	\$ 10,553,234
Investments	-	-	-	-
Receivables, net of allowance:				
Departmental and other	-	-	-	208,917
Intergovernmental	-	-	-	1,294,302
Loans	-	554,653	-	4,344,014
Accrued interest	-	-	-	1,487,761
Prepaid expenditures	-	-	-	1,962
Inventory	-	-	-	460,954
Total Assets	<u>\$ 730,882</u>	<u>\$ 554,651</u>	<u>\$ 110,242</u>	<u>\$ 18,351,144</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 801,428
Accrued liabilities	-	-	-	79,632
Unearned revenue	-	-	-	5,556,996
Notes payable	-	-	-	2,500,000
Due to other funds	-	1,125,947	-	1,125,947
Other liabilities	<u>692</u>	<u>-</u>	<u>-</u>	<u>692</u>
Total Liabilities	692	1,125,947	-	10,064,695
Deferred Inflows of Resources:				
Unavailable revenues	-	554,652	-	6,687,985
Fund Balances:				
Nonspendable	-	-	-	462,916
Restricted	730,190	-	-	4,532,160
Committed	-	-	110,242	259,451
Unassigned	<u>-</u>	<u>(1,125,948)</u>	<u>-</u>	<u>(3,656,063)</u>
Total Fund Balances	<u>730,190</u>	<u>(1,125,948)</u>	<u>110,242</u>	<u>1,598,464</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 730,882</u>	<u>\$ 554,651</u>	<u>\$ 110,242</u>	<u>\$ 18,351,144</u>

(continued)

CITY OF BURLINGTON, VERMONT

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024

(continued)

	Permanent Funds			Debt Service Funds			Nonmajor Governmental Funds
	<u>Cemetery</u>	<u>Gift Fund</u>	<u>Subtotals</u>	<u>TIF Waterfront</u>	<u>TIF Downtown</u>	<u>Subtotals</u>	<u>Funds</u>
ASSETS							
Cash and short-term investments	\$ 55,393	\$ 38,640	\$ 94,033	\$ 2,634,595	\$ 3,580,567	\$ 6,215,162	\$ 16,862,429
Investments	1,197,953	-	1,197,953	-	-	-	1,197,953
Receivables, net of allowance:							
Departmental and other	-	-	-	-	-	-	208,917
Intergovernmental	-	-	-	-	-	-	1,294,302
Loans	-	-	-	-	-	-	4,344,014
Accrued interest	-	-	-	-	-	-	1,487,761
Prepaid expenditures	-	-	-	-	-	-	1,962
Inventory	-	-	-	-	-	-	460,954
Total Assets	<u>\$ 1,253,346</u>	<u>\$ 38,640</u>	<u>\$ 1,291,986</u>	<u>\$ 2,634,595</u>	<u>\$ 3,580,567</u>	<u>\$ 6,215,162</u>	<u>\$ 25,858,292</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ 4,215	\$ 7,602	\$ 11,817	\$ 813,245
Accrued liabilities	-	-	-	-	-	-	79,632
Unearned revenue	-	-	-	-	-	-	5,556,996
Notes payable	-	-	-	-	-	-	2,500,000
Due to other funds	-	-	-	-	-	-	1,125,947
Other liabilities	-	-	-	-	-	-	692
Total Liabilities	-	-	-	4,215	7,602	11,817	10,076,512
Deferred Inflows of Resources:							
Unavailable revenues	-	-	-	-	-	-	6,687,985
Fund Balances:							
Nonspendable	1,253,346	13,708	1,267,054	-	-	-	1,729,970
Restricted	-	24,932	24,932	2,630,380	3,572,965	6,203,345	10,760,437
Committed	-	-	-	-	-	-	259,451
Unassigned	-	-	-	-	-	-	(3,656,063)
Total Fund Balances	<u>1,253,346</u>	<u>38,640</u>	<u>1,291,986</u>	<u>2,630,380</u>	<u>3,572,965</u>	<u>6,203,345</u>	<u>9,093,795</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,253,346</u>	<u>\$ 38,640</u>	<u>\$ 1,291,986</u>	<u>\$ 2,634,595</u>	<u>\$ 3,580,567</u>	<u>\$ 6,215,162</u>	<u>\$ 25,858,292</u>

See Independent Auditors' Report.

CITY OF BURLINGTON, VERMONT

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2024

	Special Revenue Funds				
	<u>Traffic</u>	<u>Parking Facilities</u>	<u>Community and Economic Development</u>	<u>Church Street Marketplace</u>	<u>ARPA</u>
Revenues:					
Taxes	\$ -	\$ 102,992	\$ 1,195,084	\$ -	\$ -
Licenses and permits	-	-	-	146,632	-
Intergovernmental	-	-	5,947,441	-	1,817,132
Charges for services	2,083,170	2,401,384	46,011	714,869	-
Contributions	-	-	97,800	152,048	-
Investment income (loss)	(9,747)	-	72,828	2,638	-
Loan repayments	-	-	162,273	-	-
Other	861	2,883	685,401	1,260	-
Total Revenues	2,074,284	2,507,259	8,206,838	1,017,447	1,817,132
Expenditures:					
Current:					
General government	-	-	-	-	1,412,841
Public works	1,978,164	2,240,350	-	-	-
Community development	-	-	6,557,867	1,340,193	-
Capital outlay	41,296	-	-	4,500	394,160
Debt service:					
Principal	-	66,917	15,631	-	-
Interest and bond issue costs	1,323	95,947	-	-	-
Total Expenditures	2,020,783	2,403,214	6,573,498	1,344,693	1,807,001
Excess (deficiency) of revenues over (under) expenditures	53,501	104,045	1,633,340	(327,246)	10,131
Other Financing Sources (Uses):					
Issuance of bonds	-	-	-	-	-
Transfers in	-	-	165,126	78,579	-
Transfers out	-	(64,400)	-	-	-
Total Other Financing Sources (Uses)	-	(64,400)	165,126	78,579	-
Net change in fund balances	53,501	39,645	1,798,466	(248,667)	10,131
Fund Balances, beginning of year	556,740	(2,569,556)	1,194,113	1,059,864	(10,257)
Fund Balances, end of year	\$ 610,241	\$ (2,529,911)	\$ 2,992,579	\$ 811,197	\$ (126)

(continued)

CITY OF BURLINGTON, VERMONT

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2024

(continued)

	Special Revenue Funds			
	Impact <u>Fees</u>	Community Development <u>Corporation</u>	Telecom Sale <u>Proceeds</u>	<u>Subtotals</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 1,298,076
Licenses and permits	-	-	-	146,632
Intergovernmental	-	-	-	7,764,573
Charges for services	218,459	364,000	-	5,827,893
Contributions	-	-	-	249,848
Investment income (loss)	2,074	-	-	67,793
Loan repayments	-	-	-	162,273
Other	-	115,989	-	806,394
Total Revenues	220,533	479,989	-	16,323,482
Expenditures:				
Current:				
General government	-	-	568,139	1,980,980
Public works	-	-	-	4,218,514
Community development	-	59,290	-	7,957,350
Capital outlay	-	-	-	439,956
Debt service:				
Principal	-	182,667	-	265,215
Interest and bond issue costs	-	34,340	-	131,610
Total Expenditures	-	276,297	568,139	14,993,625
Excess (deficiency) of revenues over (under) expenditures	220,533	203,692	(568,139)	1,329,857
Other Financing Sources (Uses):				
Issuance of bonds	-	-	-	-
Transfers in	-	-	-	243,705
Transfers out	(265,259)	-	-	(329,659)
Total Other Financing Sources (Uses)	(265,259)	-	-	(85,954)
Net change in fund balances	(44,726)	203,692	(568,139)	1,243,903
Fund Balances, beginning of year	774,916	(1,329,640)	678,381	354,561
Fund Balances, end of year	\$ 730,190	\$ (1,125,948)	\$ 110,242	\$ 1,598,464

(continued)

CITY OF BURLINGTON, VERMONT

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2024

(continued)

	Permanent Funds			Debt Service Funds			Nonmajor Governmental Funds
	Cemetery	Gift Fund	Subtotals	TIF Waterfront	TIF Downtown	Subtotals	Funds
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ 2,467,277	\$ 2,239,686	\$ 4,706,963	\$ 6,005,039
Licenses and permits	-	-	-	-	-	-	146,632
Intergovernmental	-	-	-	-	-	-	7,764,573
Charges for services	-	-	-	-	-	-	5,827,893
Contributions	-	-	-	-	260,000	260,000	509,848
Investment income (loss)	61,874	98	61,972	-	-	-	129,765
Loan repayments	-	-	-	-	-	-	162,273
Other	5,146	-	5,146	-	-	-	811,540
Total Revenues	67,020	98	67,118	2,467,277	2,499,686	4,966,963	21,357,563
Expenditures:							
Current:							
General government	-	-	-	160,027	281,217	441,244	2,422,224
Public works	-	-	-	-	-	-	4,218,514
Community development	-	-	-	-	-	-	7,957,350
Capital outlay	-	-	-	-	-	-	439,956
Debt service:							
Principal	-	-	-	1,851,636	1,915,000	3,766,636	4,031,851
Interest and bond issue costs	-	-	-	920,765	1,656,250	2,577,015	2,708,625
Total Expenditures	-	-	-	2,932,428	3,852,467	6,784,895	21,778,520
Excess (deficiency) of revenues over (under) expenditures	67,020	98	67,118	(465,151)	(1,352,781)	(1,817,932)	(420,957)
Other Financing Sources (Uses):							
Issuance of bonds	-	-	-	-	-	-	-
Transfers in	-	-	-	46,457	-	46,457	290,162
Transfers out	(21,443)	-	(21,443)	(15,949)	(42,636)	(58,585)	(409,687)
Total Other Financing Sources (Uses)	(21,443)	-	(21,443)	30,508	(42,636)	(12,128)	(119,525)
Net change in fund balances	45,577	98	45,675	(434,643)	(1,395,417)	(1,830,060)	(540,482)
Fund Balances, beginning of year	1,207,769	38,542	1,246,311	3,065,023	4,968,382	8,033,405	9,634,277
Fund Balances, end of year	\$ 1,253,346	\$ 38,640	\$ 1,291,986	\$ 2,630,380	\$ 3,572,965	\$ 6,203,345	\$ 9,093,795

See Independent Auditors' Report.

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NONMAJOR PROPRIETARY (ENTERPRISE) FUNDS

Enterprise funds are established to account for activities that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the activity be self-supporting based on user charges.

- Water: Delivery of potable water to residents of Burlington and wholesale to the Colchester Fire District.
- Stormwater: Stormwater addresses state and federal stormwater requirements to improve the water quality of Lake Champlain and the Winooski Rivers, as well as the streams that flow into them.

CITY OF BURLINGTON, VERMONT

Nonmajor Proprietary Funds

Combining Statement of Net Position

June 30, 2024

	<u>Water</u>	<u>Stormwater</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Current:			
Cash and cash equivalents	\$ 5,562,627	\$ 2,363,964	\$ 7,926,591
Escrows	-	-	-
Receivables, net of allowance for uncollectibles:			
User fees	1,889,294	399,126	2,288,420
Intergovernmental	824,886	1,070,001	1,894,887
Inventory	464,416	-	464,416
Prepaid expenses	<u>3,712</u>	<u>-</u>	<u>3,712</u>
Total current assets	8,744,935	3,833,091	12,578,026
Noncurrent:			
Restricted cash	995,653	-	995,653
Capital assets:			
Land and construction in progress	2,768,710	2,293,189	5,061,899
Capital assets, net of accumulated depreciation	<u>16,434,195</u>	<u>3,988,491</u>	<u>20,422,686</u>
Total noncurrent assets	<u>20,198,558</u>	<u>6,281,680</u>	<u>26,480,238</u>
TOTAL ASSETS	28,943,493	10,114,771	39,058,264
Deferred Outflows of Resources:			
Pension related	496,920	-	496,920
OPEB related	<u>68,361</u>	<u>-</u>	<u>68,361</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>565,281</u>	<u>-</u>	<u>565,281</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 29,508,774</u>	<u>\$ 10,114,771</u>	<u>\$ 39,623,545</u>

(continued)

CITY OF BURLINGTON, VERMONT

Nonmajor Proprietary Funds

Combining Statement of Net Position

June 30, 2024

(continued)

	<u>Water</u>	<u>Stormwater</u>	<u>Total</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities:			
Current:			
Accounts payable	\$ 922,830	\$ 459,580	\$ 1,382,410
Accrued liabilities	60,119	7,247	67,366
Note payable	1,729,769	2,797,719	4,527,488
Other liabilities	71,674	-	71,674
Current portion of long-term liabilities:			
Bonds and loans payable	344,447	23,585	368,032
Equipment notes payable	174,214	3,361	177,575
Compensated absences liability	193,388	-	193,388
Total current liabilities	3,496,441	3,291,492	6,787,933
Noncurrent:			
Bonds and loans payable	6,248,582	206,480	6,455,062
Equipment notes payable	434,418	21,065	455,483
Net pension liability	1,649,820	-	1,649,820
Total OPEB liability	141,038	-	141,038
Total noncurrent liabilities	8,473,858	227,545	8,701,403
TOTAL LIABILITIES	11,970,299	3,519,037	15,489,336
Deferred Inflows of Resources:			
Pension related	70,728	-	70,728
OPEB related	71,898	-	71,898
TOTAL DEFERRED INFLOWS OF RESOURCES	142,626	-	142,626
NET POSITION			
Net investment in capital assets	10,271,475	3,229,470	13,500,945
Restricted for:			
Debt service/renewal and replacements	995,653	-	995,653
Unrestricted	6,128,721	3,366,264	9,494,985
TOTAL NET POSITION	17,395,849	6,595,734	23,991,583
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 29,508,774	\$ 10,114,771	\$ 39,623,545

See Independent Auditors' Report.

CITY OF BURLINGTON, VERMONT

Nonmajor Proprietary Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2024

	<u>Water</u>	<u>Stormwater</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 8,030,133	\$ 2,060,709	\$ 10,090,842
Miscellaneous	<u>878,067</u>	<u>-</u>	<u>878,067</u>
Total Operating Revenues	8,908,200	2,060,709	10,968,909
Operating Expenses:			
Personnel	3,895,457	106,463	4,001,920
Nonpersonnel	2,999,740	1,171,941	4,171,681
Depreciation	<u>928,130</u>	<u>189,286</u>	<u>1,117,416</u>
Total Operating Expenses	<u>7,823,327</u>	<u>1,467,690</u>	<u>9,291,017</u>
Operating Income	1,084,873	593,019	1,677,892
Nonoperating Revenues (Expenses):			
Investment income	51,756	-	51,756
Interest expense	(307,704)	(5,119)	(312,823)
Other income	48,022	11,040	59,062
Gain on disposal of capital assets	<u>216</u>	<u>-</u>	<u>216</u>
Total Nonoperating Revenues (Expenses), net	<u>(207,710)</u>	<u>5,921</u>	<u>(201,789)</u>
Income Before Transfers	877,163	598,940	1,476,103
Transfers out	<u>(423,060)</u>	<u>(33,577)</u>	<u>(456,637)</u>
Change in Net Position	454,103	565,363	1,019,466
Net Position at Beginning of Year, as restated	<u>16,941,746</u>	<u>6,030,371</u>	<u>22,972,117</u>
Net Position at End of Year	<u>\$ 17,395,849</u>	<u>\$ 6,595,734</u>	<u>\$ 23,991,583</u>

See Independent Auditor's Report.

CITY OF BURLINGTON, VERMONT

Nonmajor Proprietary Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2024

	<u>Water</u>	<u>Stormwater</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 8,786,294	\$ 2,012,584	\$ 10,798,878
Payments to suppliers	(2,735,516)	(893,320)	(3,628,836)
Payments for wages and benefits	(3,748,711)	(106,463)	(3,855,174)
Other receipts	<u>2,164</u>	<u>11,040</u>	<u>13,204</u>
Net Cash Provided by Operating Activities	2,304,231	1,023,841	3,328,072
Cash Flows From Noncapital Financing Activities:			
Payment in lieu of taxes	<u>(423,060)</u>	<u>(33,577)</u>	<u>(456,637)</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	(423,060)	(33,577)	(456,637)
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(2,194,398)	(999,412)	(3,193,810)
Intergovernmental revenues	-	-	-
Drawdown on notes and loans	1,098,097	1,105,172	2,203,269
Release of escrow	60,000	-	60,000
Principal paid on:			
Bonds and loans	(288,129)	(25,982)	(314,111)
Notes	(152,618)	-	(152,618)
Interest paid on outstanding debt, including issue costs	<u>(307,704)</u>	<u>(5,119)</u>	<u>(312,823)</u>
Net Cash Used for Capital and Related Financing Activities	(1,784,752)	74,659	(1,710,093)
Cash Flows From Investing Activities:			
Sale of investments	21,268	-	21,268
Investment income	<u>30,488</u>	<u>-</u>	<u>30,488</u>
Net Cash Provided by Investing Activities	<u>51,756</u>	<u>-</u>	<u>51,756</u>
Net Decrease in Cash	148,175	1,064,923	1,213,098
Cash and short term investments at beginning of year	<u>6,410,105</u>	<u>1,299,041</u>	<u>7,709,146</u>
Cash and short term investments at end of year	<u>\$ 6,558,280</u>	<u>\$ 2,363,964</u>	<u>\$ 8,922,244</u>

(continued)

Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2024

(continued)

	<u>Water</u>	<u>Stormwater</u>	<u>Total</u>
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities:			
Operating income	\$ 1,084,873	\$ 593,019	\$ 1,677,892
Depreciation and amortization	928,130	189,286	1,117,416
Other receipts	2,164	11,040	13,204
Changes in assets, liabilities, and deferred outflows/inflows:			
(Increase)/decrease in receivables	(98,772)	(47,881)	(146,653)
(Increase)/decrease in inventory	15,961	-	15,961
(Increase)/decrease in prepaids	1,540	-	1,540
(Increase)/decrease in deferred outflows	86,505	-	86,505
Increase/(decrease) in accounts payable	246,723	278,621	525,344
Increase/(decrease) in accrued liabilities	14,101	(244)	13,857
Increase/(decrease) in net pension liability	(36,738)	-	(36,738)
Increase/(decrease) in total OPEB liability	3,664	-	3,664
Increase/(decrease) in compensated absences	(9,572)	-	(9,572)
Increase/(decrease) in other operating assets/liabilities	(23,134)	-	(23,134)
Increase/(decrease) in deferred inflows	88,786	-	88,786
Net Cash Provided by Operating Activities	\$ <u>2,304,231</u>	\$ <u>1,023,841</u>	\$ <u>3,328,072</u>

See Independent Auditors' Report.

INTERNAL SERVICE FUNDS

Internal service funds are established to account for activities that provide goods and services to other departments, agencies, or funds of the government on a cost-reimbursement basis. These funds enhance financial transparency and cost tracking by allocating expenses directly to the benefiting departments.

- Health Self Insurance Fund: The fund tracks revenues from premiums paid by departments and expenses related to claims and administrative costs for the City's self-insured health plan.
- Liability Insurance & Workers Compensation Fund: The liability insurance fund is the City's self-insurance fund for property, casualty and liability insurance. The workers' compensation fund accounts for claims, reserves, and funding for workers' compensation costs incurred by City departments. From fiscal year 2016, the City was no longer self-insured for workers' compensation, but the fund carries run out liabilities from old claims.

CITY OF BURLINGTON, VERMONT

Internal Service Funds

Combining Statement of Net Position

June 30, 2024

	Health Self <u>Insurance Fund</u>	Liability Insurance & <u>Workers Comp Fund</u>	<u>Total</u>
ASSETS			
Current:			
Cash and cash equivalents	\$ 48,533	\$ 635,053	\$ 683,586
Receivables, net of allowance for uncollectibles:			
Departmental and other	-	49,862	49,862
Other current assets	<u>-</u>	<u>38,826</u>	<u>38,826</u>
TOTAL ASSETS	<u>\$ 48,533</u>	<u>\$ 723,741</u>	<u>\$ 772,274</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Current:			
Accounts payable	\$ 7,299	\$ 108,807	\$ 116,106
Accrued liabilities	-	1,533	1,533
Insurance reserve	<u>1,231,853</u>	<u>-</u>	<u>1,231,853</u>
TOTAL LIABILITIES	<u>1,239,152</u>	<u>110,340</u>	<u>1,349,492</u>
NET POSITION			
Unrestricted (Deficit)	<u>(1,190,619)</u>	<u>613,401</u>	<u>(577,218)</u>
TOTAL NET POSITION	<u>(1,190,619)</u>	<u>613,401</u>	<u>(577,218)</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 48,533</u>	<u>\$ 723,741</u>	<u>\$ 772,274</u>

See Independent Auditors' Report.

CITY OF BURLINGTON, VERMONT

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2024

	<u>Health Self Insurance Fund</u>	<u>Liability Insurance & Workers Comp Fund</u>	<u>Total</u>
Operating Revenues:			
Contributions	\$ <u>15,021,507</u>	\$ <u>4,594,645</u>	\$ <u>19,616,152</u>
Total Operating Revenues	15,021,507	4,594,645	19,616,152
Operating Expenses:			
Personnel	<u>16,212,126</u>	<u>4,731,244</u>	<u>20,943,370</u>
Total Operating Expenses	<u>16,212,126</u>	<u>4,731,244</u>	<u>20,943,370</u>
Operating Income	(1,190,619)	(136,599)	(1,327,218)
Transfers in	<u>-</u>	<u>750,000</u>	<u>750,000</u>
Change in Net Position	(1,190,619)	613,401	(577,218)
Net Position at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Net Position at End of Year	\$ <u><u>(1,190,619)</u></u>	\$ <u><u>613,401</u></u>	\$ <u><u>(577,218)</u></u>

See Independent Auditors' Report.

CITY OF BURLINGTON, VERMONT

Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2024

	<u>Health Self Insurance Fund</u>	<u>Liability Insurance & Workers Comp Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Receipts from City and employees	\$ 15,021,507	\$ 4,594,645	\$ 19,616,152
Payments for claims and benefits	<u>(16,048,757)</u>	<u>(4,709,592)</u>	<u>(20,758,349)</u>
Net Cash Used by Operating Activities	(1,027,250)	(114,947)	(1,142,197)
Cash Flows From Noncapital Financing Activities:			
Transfers in	<u>-</u>	<u>750,000</u>	<u>750,000</u>
Net Cash Provided by Noncapital Financing Activities	-	750,000	750,000
Cash and short term investments at beginning of year	<u>1,075,783</u>	<u>-</u>	<u>1,075,783</u>
Cash and short term investments at end of year	<u>\$ 48,533</u>	<u>\$ 635,053</u>	<u>\$ 683,586</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Operating loss	\$ (1,190,619)	\$ (136,599)	\$ (1,327,218)
Changes in assets and liabilities:			
Increase/(decrease) in accounts payable	3,078	20,119	23,197
Increase/(decrease) in accrued liabilities	-	1,533	1,533
Increase/(decrease) in insurance reserve	<u>160,291</u>	<u>-</u>	<u>160,291</u>
Net Cash Used by Operating Activities	<u>\$ (1,027,250)</u>	<u>\$ (114,947)</u>	<u>\$ (1,142,197)</u>

See Independent Auditors' Report.

STATISTICAL SECTION



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CITY OF BURLINGTON, VERMONT

STATISTICAL SECTION

The City of Burlington's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

	<u>Page</u>
<i>Financial Trends</i>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	146 – 150
<i>Revenue Capacity</i>	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	151 – 153
<i>Debt Capacity</i>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	154 – 158
<i>Demographic and Economic Information</i>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	159 – 161
<i>Operating Information</i>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the service the City provides and the activities it performs.	162 – 163

CITY OF BURLINGTON, VERMONT
NET POSITION BY COMPONENT
LAST TEN YEARS
(accrual basis of accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 145,242,022	\$ 123,312,160	\$ 115,249,799	\$ 109,918,281	\$ 96,007,615	\$ 97,957,996	\$ 93,012,142	\$ 98,441,690	\$ 92,236,468	\$ 82,986,888
Restricted	17,351,322	16,423,030	16,414,291	17,617,345	16,942,282	15,219,592	14,323,497	13,086,695	17,725,332	16,799,937
Unrestricted	(44,580,758)	(29,437,679)	(30,173,312)	(39,224,471)	(20,057,332)	(17,670,970)	(21,948,854)	(22,193,434)	(21,734,316)	(25,449,498)
Total Governmental Activities Net Position	118,012,586	110,297,511	101,490,778	88,311,155	92,892,565	95,506,618	85,386,785	89,334,951	88,227,484	74,337,327
Business-type Activities										
Net Investment in Capital Assets	255,612,177	253,158,235	246,059,659	228,051,299	211,158,128	206,504,803	203,832,616	188,464,010	179,096,254	172,629,734
Restricted	30,130,739	28,930,562	23,802,616	23,609,161	26,048,179	25,574,212	25,304,795	22,670,943	20,812,890	19,319,510
Unrestricted	53,519,460	44,333,262	41,002,710	28,656,273	25,842,140	25,272,176	27,453,407	29,639,505	27,982,661	22,266,988
Total Business-type Activities Net Position	339,262,376	326,442,059	310,864,985	280,316,733	263,048,447	257,351,191	256,590,818	240,774,458	227,891,805	214,216,232
Primary Government										
Net Investment in Capital Assets	400,854,199	376,470,395	361,309,458	337,969,580	307,165,743	304,462,799	296,844,758	286,905,700	271,332,722	255,616,622
Restricted	47,482,061	45,353,592	40,216,907	41,226,506	42,990,461	40,793,804	39,628,292	35,757,638	38,538,222	36,119,447
Unrestricted	8,938,702	14,915,583	10,829,398	(10,568,198)	5,784,808	7,601,206	5,504,553	7,446,071	6,248,345	(3,182,510)
Total Primary Government Net Position	\$ 457,274,962	\$ 436,739,570	\$ 412,355,763	\$ 368,627,888	\$ 355,941,012	\$ 352,857,809	\$ 341,977,603	\$ 330,109,409	\$ 316,119,289	\$ 288,553,559

CITY OF BURLINGTON, VERMONT
CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses										
Governmental Activities:										
General Government	\$ 23,073,628	\$ 23,731,535	\$ 19,066,613	\$ 15,818,581	\$ 13,761,909	\$ 14,432,574	\$ 11,768,830	\$ 12,334,976	\$ 11,353,565	\$ 12,393,196
Public Safety	42,105,128	37,655,972	30,400,813	34,671,835	34,539,638	30,902,537	31,141,584	29,094,586	23,500,758	24,915,179
Public Works	21,600,547	28,548,328	16,544,970	16,422,312	15,614,059	18,170,065	20,307,873	16,128,749	15,484,410	17,038,012
Culture and Recreation	18,566,442	16,761,796	14,225,555	12,626,487	13,222,555	13,288,900	12,469,970	14,185,639	10,066,735	10,736,031
Community Development	9,387,538	9,185,772	6,791,401	6,052,053	5,790,513	4,841,160	4,138,818	4,942,418	4,895,091	4,931,161
Interest and related costs	5,249,050	4,837,555	3,060,076	3,369,155	3,186,711	3,452,278	3,031,328	2,147,709	1,782,295	1,581,846
Total Governmental Activities	119,982,333	120,721,958	90,089,790	88,960,423	86,115,385	85,087,514	82,858,403	78,834,077	67,082,854	71,595,425
Business-type Activities:										
Electric	67,262,610	64,555,032	59,858,694	58,937,546	61,751,695	65,188,585	63,111,205	63,449,764	63,912,747	62,408,788
Airport	30,913,977	26,113,474	25,084,353	22,106,092	23,077,643	23,490,832	21,861,382	20,368,534	19,753,724	20,288,983
Wastewater	10,232,376	7,262,698	6,893,650	6,403,096	-	-	-	-	-	-
Water	8,131,031	7,453,905	7,261,932	6,507,175	-	-	-	-	-	-
Stormwater	1,472,809	1,412,923	1,292,727	1,180,141	-	-	-	-	-	-
Nonmajor	-	-	-	-	16,145,046	22,087,293	22,752,348	22,126,474	20,803,532	19,931,149
Total Business-Type Activities	118,012,803	106,798,032	100,391,356	95,134,050	100,974,384	110,766,710	107,724,935	105,944,772	104,470,003	102,628,920
Total Expenses	237,995,136	227,519,990	190,481,146	184,094,473	187,089,769	195,854,224	190,583,338	184,778,849	171,552,857	174,224,345
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	5,681,331	5,344,012	5,248,259	5,374,748	5,413,493	5,783,844	4,470,554	5,204,079	5,043,853	5,289,088
Public Safety	7,153,269	7,406,852	6,495,660	6,034,683	7,875,882	6,364,052	5,899,089	5,737,200	6,997,158	5,587,200
Public Works	7,150,059	6,918,325	6,037,290	4,939,896	5,062,264	8,373,019	8,330,665	8,448,998	8,898,625	7,475,742
Culture and Recreation	5,494,110	16,761,796	4,309,440	2,824,720	3,745,290	4,650,473	4,485,817	4,068,846	4,277,482	4,074,232
Community Development	1,323,772	1,393,603	1,250,517	995,855	491,935	313,478	393,178	315,042	221,533	714,715
Operating Grants and Contributions	13,139,594	13,157,710	17,738,576	7,251,577	3,840,247	4,989,785	4,305,455	4,110,352	4,515,575	5,922,165
Capital Grants and Contributions	20,893,831	17,494,823	4,485,286	2,323,823	2,850,272	2,792,967	2,191,005	3,232,947	4,688,216	3,112,726
Total Governmental Activities	60,835,966	68,477,121	45,565,028	29,745,302	29,279,383	33,267,618	30,575,763	31,117,464	34,642,442	32,175,868
Business-type Activities:										
Charges for Services										
Electric	63,783,197	62,816,612	59,470,618	56,027,448	55,586,746	57,562,557	58,240,571	60,223,551	62,505,682	62,622,315
Airport	25,396,680	25,003,141	21,202,306	10,956,151	18,031,121	21,906,295	21,122,992	18,589,325	18,470,124	19,030,728
Wastewater	9,467,114	9,102,060	8,458,113	7,997,538	-	-	-	-	-	-
Water	8,908,200	8,464,522	7,817,029	7,460,606	-	-	-	-	-	-
Stormwater	2,060,709	1,808,078	1,736,917	1,654,802	-	-	-	-	-	-
Nonmajor	-	-	-	-	16,829,429	23,553,092	25,199,526	24,582,213	24,151,054	21,464,113
Operating Grants and Contributions	140,008	160,600	160,600	7,829,276	2,422,651	325,454	172,648	218,384	205,387	-
Capital Grants and Contributions	14,434,783	9,665,648	25,505,966	19,532,185	8,747,918	10,483,527	15,034,601	11,025,482	9,118,954	7,431,502
Total Business-type Activities	124,190,691	117,020,661	124,351,549	111,458,006	101,617,865	113,830,925	119,770,338	114,638,955	114,451,201	110,548,658
Total Program Revenues	185,026,657	185,497,782	169,916,577	141,203,308	130,897,248	147,098,543	150,346,101	145,756,419	149,093,643	142,724,526
Net (Expense)/Revenue										
Governmental Activities	(59,146,367)	(52,244,837)	(44,524,762)	(59,215,121)	(56,836,002)	(51,819,896)	(52,282,640)	(47,716,613)	(32,440,412)	(39,419,557)
Business-type Activities	6,177,888	10,222,629	23,960,193	16,323,956	643,481	3,064,215	12,045,403	8,694,183	9,981,198	7,919,738
Total Net Expense	\$ (52,968,479)	\$ (42,022,208)	\$ (20,564,569)	\$ (42,891,165)	\$ (56,192,521)	\$ (48,755,681)	\$ (40,237,237)	\$ (39,022,430)	\$ (22,459,214)	\$ (31,499,819)

CITY OF BURLINGTON, VERMONT
CHANGES IN NET POSITION (continued)
LAST TEN YEARS
(accrual basis of accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015 ⁽¹⁾
General Revenues										
Governmental Activities:										
Property Taxes	\$ 44,511,419	\$ 52,738,186	\$ 42,719,251	\$ 39,532,493	\$ 37,873,006	\$ 35,648,435	\$ 33,898,685	\$ 33,253,448	\$ 31,409,270	\$ 33,054,429
Gross Receipts Taxes	5,396,710	5,111,609	4,205,988	2,232,616	3,127,599	4,295,784	4,256,325	4,034,408	3,906,652	3,665,158
Local Option Sales Tax	3,076,346	3,031,484	2,878,650	2,472,926	2,500,822	2,519,691	2,537,181	2,329,007	2,239,937	2,179,587
Payments in Lieu of Taxes	1,771,890	1,695,326	1,517,590	1,356,734	5,749,014	5,726,314	5,466,512	5,248,985	5,079,036	2,395,762
Franchise Fees	2,484,593	2,505,165	2,076,281	2,076,347	2,075,759	2,137,957	2,142,580	2,161,617	2,376,990	2,128,227
Impact Fees	218,459	145,955	13,993	122,294	604,445	507,907	456,837	346,411	138,723	349,714
Interest and Penalties on Delinquent Taxes	725,941	575,384	497,304	611,103	431,415	498,980	400,071	303,370	339,034	356,550
Unrestricted Investment Earnings	3,352,615	1,657,351	(607,119)	391,205	911,468	723,079	334,817	249,012	193,991	100,725
Other Revenues	2,136,121	2,263,797	631,995	1,337,814	924,174	1,934,224	1,138,937	1,698,196	642,968	1,175,521
Additions to permanent funds	-	-	-	-	2,072	16,822	153	3,846	3,968	67,115
Special items	-	-	-	-	-	-	-	(2,154,349)	-	-
Transfers	3,187,348	3,055,346	3,770,452	4,500,179	22,175	7,930,536	-	-	-	28,921
Total Governmental Activities	66,861,442	72,779,583	57,704,385	54,633,711	54,221,949	61,939,729	50,632,098	47,473,951	46,330,569	45,501,709
Business-type Activities:										
Nonoperating grants	1,959,207	2,881,288	5,179,514	125,331	989,780	1,095,955	-	-	-	-
Unrestricted investment earnings (loss)	1,967,927	934,346	(133,927)	118,861	444,119	536,989	233,657	158,415	184,630	127,214
Dividends from associated companies	4,532,992	4,399,511	4,335,722	4,326,608	4,268,944	4,282,667	4,147,819	3,516,718	3,236,147	3,128,753
Other revenues	1,369,651	194,646	492,649	1,053,709	168,958	1,444,855	109,565	513,337	273,598	429,794
Special items	-	-	-	-	(795,851)	(606,888)	-	-	-	-
Transfers	(3,187,348)	(3,055,346)	(3,770,452)	(4,500,179)	(22,175)	(7,930,536)	-	-	-	(28,921)
Total Business-type Activities	6,642,429	5,354,445	6,103,506	1,124,330	5,053,775	(1,176,958)	4,491,041	4,188,470	3,694,375	3,656,840
Total Primary Government	73,503,871	78,134,028	63,807,891	55,758,041	59,275,724	60,762,771	55,123,139	51,662,421	50,024,944	49,158,549
Change in Net Position										
Governmental Activities	7,715,075	20,534,746	13,179,623	(4,581,410)	(2,614,053)	10,119,833	(1,650,542)	(242,662)	13,890,157	6,082,152
Business-type Activities	12,820,317	15,577,074	30,063,699	17,448,286	5,697,256	1,887,257	16,536,444	12,882,653	13,675,573	11,576,578
Total Change in Net Position	\$ 20,535,392	\$ 36,111,820	\$ 43,243,322	\$ 12,866,876	\$ 3,083,203	\$ 12,007,090	\$ 14,885,902	\$ 12,639,991	\$ 27,565,730	\$ 17,658,730

⁽¹⁾ School District was reclassified to Discretely Presented Component Unit due to change in legal entity structure.

CITY OF BURLINGTON, VERMONT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
All Governmental Funds										
Nonspendable	\$ 2,247,087	\$ 2,290,633	\$ 2,926,219	\$ 3,180,888	\$ 2,759,993	\$ 3,024,595	\$ 2,387,669	\$ 3,037,839	\$ 3,856,421	\$ 3,486,412
Restricted	53,227,980	66,362,405	21,271,175	25,293,971	36,941,442	33,756,452	29,439,449	18,528,173	10,330,002	9,525,627
Committed	992,253	1,603,795	2,026,118	2,120,363	5,070,945	4,370,914	5,796,567	5,559,637	5,915,503	4,133,553
Assigned	3,518,554	7,799,673	8,914,744	7,268,980	11,000,463	10,182,818	6,564,153	3,619,252	-	-
Unassigned	2,502,558	(6,005,281)	3,935,630	1,903,410	5,120,057	7,866,652	8,318,152	4,358,533	4,046,532	2,385,971
Total All Other Governmental Funds	\$ 62,488,432	\$ 72,051,225	\$ 39,073,886	\$ 39,767,612	\$ 60,892,900	\$ 59,201,431	\$ 52,503,990	\$ 35,103,434	\$ 24,148,458	\$ 19,531,563
General Fund										
Nonspendable	\$ 517,117	\$ 699,385	\$ 1,370,793	\$ 1,559,708	\$ 1,119,120	\$ 1,708,447	\$ 1,114,361	\$ 1,825,280	\$ 2,661,874	\$ 2,321,904
Restricted	980,827	1,788,355	2,342,852	2,097,488	4,929,072	207,221	568,007	560,372	38,500	17,265
Committed	732,802	738,507	861,380	892,949	576,734	467,314	577,407	1,209,754	2,779,209	1,624,950
Assigned	3,518,554	7,799,673	8,914,744	7,268,980	11,000,463	10,182,818	6,564,153	3,619,252	-	-
Unassigned	6,158,621	6,530,495	8,637,873	9,272,827	8,618,219	9,497,207	9,713,896	8,409,087	6,520,495	4,287,378
Total General Fund	\$ 11,907,921	\$ 17,556,415	\$ 22,127,642	\$ 21,091,952	\$ 26,243,608	\$ 22,063,007	\$ 18,537,824	\$ 15,623,745	\$ 12,000,078	\$ 8,251,497
All Other Governmental Funds										
Nonspendable	\$ 1,729,970	\$ 1,591,248	\$ 1,555,426	\$ 1,621,180	\$ 1,640,873	\$ 1,316,148	\$ 1,273,308	\$ 1,212,559	\$ 1,194,547	\$ 1,164,508
Restricted	55,418,431	64,574,050	17,924,106	23,196,483	32,012,370	33,549,231	28,871,442	17,967,801	10,291,502	9,508,362
Committed	259,451	865,288	1,164,738	1,227,414	4,494,211	3,903,600	5,219,160	4,349,883	3,136,294	2,508,603
Unassigned	(6,827,341)	(12,535,776)	(3,698,026)	(7,369,417)	(3,498,162)	(1,630,555)	(1,395,744)	(4,050,554)	(2,473,963)	(1,901,407)
Total All Other Governmental Funds	\$ 50,580,511	\$ 54,494,810	\$ 16,946,244	\$ 18,675,660	\$ 34,649,292	\$ 37,138,424	\$ 33,968,166	\$ 19,479,689	\$ 12,148,380	\$ 11,280,066

CITY OF BURLINGTON, VERMONT
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues										
Taxes	\$ 57,265,772	\$ 54,309,132	\$ 50,678,266	\$ 44,557,992	\$ 43,387,460	\$ 43,233,045	\$ 40,923,397	\$ 39,781,518	\$ 39,097,706	\$ 38,770,459
Payments in lieu of taxes	1,771,890	1,695,326	1,517,590	1,356,734	5,749,014	5,726,314	5,466,512	5,248,985	5,079,036	2,395,762
Licenses and permits	4,163,133	4,713,220	3,844,029	3,303,733	4,011,578	4,505,473	4,749,082	5,570,707	5,082,269	3,866,933
Intergovernmental	31,875,451	28,673,585	20,687,620	7,884,093	4,444,005	6,069,799	7,155,317	6,857,683	8,569,938	8,717,811
Charges for services	25,342,460	24,034,455	21,587,412	19,064,811	20,863,873	23,667,671	21,987,715	21,090,765	21,499,084	21,781,930
Contributions	1,965,049	1,950,989	1,364,390	1,605,268	684,238	884,119	815,074	1,373,500	538,878	-
Investment income (loss)	3,352,615	1,657,351	(607,119)	391,204	911,468	723,081	340,281	249,013	193,993	100,725
Loan repayments	192,925	27,959	171,851	86,038	89,536	884,262	87,177	57,357	104,033	122,544
Other revenue	1,521,209	2,030,993	631,992	929,764	926,249	1,623,512	883,075	585,799	601,849	1,230,412
Total Revenues	127,450,504	119,093,010	99,876,031	79,179,637	81,067,421	87,317,276	82,407,630	80,815,327	80,766,786	76,986,576
Expenditures										
Current:										
General government	21,235,429	21,686,955	18,961,152	14,652,152	13,359,906	13,387,383	11,467,656	12,202,374	11,400,333	11,158,205
Public safety	35,683,952	33,389,941	31,253,528	30,618,604	30,917,348	28,614,540	27,882,465	26,493,268	25,561,099	24,668,195
Public works	11,276,409	9,927,739	8,905,220	8,095,161	11,354,670	10,670,815	10,249,398	11,991,808	9,788,601	9,455,450
Culture and Recreation	16,166,521	14,309,409	12,836,743	10,746,269	11,996,243	13,319,453	12,175,770	11,241,909	12,100,903	11,624,098
Community development	9,086,065	8,040,473	6,608,656	5,771,944	4,461,396	4,465,263	3,839,541	4,636,189	4,125,042	4,081,123
Capital Outlay ⁽¹⁾	41,835,263	42,237,128	20,441,729	23,328,941	16,750,497	14,710,892	20,194,752	11,062,639	13,179,734	9,483,616
Debt Service:										
Principal	9,124,182	7,210,416	6,861,070	11,551,630	6,293,729	7,026,187	4,996,847	4,545,560	4,117,610	3,373,102
Interest and bond issue costs	6,068,404	4,728,177	3,342,603	3,507,889	4,204,442	3,354,995	2,642,648	2,094,364	1,805,722	1,568,269
Total Expenditures	150,476,225	141,530,238	109,210,701	108,272,590	99,338,231	95,549,528	93,449,077	84,268,111	82,079,044	75,412,058
Excess (Deficiency) of Revenues over (under) Expenditures	(23,025,721)	(22,437,228)	(9,334,670)	(29,092,953)	(18,270,810)	(8,232,252)	(11,041,447)	(3,452,784)	(1,312,258)	1,574,518
Other Financing Sources (Uses)										
Issuance of bonds and loans	8,860,000	45,635,000	1,750,000	-	9,225,000	6,113,659	24,739,547	10,966,360	5,062,083	5,934,807
Issuance of refunding debt	-	-	-	-	20,639,850	-	-	2,545,000	8,785,000	-
Bond premium	974,599	6,491,513	289,792	-	2,214,241	404,347	2,689,456	1,067,582	1,138,975	-
Payment to refunding escrow	-	-	-	-	(12,138,987)	-	-	(2,837,850)	(10,044,139)	-
Sale of capital assets	614,915	232,798	-	-	-	-	-	949,986	-	-
Issuance of leases	-	-	-	3,467,485	-	479,151	1,015,000	1,699,383	987,234	683,718
Issuance of equipment notes	576,066	-	2,830,700	-	-	-	-	-	-	-
Transfers in	5,749,197	10,337,440	10,903,471	10,273,734	7,704,985	13,140,055	3,993,825	2,804,088	4,532,340	4,363,550
Transfers out	(3,311,849)	(7,282,094)	(7,133,019)	(5,773,554)	(7,682,810)	(5,209,519)	(3,993,825)	(2,804,088)	(4,532,340)	(4,334,629)
Total Other Financing Sources (Uses)	13,462,928	55,414,657	8,640,944	7,967,665	19,962,279	14,927,693	28,444,003	14,390,461	5,929,153	6,647,446
Net Change in Fund Balances	\$ (9,562,793)	\$ 32,977,429	\$ (693,726)	\$ (21,125,288)	\$ 1,691,469	\$ 6,695,441	\$ 17,402,556	\$ 10,937,677	\$ 4,616,895	\$ 8,221,964
Debt Service as a Percentage of Noncapital Expenditures⁽²⁾	13.44%	10.33%	11.08%	17.02%	12.90%	13.11%	10.00%	9.00%	8.70%	7.40%

⁽²⁾ Certain capital expenditures from various functions have been capitalized on the Statement of Net Position.

⁽³⁾ Capital outlay purchases from the reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities are used to calculate this ratio.

CITY OF BURLINGTON, VERMONT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Total Direct Tax Rate</u>
2024	\$ 5,855,225,293	\$ 5,855,225,293	0.7523
2023	5,811,000,016	5,811,000,016	0.7082
2022	5,770,209,118	5,770,209,118	0.6701
2021	3,915,820,752	5,378,760,856	0.8995
2020	3,866,923,799	5,171,758,458	0.8714
2019	3,837,641,750	4,770,128,090	0.8303
2018	3,821,048,690	4,607,608,267	0.7971
2017	3,787,167,109	4,474,474,608	0.7826
2016	3,736,048,309	4,267,608,304	0.7926
2015	3,646,921,910	4,137,177,436	0.7958

Source: Most recent Official Statement

As of April 1, 2021 a general reappraisal updated all assessments to 100% of actual value.

CITY OF BURLINGTON, VERMONT
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	City of Burlington	After Act 68			
		State-wide Education Taxes		Total Taxes	
		Residential	Nonresidential	Residential	Nonresidential
2024	0.7523	1.4485	1.4591	2.2008	2.2114
2023	0.7082	1.3891	1.4041	2.0973	2.1123
2022	0.6701	1.4553	1.5306	2.1254	2.2007
2021	0.8995	2.0576	2.1773	2.9571	3.0768
2020	0.8714	1.9368	2.0528	2.8082	2.9242
2019	0.8303	1.8498	1.9765	2.6801	2.8068
2018	0.7971	1.7903	1.8624	2.5874	2.6595
2017	0.7826	1.7237	1.8161	2.5063	2.5987
2016	0.7926	1.6544	1.7535	2.4470	2.5461
2015	0.7958	1.6358	1.7187	2.4316	2.5145

Notes:

Tax rates are per \$100 of assessed value.

Source: Most recent Official Statement

CITY OF BURLINGTON, VERMONT
PRINCIPAL PROPERTY OWNERS
CURRENT YEAR AND NINE YEARS AGO

Rank	Taxpayer	2024		2015*		
		Taxable Assessed Value	Percentage of Total Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total Assessed value
1	UNIVERSITY OF VERMONT STATE AG. COLLEGE	\$35,810,400	0.61%			
2	DIAMONDROCK BURLINGTON OWNER L	33,201,000	0.57%			
3	FORTIETH BURLINGTON LLC	32,400,000	0.55%			
4	BAYBERRY, LLC	30,953,400	0.53%			
5	NEW NORTHGATE HOUSING LLC	27,508,500	0.47%			
6	LAKESIDE OVENS LLC	26,600,760	0.45%			
7	ANTONIO B POMERLEAU LLC	25,492,680	0.44%			
8	CITYPLACE PARTNERS, LLC	25,321,200	0.43%			
9	BURLINGTON ELECTRIC DEPARTMENT	23,136,200	0.40%			
10	BURLINGTON HARBOR HOTEL GP LLC	18,907,320	0.32%			
11	VERMONT GAS SYSTEMS INC	18,273,155	0.31%			
12	HOWARD OPERA HOUSE ASSOC LLC	17,581,680	0.30%			
13	41 CHERRY STREET LLC	17,449,920	0.30%			
14	CATAMOUNT/VAN NESS, LLC	16,653,840	0.28%			
15	98 STARR FARM ROAD LLC	16,022,160	0.27%			
16	VERMONT ELECTRIC POWER CO	15,544,223	0.27%			
17	UNIVERSITY OF VERMONT CAMPUS PLANNING SERVICES	14,130,100	0.24%			
18	375 NORTH AVENUE LLC	28,018,940	0.48%			
19	NEDDE/BANK LLC	11,983,250	0.20%			
20	INVESTORS CORPORATION OF VT	11,922,480	0.20%			
		\$ 446,911,208	7.63%			

Source: City Assessor's Office

*Information from 2015 was not available

CITY OF BURLINGTON, VERMONT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-type Activities						Estimated Population ⁽¹⁾	Debt per Capita	Percentage of Personal Income ⁽²⁾
	Bonds and Loans		Payable, Unamortized Premiums, and Discounts		Equipment Notes Payable		Lease Payable		Total Debt Outstanding				
	Unamortized Discounts	Equipment Notes Payable	Unamortized Discounts	Equipment Notes Payable	Unamortized Discounts	Equipment Notes Payable							
2024	\$ 123,415,108	\$ 3,811,277	\$ 128,120,436	\$ 3,524,628	\$ 1,311,257	\$ 260,182,706	44,528	\$ 5,843	14.97%				
2023	122,302,850	4,511,182	135,176,664	4,171,589	1,504,836	267,667,121	44,595	6,002	15.88%				
2022	76,206,371	5,963,839	137,972,742	5,111,198	1,696,308	226,950,458	44,781	5,068	14.88%				
2021	80,030,613	4,580,268	117,812,996	3,777,316	-	206,201,193	44,743	4,609	16.18%				
2020	91,370,787	1,790,582	123,531,506	4,508,623	-	221,201,498	42,819	5,166	19.06%				
2019	77,932,346	2,465,159	128,394,863	4,650,126	-	213,442,494	42,899	4,975	19.72%				
2018	60,657,254	2,738,077	129,068,211	10,890,570	-	203,354,112	42,239	4,814	19.08%				
2017	52,906,348	2,301,048	127,683,406	7,319,392	-	190,210,194	44,020	4,321	17.12%				
2016	45,636,800	1,206,228	132,072,254	6,553,118	-	185,468,400	42,452	4,369	17.31%				
2015	46,423,144	1,086,318	131,660,511	6,834,297	-	186,004,270	42,452	4,382	17.40%				

⁽¹⁾ United States Census Bureau

⁽²⁾ Personal income is disclosed in Demographic and Economic Indicators Table

CITY OF BURLINGTON, VERMONT
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	Total Debt*	Less: Debt Payable from Enterprise Fund Revenues	Net Governmental Debt		Population ⁽¹⁾	Debt per Capita	Assessed Value	Ratio of Net Debt to Assessed Value
2024	\$ 251,535,544	\$ 128,120,436	\$ 123,415,108		44,528	\$ 2,772	\$ 5,855,225,293	2.11%
2023	257,479,514	135,176,664	122,302,850		44,595	2,743	5,811,000,016	2.10%
2022	214,179,113	137,972,742	76,206,371		44,781	1,702	5,770,209,118	1.32%
2021	201,620,925	121,590,312	80,030,613		44,743	1,789	3,915,820,752	2.04%
2020	219,410,916	128,040,129	91,370,787		42,819	2,134	3,866,923,799	2.36%
2019	210,977,335	133,044,989	77,932,346		42,899	1,817	3,837,641,750	2.03%
2018	200,616,035	139,958,781	60,657,254		42,239	1,436	3,821,048,690	1.59%
2017	187,909,146	135,002,798	52,906,348		44,020	1,202	3,787,167,109	1.40%
2016	184,262,172	138,625,372	45,636,800		42,452	1,075	3,736,048,309	1.22%
2015	184,917,952	138,494,808	46,423,144		42,452	1,094	3,646,921,910	1.27%

* Does not include equipment notes and leases

Sources: Each respective *Annual Comprehensive Financial Report* and the United States Census Bureau (as indicated below).

⁽¹⁾ United States Census Bureau

CITY OF BURLINGTON, VERMONT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2024

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to the City	Amount Applicable to the City of Burlington
Direct:			
City of Burlington - Bonds and Loans	\$ 123,415,108	100.0%	\$ 123,415,108
City of Burlington - Equipment Notes Payable	3,811,277	100.0%	<u>3,811,277</u>
Subtotal - Direct Debt			<u>127,226,385</u>
Overlapping:			
Burlington School District		100.0%	<u>175,150,000</u>
Subtotal - Overlapping Debt			<u>175,150,000</u>
Grand Total Direct and Overlapping Debt			<u><u>\$ 302,376,385</u></u>

Source: Outstanding debt for the Burlington School District is from the financial statements of the School District reported a discretely presented component unit for the City of Burlington.

Note: The Burlington School District is within geographic boundaries of the City. The debt of this overlapping government is borne by the property taxpayers of the City. When considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account.

Enterprise funds debt is excluded from the City's direct debt above as that is being repaid with user fees.

CITY OF BURLINGTON, VERMONT
LEGAL DEBT MARGIN INFORMATION - GOVERNMENTAL ACTIVITIES
JUNE 30, 2024

Grand List Valuation	\$ 5,855,225,293
Legal Debt Margin:	
Debt Limitation - Ten Percent of Last Grand List	585,522,529
Debt Applicable to Limitation	<u>123,415,108</u>
Legal Debt Margin	<u>\$ 462,107,421</u>
Debt as Percentage of Debt Limit	<u>21.08%</u>

LEGAL DEBT MARGIN
PRECEDING NINE YEARS

Fiscal Year	Debt Limit	Applicable Debt	Legal Debt Margin	Debt as Percentage of Debt Limit
2024	\$ 585,522,529	\$ 123,415,108	\$ 462,107,421	21.08%
2023	581,100,002	122,302,850	458,797,152	21.05%
2022	577,020,912	76,206,371	500,814,541	13.21%
2021	533,352,710	80,030,613	453,322,097	15.01%
2020	387,308,720	91,370,787	295,937,933	23.59%
2019	382,748,400	77,932,346	304,816,054	20.36%
2018	382,104,869	60,657,254	321,447,615	15.87%
2017	378,715,711	52,906,348	325,809,363	13.97%
2016	377,855,052	45,636,800	332,218,252	12.08%
2015	373,604,831	46,423,144	327,181,687	12.43%

Source: Most recent Official Statement

CITY OF BURLINGTON, VERMONT
AIRPORT ENTERPRISE FUND BOND COVERAGE
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Gross Revenues*	Operating Expenses*	Net Revenues (as defined)		PFC Revenues Available for		Funds Available for		25% PFC Revenue For		Adjusted funds Available for		Debt Service Coverage	Adjusted Debt Service Coverage
					DS	DS	DS	DS	DS coverage	DS	DS			
2024	\$ 23,779	\$ 18,088	\$ 5,691	1,005	6,696	251	6,947	3,721	1.80	1.87				
2023	22,655	16,559	6,096	N/A	N/A	N/A	N/A	N/A	N/A	N/A				
2022	21,371	14,625	6,746	N/A	N/A	N/A	N/A	N/A	N/A	N/A				
2021	16,763	12,943	3,820	1,128	4,948	282	5,230	3,605	1.37	1.45				
2020	18,377	14,462	3,915	832	4,747	208	4,955	3,610	1.31	1.37				
2019	18,347	13,838	4,509	981	5,490	245	5,735	3,660	1.50	1.57				
2018	17,716	13,404	4,312	1,180	5,492	295	5,787	3,662	1.50	1.58				
2017	16,625	12,327	4,298	1,176	5,474	294	5,768	3,650	1.50	1.58				
2016	16,677	12,376	4,301	1,087	5,388	272	5,660	3,386	1.59	1.67				
2015	16,933	12,347	4,586	1,284	5,870	321	6,191	3,956	1.48	1.56				

*Using Operating Revenue / Expenses only, as calculated in the Airport audit.

Note: Debt service coverage is not applicable for fiscal years 2022-2023 due to refinancing that eliminated debt service payments in fiscal years 2022-2023

Source: Data from each respective Annual Financial Report.

CITY OF BURLINGTON, VERMONT
DEMOGRAPHIC AND ECONOMIC INDICATORS
LAST TEN YEARS

Calendar Year	Population ^(1, 2)	Per Capita Income ^{(1, 2)*}	Personal Income	State-wide Per Capita Income ⁽³⁾	State-wide Median Family Income ⁽¹⁾	Unemployment Rate			High School Graduation Rate ⁽²⁾
						Burlington City ⁽³⁾	State-wide ⁽³⁾	Enrollment Grades 9-12 ⁽²⁾	
2024	44,528	\$ 39,027	\$ 1,737,794,256	\$ 44,365	\$ 68,854	1.70%	2.10%	1,023	84%
2023	44,595	37,789	1,685,200,455	41,680	64,931	1.80%	1.90%	946	76%
2022	44,781	34,054	1,524,972,174	37,903	67,674	2.00%	2.60%	979	73%
2021	44,743	28,480	1,274,280,640	58,650	61,973	2.80%	5.60%	988	70%
2020	42,819	27,105	1,160,608,995	53,805	60,076	8.70%	9.50%	990	74%
2019	42,899	25,231	1,082,384,669	53,523	58,214	1.90%	2.10%	1,005	84%
2018	42,239	25,234	1,065,858,926	54,173	50,324	1.30%	2.70%	1,029	89%
2017	44,020	25,234	1,110,800,680	52,225	57,513	2.10%	2.70%	1,048	91%
2016	42,452	25,234	1,071,233,768	49,984	56,154	3.10%	3.60%	1,067	88%
2015	42,452	25,188	1,069,280,976	47,214	54,447	3.20%	4.10%	1,070	96%

Sources:

⁽¹⁾ United States Census Bureau

⁽²⁾ Vermont Economic-Demographic Profile

*Using MFRA Data

⁽³⁾ Vermont Department of Labor, Economic & Labor Market Information

CITY OF BURLINGTON, VERMONT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	Calendar Year 2024			Calendar Year 2015		
	Employees ^(1,2)	Rank	Percentage of Total City Employment ⁽³⁾	Employees ⁽⁴⁾	Rank	Percentage of Total City Employment ⁽³⁾
The University of Vermont Health Network	7,500	1	29.67%	7,574	1	17.30%
University of Vermont	5,566	2	22.02%			
Champlain College	1,514	3	5.99%			
Price Chopper Operating Co. of Vermont Inc.	1,251	4	4.95%			
Burton Snowboards	600	5	2.37%			
Independent Brewers United	573	6	2.27%			
City of Burlington	543	7	2.15%			
Blodgett Oven Company	350	8	1.38%			
The Skinny Pancake	350	9	1.38%			
Citizen Cider	300	10	1.19%			
Global Foundries				3,000	2	6.85%
City of Burlington and Burlington School District				1,457	3	3.33%
Howard Center				1,015	4	2.32%
People's United Bank				917	5	2.09%
Dealer.com				838	6	1.91%
Adecco				775	7	1.77%
Ben & Jerry's Homemade, Inc.				735	8	1.68%
GE Healthcare				700	9	1.60%
Green Mountain Power Corp				549	10	1.25%
	18,547		73.36%	17,560		40.10%

- (1) Zippia
(2) Vermont Business Magazine, Vermont Business Directory
(3) Vermont Department of Labor
(4) Burlington Area Businesses

CITY OF BURLINGTON, VERMONT
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Full-time Equivalent Employees										
General Government:										
Mayor's Office	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Clerk/Treasurer's Office	25.00	25.00	24.85	20.15	18.78	18.80	20.00	20.00	26.51	21.00
Payroll	4.00	4.00	3.25	3.25	3.85	3.85	4.00	4.00	4.00	4.00
Information Technology	8.00	8.00	7.00	7.00	7.00	6.00	6.00	6.00	4.00	6.00
City Attorney's Office	9.00	9.00	9.50	8.50	8.60	9.00	8.50	8.00	8.00	8.00
Human Resources	9.00	9.00	8.00	6.00	8.00	7.00	7.00	6.00	6.00	5.50
Racial Equity Inclusion & Belonging	10.00	11.00	11.00	12.00	-	-	-	-	-	-
City Assessor	5.00	5.00	5.00	5.00	4.00	3.00	3.00	3.00	3.00	3.00
Planning and Zoning	5.00	5.00	6.00	6.00	7.00	8.00	8.00	8.00	8.00	8.00
GF-CEDO	10.71	11.06	13.77	5.97	6.97	6.03	5.34	4.68	1.70	-
Business & Workflow Development	7.30	4.50	-	-	-	-	-	-	-	-
Public Safety:										
Fire	100.00	93.00	92.80	93.80	83.80	85.80	84.80	81.80	80.80	79.80
Police	141.00	134.00	121.70	121.70	146.70	147.70	144.70	141.20	139.20	136.20
DPW Inspection	-	-	-	-	-	4.00	5.00	5.00	5.00	4.00
Permitting and Inspections	20.00	20.00	21.00	21.00	21.00	12.00	12.00	12.00	12.00	12.00
Public Works:										
Highways	50.50	48.15	51.35	52.35	44.35	41.35	42.55	43.45	43.45	42.90
Public Works Administration	5.00	5.00	5.00	5.00	6.00	6.00	5.00	4.00	4.00	4.00
Culture and Recreation	104.83	100.90	103.00	100.00	87.88	90.00	90.50	88.00	85.00	81.80
General Fund Total	518.34	496.61	487.22	471.72	457.93	452.53	450.39	439.13	434.66	420.20
Burlington Electric	122.60	117.60	117.60	117.60	118.00	118.00	129.00	129.00	131.90	125.00
Burlington Telecom	-	-	-	-	-	-	30.00	24.00	26.00	25.00
Burlington International Airport	59.00	49.00	49.00	54.00	51.80	51.40	51.00	39.50	39.00	42.00
Water*	35.35	33.00	33.00	32.25	30.25	24.50	24.50	-	-	-
Stormwater*	1.30	1.00	1.00	1.65	1.65	2.90	2.50	-	-	-
Wastewater*	17.35	18.00	18.00	16.25	15.25	16.25	15.65	-	-	-
Total Employees	753.94	715.21	705.82	693.47	674.88	665.58	703.04	631.63	631.56	612.20

* Note: The table above excludes Special Revenue Departments

CITY OF BURLINGTON, VERMONT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Government:										
Full-time equivalent positions filled	518.34	496.61	487.22	471.72	457.93	452.53	450.39	439.13	434.66	420.20
Tax bills mailed	10,654	10,687	10,686	10,629	10,700	10,682	10,686	10,670	10,714	10,737
Active recreation programs	362	377	266	254	311	286	290	283	285	-
Recreation participants	5,629	5,840	5,014	5,075	4,979	5,381	2,148	4,863	4,762	-
Birth certificates recorded	2,264	2,216	2,310	2,144	2,135	2,328	2,145	2,283	2,177	2,252
Marriage licenses recorded	438	395	387	265	320	377	360	375	229	401
Death certificates recorded	947	1,032	1,141	983	934	943	992	947	489	1,045
Dog licenses issued	846	935	915	855	828	946	1,082	1,153	1,175	1,256
Public Safety:										
Total cases	31,154	27,969	22,723	21,310	26,953	28,848	29,684	30,517	28,608	28,243
Number of traffic tickets	365	200	301	259	423	467	632	803	1,990	1,938
Number of traffic warnings	864	301	293	738	1,461	1,703	2,095	2,289	3,507	4,822
Fire incident responses	10,995	10,349	9,261	7,539	8,137	8,229	7,895	7,598	7,305	7,338
Water System:										
Average daily consumption (gallons)	3,625,000	3,816,000	3,955,000	3,849,000	3,716,000	3,640,000	3,638,333	3,703,666	3,753,328	3,976,008
Wastewater System:										
Average daily treatment (gallons)	6,180,000	5,350,000	5,484,000	4,182,000	4,938,000	6,153,000	5,288,000	4,722,000	4,917,000	5,132,000
Sludge disposed (tons)	9,508	9,490	9,535	9,086	9,093	9,928	9,467	8,651	8,633	8,583
Burlington International Airport										
Enplanements	644,693	649,309	545,853	186,799	519,874	693,208	623,489	597,799	595,244	600,402
Burlington Electric Department										
Sales to Customers - KwH (MM)	322	317	320	317	315	331	330	336.2	338.2	336.2

CITY OF BURLINGTON, VERMONT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Government:										
Number of general government buildings	3	3	3	3	3	3	3	3	3	3
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of police vehicles	46	49	44	44	44	45	45	45	45	45
Number of fire stations	5	5	5	5	5	5	5	5	5	5
Number of fire vehicles	22	22	22	22	23	20	20	20	28	27
Public Works:										
Number of public works buildings	2	2	2	2	2	2	2	2	2	2
Miles of streets	95	95	95	95	95	95	95	95	95	95
Miles of sidewalks	130	130	130	130	130	130	130	130	130	127
Culture and Recreation:										
Number of culture and recreation facilities	4	4	4	4	4	6	6	6	6	5
Acres of parks	520	520	520	520	520	540	540	540	540	540
Water:										
Number of water treatment facilities	3	3	3	3	3	3	3	3	3	3
Miles of water mains	110	110	110	110	110	110	110	110	110	110
Wastewater:										
Number of wastewater facilities	3	3	3	3	3	3	3	3	3	3
Miles of sanitary sewers	89	89	89	89	89	89	89	89	89	89
Burlington International Airport:										
Number of facilities	24	24	23	23	23	23	23	23	23	23
Burlington Electric Department:										
Number of facilities	10	10	10	10	10	10	10	10	12	12

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APPENDIX B

Audited Financial Statements – Burlington School District for FY 2024

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Federal Compliance Audit

Burlington School District

June 30, 2024



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BURLINGTON SCHOOL DISTRICT

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JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Burlington School District
Burlington, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Burlington School District, a department of the City of Burlington, Vermont, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Burlington School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Burlington School District as of June 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Burlington School District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Burlington School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 5 through 13 and 78 through 88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Burlington School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally

accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Emphasis of Matter

As discussed in Note 1 of Notes to Financial Statements, the financial statements of the Burlington School District are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Burlington, Vermont that is attributable to the transactions of the Burlington School District. They do not purport to and do not present fairly the financial position of the City of Burlington, Vermont as of June 30, 2024, the changes in its financial position or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2025, on our consideration of the Burlington School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Burlington School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Burlington School District's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
January 21, 2025

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

(UNAUDITED)

The following management's discussion and analysis of the Burlington School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the School District's financial statements.

Financial Statement Overview

The School District'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 a general fund budgetary comparison schedule, pension and OPEB related information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the above-mentioned financial statements have separate columns for the two different types of the School District's activities. The types of activities presented for the School District are:

- *Governmental activities* - The activities in this section are mostly supported by intergovernmental revenues (federal and state grants). Most of the School District's basic services are reported in regular instruction, special education instruction, other instruction programs, student support services, staff support services, general administration, school administration, centralized services, operations and maintenance, transportation services, employee benefits, program expenses and community services.
- *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 School District include the food service, aviation and continuing education.

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 School District, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the School District can be classified into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds: Most of the basic services provided by the School District 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 School District's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the School District.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the

governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The School District presents four columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The School District's three major funds are the general fund, debt service fund and capital projects fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

For auditing purposes, the School District's general fund is an aggregation of a series of general funds. The most important and by far the largest of these funds is what the School District refers to as Fund 1001 General Fund. 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 all of the aggregated general fund, not simply Fund 1001, for the current year.

Proprietary Funds: The School District maintains three proprietary funds, the food service, aviation and continuing education. 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 School District. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the School District's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

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

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis -

Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability - VSTRS, Schedule of Contributions - VSTRS, Schedule of Changes in Net Pension Liability and Related Ratios - Burlington Employees' Retirement System, Schedule of Contributions - Burlington Employees' Retirement System, Schedule of Investment Returns - Burlington Employees' Retirement System, Schedule of Proportionate Share of the Net OPEB Liability - VSTRS, Schedule of Contributions - VSTRS OPEB, Schedule of Changes in Net OPEB Liability - Burlington Employees' Retirement System OPEB Plan, Schedule of Changes in Net OPEB Liability and Related Ratios - Burlington Employees' Retirement System OPEB Plan and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining schedules provide information in regard to nonmajor funds.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in the net position of the School District's governmental activities. The School District's total net position for governmental activities increased by \$20,924,529 from \$22,785,518 to \$43,710,047. The School District's total net position for business-type activities decreased by \$614,104 from \$1,275,444 to \$661,340.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased for governmental activities to a balance of \$2,109,355 at the end of this year. Unrestricted net position for business-type activities decreased to a balance of \$581,801.

Table 1
Burlington School District
Net Position
June 30,

	Governmental Activities		Business-type Activities	
	2024	2023	2024	2023
Assets:				
Current Assets	\$ 43,363,089	\$ 23,239,973	\$ 624,934	\$ 1,244,956
Restricted Cash	106,048,104	10,997,619	-	-
Noncurrent Assets - Capital Assets	111,334,925	63,007,677	79,539	69,340
Total Assets	<u>260,746,118</u>	<u>97,245,269</u>	<u>704,473</u>	<u>1,314,296</u>
Deferred Outflows of Resources	<u>3,637,866</u>	<u>3,563,459</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current Liabilities	17,318,842	13,957,800	41,633	38,852
Noncurrent Liabilities	201,899,490	63,041,999	-	-
Total Liabilities	<u>219,218,332</u>	<u>76,999,799</u>	<u>41,633</u>	<u>38,852</u>
Deferred Inflows of Resources	<u>1,455,605</u>	<u>1,023,411</u>	<u>1,500</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	28,468,532	16,990,224	79,539	69,340
Restricted: Debt service fund	12,045,763	11,697,619	-	-
Special revenue funds	1,060,517	1,539,848	-	-
Permanent funds	25,880	25,867	-	-
Unrestricted (deficit)	2,109,355	(7,468,040)	581,801	1,206,104
Total Net Position	<u>\$ 43,710,047</u>	<u>\$ 22,785,518</u>	<u>\$ 661,340</u>	<u>\$ 1,275,444</u>

Revenues and Expenses

Revenues for the Burlington School District's governmental activities increased by 19.68%, while total expenses increased by 1.84%. The increase in revenues was primarily due to operating grants and contributions, general state support and investment income. The largest increases in expenses were in special education instruction, operations and maintenance, payments made on-behalf of the School District by the State of Vermont, program expenses and interest on long-term debt.

Revenues for the School District's business-type activities decreased by 4.26%, while total expenses decreased by 1.25%.

Table 2
Burlington School District
Changes in Net Position
For the Years Ended June 30,

	Governmental Activities		Business-type Activities	
	2024	2023	2024	2023
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 3,024,772	\$ 2,563,230	\$ 53,964	\$ 57,369
Operating grants and contributions	63,941,067	48,245,129	2,754,084	2,855,914
<i>General Revenues:</i>				
General state support	78,190,176	73,291,316	-	-
Investment income	4,847,072	1,260,791	-	-
Gains/(losses) on capital assets	7,392	225,581	-	-
Miscellaneous	899,717	506,512	75,766	98,740
Total Revenues	150,910,196	126,092,559	2,883,814	3,012,023
Expenses				
Regular instruction	28,378,850	35,357,014	-	-
Special education instruction	16,022,651	14,381,883	-	-
Other instructional programs	1,226,338	1,040,115	-	-
Student support services	7,132,341	6,342,615	-	-
Staff support services	5,242,376	4,725,900	-	-
General administration	772,270	825,016	-	-
School administration	4,253,319	4,458,947	-	-
Centralized services	2,209,022	2,158,463	-	-
Operations and maintenance	8,233,751	7,027,372	-	-
Transportation services	1,382,272	1,396,112	-	-
Employee benefits	598,736	224,669	-	-
On-behalf payments	25,435,387	22,360,778	-	-
Program expenses	18,409,670	17,358,864	236,712	242,288
Community services	-	16,511	-	-
Unallocated depreciation	4,214,981	4,538,635	-	-
Interest on long-term debt	6,323,311	2,070,382	-	-
Food service	-	-	3,411,598	3,452,089
Capital outlay	-	3,203,672	-	-
Total Expenses	129,835,275	127,486,948	3,648,310	3,694,377
Special items:				
Transfers	(150,392)	(176,497)	150,392	176,497
Total Special items	(150,392)	(176,497)	150,392	176,497
Change in Net Position	20,924,529	(1,570,886)	(614,104)	(505,857)
Net Position - July 1	22,785,518	24,356,404	1,275,444	1,781,301
Net Position - June 30	\$ 43,710,047	\$ 22,785,518	\$ 661,340	\$ 1,275,444

Financial Analysis of the School District's Fund Statements

Governmental funds: The financial reporting focus of the School District'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 School District's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
Burlington School District
Fund Balances - Governmental Funds
June 30,

	<u>2024</u>	<u>2023</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 359,578	\$ 266,132	\$ 93,446
Committed	14,626,500	14,854,019	(227,519)
Unassigned	2,400,000	2,400,000	-
Total General Fund	<u>\$ 17,386,078</u>	<u>\$ 17,520,151</u>	<u>\$ (134,073)</u>
Debt Service Fund:			
Restricted	\$ 12,045,763	\$ 11,697,619	\$ 348,144
Total Debt Service Fund	<u>\$ 12,045,763</u>	<u>\$ 11,697,619</u>	<u>\$ 348,144</u>
Capital Projects Fund:			
Restricted	\$ 108,805,570	\$ -	\$ 108,805,570
Unassigned (deficit)	-	(6,382,350)	6,382,350
Total Capital Projects Fund	<u>\$ 108,805,570</u>	<u>\$ (6,382,350)</u>	<u>\$ 115,187,920</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 1,060,517	\$ 1,539,848	\$ (479,331)
Assigned	382,976	366,299	16,677
Unassigned (deficit)	-	(27,833)	27,833
Permanent Funds:			
Restricted	25,880	25,867	13
Total Nonmajor Funds	<u>\$ 1,469,373</u>	<u>\$ 1,904,181</u>	<u>\$ (434,808)</u>

The changes in total fund balances for the general fund, debt service fund capital projects fund and the aggregate nonmajor funds occurred due to the regular activity of operations. The change in total fund balance for the capital project fund is due to bond proceeds for the construction of a new high school and technical center.

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

The proprietary funds had an operating deficit of \$764,496 for the year ended June 30, 2024 compared with \$682,354 of a deficit in the prior year.

Budgetary Highlights

The differences between the original and final budget for the general fund were due to the use of committed fund balances for planned projects.

For auditing purposes, the School District's general fund is an aggregation of a series of general funds. The most important and by far the largest of these funds is what the School District refers to as Fund 1001 General Fund.

Actual revenues to Fund 1001 General Fund were above budgeted amounts and actual expenditures from Fund 1001 General Fund were below budgeted amounts. Consequently, the School District produced a surplus in Fiscal Year 2024. This surplus is reflected in the School District's fund balance. For the year ended June 30, 2024, the unassigned fund balance is \$2,400,000. The unassigned fund balance is available for use in future budgets.

Capital Asset and Long-Term Debt Activity

Capital Assets

As of June 30, 2024, the School District capital assets increased by \$48,337,447. This increase was due to capital additions of \$52,588,324, less net disposals of \$8,535 and current year depreciation expense of \$4,242,342.

Table 4
Burlington School District
Capital Assets (Net of Depreciation)
June 30,

	2024	2023
Land	\$ 2,251,677	\$ 2,251,677
Construction in progress	66,791,447	15,285,693
Buildings and improvements	40,408,237	41,409,483
Furniture, fixtures and equipment	832,348	812,694
Vehicles	410,588	509,279
Right of use lease assets	720,167	2,808,191
Total	<u>\$111,414,464</u>	<u>\$ 63,077,017</u>

Debt

At June 30, 2024, the School District had \$191,671,963 in bonds, bond premiums payable and lease liabilities versus \$46,017,453 in the prior fiscal year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The School District is not aware of any factors that could severely impact its future economic condition.

The School District noted a subsequent event as a currently known fact. Refer to Note 21 of Notes to the Financial Statements for more detailed information.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School District at 150 Colchester Avenue, Burlington, Vermont 05401.

BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 33,853,305	\$ -	\$ 33,853,305
Investments	25,405	-	25,405
Accounts receivable (net of allowance for uncollectibles):			
Other	91,452	-	91,452
Due from other governments	9,185,490	409,468	9,594,958
Prepaid items	359,578	-	359,578
Inventory	-	63,325	63,325
Internal balances	(152,141)	152,141	-
Total current assets	<u>43,363,089</u>	<u>624,934</u>	<u>43,988,023</u>
Noncurrent assets:			
Restricted cash	106,048,104	-	106,048,104
Land and other assets not being depreciated	69,043,124	-	69,043,124
Buildings, building improvements and other assets, net of accumulated depreciation	41,571,634	79,539	41,651,173
Right of use lease assets, net of accumulated depreciation	720,167	-	720,167
Total noncurrent assets	<u>217,383,029</u>	<u>79,539</u>	<u>217,462,568</u>
TOTAL ASSETS	<u>260,746,118</u>	<u>704,473</u>	<u>261,450,591</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,431,103	-	2,431,103
Deferred outflows related to OPEB	1,206,763	-	1,206,763
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,637,866</u>	<u>-</u>	<u>3,637,866</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 264,383,984</u>	<u>\$ 704,473</u>	<u>\$ 265,088,457</u>

STATEMENT A (CONTINUED)

BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 7,644,165	\$ 41,633	\$ 7,685,798
Accrued wages and benefits	2,038,401	-	2,038,401
Due to other governments	104	-	104
Current portion of long-term obligations	7,636,172	-	7,636,172
Total current liabilities	<u>17,318,842</u>	<u>41,633</u>	<u>17,360,475</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	184,036,268	-	184,036,268
Lease liabilities	338,530	-	338,530
Accrued compensated absences	1,921,042	-	1,921,042
Net pension liability	11,781,879	-	11,781,879
Net OPEB liability	3,821,771	-	3,821,771
Total noncurrent liabilities	<u>201,899,490</u>	<u>-</u>	<u>201,899,490</u>
TOTAL LIABILITIES	<u>219,218,332</u>	<u>41,633</u>	<u>219,259,965</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	21,739	1,500	23,239
Deferred inflows related to pensions	58,137	-	58,137
Deferred inflows related to OPEB	1,375,729	-	1,375,729
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,455,605</u>	<u>1,500</u>	<u>1,457,105</u>
NET POSITION			
Net investment in capital assets	28,468,532	79,539	28,548,071
Restricted:			
Debt service fund	12,045,763	-	12,045,763
Special revenue funds	1,060,517	-	1,060,517
Permanent funds	25,880	-	25,880
Unrestricted (deficit)	2,109,355	581,801	2,691,156
TOTAL NET POSITION	<u>43,710,047</u>	<u>661,340</u>	<u>44,371,387</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 264,383,984</u>	<u>\$ 704,473</u>	<u>\$ 265,088,457</u>

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

BURLINGTON SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
Regular instruction	\$ 28,378,850	\$ 3,024,772	\$ 25,553,200	\$ -	\$ 199,122	\$ -	\$ 199,122
Special education instruction	16,022,651	-	-	-	(16,022,651)	-	(16,022,651)
Other instructional programs	1,226,338	-	-	-	(1,226,338)	-	(1,226,338)
Student support services	7,132,341	-	-	-	(7,132,341)	-	(7,132,341)
Staff support services	5,242,376	-	-	-	(5,242,376)	-	(5,242,376)
General administration	772,270	-	-	-	(772,270)	-	(772,270)
School administration	4,253,319	-	-	-	(4,253,319)	-	(4,253,319)
Centralized services	2,209,022	-	-	-	(2,209,022)	-	(2,209,022)
Operations and maintenance	8,233,751	-	-	-	(8,233,751)	-	(8,233,751)
Transportation services	1,382,272	-	-	-	(1,382,272)	-	(1,382,272)
Employee benefits	598,736	-	-	-	(598,736)	-	(598,736)
On-behalf payments	25,435,387	-	25,435,387	-	-	-	-
Program expenses	18,409,670	-	12,952,480	-	(5,457,190)	-	(5,457,190)
Unallocated depreciation (Note 5)*	4,214,981	-	-	-	(4,214,981)	-	(4,214,981)
Interest on long-term debt	6,323,311	-	-	-	(6,323,311)	-	(6,323,311)
Total governmental activities	129,835,275	3,024,772	63,941,067	-	(62,869,436)	-	(62,869,436)
Business-type activities:							
Food service	3,411,598	53,964	2,743,072	-	-	(614,562)	(614,562)
A&P post-secondary	160,831	-	-	-	-	(160,831)	(160,831)
Continuing ed night	75,881	-	11,012	-	-	(64,869)	(64,869)
Total business-type activities	3,648,310	53,964	2,754,084	-	-	(840,262)	(840,262)
Total government	\$ 133,483,585	\$ 3,078,736	\$ 66,695,151	\$ -	(62,869,436)	(840,262)	(63,709,698)

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

STATEMENT B (CONTINUED)

BURLINGTON SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(62,869,436)	(840,262)	(63,709,698)
General revenues:			
General state support	78,190,176	-	78,190,176
Investment income	4,847,072	-	4,847,072
Gains/(losses) on capital assets	7,392	-	7,392
Miscellaneous	899,717	75,766	975,483
Total general revenues	83,944,357	75,766	84,020,123
Transfers	(150,392)	150,392	-
Change in net position	20,924,529	(614,104)	20,310,425
NET POSITION - JULY 1	22,785,518	1,275,444	24,060,962
NET POSITION - JUNE 30	\$ 43,710,047	\$ 661,340	\$ 44,371,387

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

BURLINGTON SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 33,470,329	\$ -	\$ -	\$ 382,976	\$ 33,853,305
Restricted cash	-	12,045,763	94,002,341	-	106,048,104
Investments	-	-	-	25,405	25,405
Accounts receivable (net of allowance for allowance for uncollectibles)	23,014	-	-	68,438	91,452
Due from other governments	2,560,647	-	-	6,624,843	9,185,490
Prepaid items	359,578	-	-	-	359,578
Due from other funds	5,435,004	-	19,145,278	1,029,734	25,610,016
TOTAL ASSETS	\$ 41,848,572	\$ 12,045,763	\$ 113,147,619	\$ 8,131,396	\$ 175,173,350
LIABILITIES					
Accounts payable	\$ 2,075,097	\$ -	\$ 4,342,049	\$ 1,227,019	\$ 7,644,165
Accrued wages and benefits	2,038,401	-	-	-	2,038,401
Due to other governments	104	-	-	-	104
Due to other funds	20,327,153	-	-	5,435,004	25,762,157
TOTAL LIABILITIES	24,440,755	-	4,342,049	6,662,023	35,444,827
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	21,739	-	-	-	21,739
TOTAL DEFERRED INFLOWS OF RESOURCES	21,739	-	-	-	21,739
FUND BALANCES (DEFICITS)					
Nonspendable	359,578	-	-	-	359,578
Restricted	-	12,045,763	108,805,570	1,086,397	121,937,730
Committed	14,626,500	-	-	-	14,626,500
Assigned	-	-	-	382,976	382,976
Unassigned	2,400,000	-	-	-	2,400,000
TOTAL FUND BALANCES (DEFICITS)	17,386,078	12,045,763	108,805,570	1,469,373	139,706,784
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 41,848,572	\$ 12,045,763	\$ 113,147,619	\$ 8,131,396	\$ 175,173,350

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

BURLINGTON SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

	Total Governmental Funds
Total Fund Balances	\$ 139,706,784
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	111,334,925
Deferred outflows of resources are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Deferred outflows related to pensions	2,431,103
Deferred outflows related to OPEB	1,206,763
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(190,951,796)
Lease liabilities	(720,167)
Accrued compensated absences	(2,260,049)
Net pension liability	(11,781,879)
Net OPEB obligation	(3,821,771)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	
Deferred inflows related to pensions	(58,137)
Deferred inflows related to OPEB	(1,375,729)
Net position of governmental activities	<u>\$ 43,710,047</u>

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

BURLINGTON SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
General state support	\$ 78,190,176	\$ -	\$ -	\$ -	\$ 78,190,176
Intergovernmental revenues	24,847,716	-	10,868,543	12,952,480	48,668,739
Charges for services	3,024,772	-	-	-	3,024,772
Investment income	1,075,242	348,144	3,423,406	280	4,847,072
Gains/(losses) on capital assets	7,392	-	-	-	7,392
Miscellaneous revenues	52,873	-	-	846,844	899,717
TOTAL REVENUES	107,198,171	348,144	14,291,949	13,799,604	135,637,868
EXPENDITURES					
Current:					
Regular instruction	36,309,243	-	-	-	36,309,243
Special education instruction	16,022,651	-	-	-	16,022,651
Other instructional programs	1,226,338	-	-	-	1,226,338
Student support services	7,132,341	-	-	-	7,132,341
Staff support services	5,242,376	-	-	-	5,242,376
General administration	772,270	-	-	-	772,270
School administration	4,253,319	-	-	-	4,253,319
Centralized services	2,209,022	-	-	-	2,209,022
Operations and maintenance	8,233,751	-	-	-	8,233,751
Transportation services	1,382,272	-	-	-	1,382,272
Employee benefits	598,736	-	-	-	598,736
On-behalf payments	10,163,059	-	-	-	10,163,059
Program expenses	4,644,286	-	-	14,210,087	18,854,373
Debt service:					
Principal	1,875,000	-	-	-	1,875,000
Interest	6,323,311	-	-	-	6,323,311
Capital outlay	818,202	-	49,166,266	-	49,984,468
TOTAL EXPENDITURES	107,206,177	-	49,166,266	14,210,087	170,582,530
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,006)	348,144	(34,874,317)	(410,483)	(34,944,662)
OTHER FINANCING SOURCES (USES)					
Proceeds from bond issuance	-	-	135,860,000	-	135,860,000
Bond issuance costs	-	-	14,202,237	-	14,202,237
Transfers in	1,481,301	-	-	1,637,592	3,118,893
Transfers (out)	(1,607,368)	-	-	(1,661,917)	(3,269,285)
TOTAL OTHER FINANCING SOURCES (USES)	(126,067)	-	150,062,237	(24,325)	149,911,845
NET CHANGE IN FUND BALANCES (DEFICITS)	(134,073)	348,144	115,187,920	(434,808)	114,967,183
FUND BALANCES (DEFICITS) - JULY 1	17,520,151	11,697,619	(6,382,350)	1,904,181	24,739,601
FUND BALANCES (DEFICITS) - JUNE 30	\$ 17,386,078	\$ 12,045,763	\$ 108,805,570	\$ 1,469,373	\$ 139,706,784

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

BURLINGTON SCHOOL DISTRICT

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, 2024

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 114,967,183</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	52,550,764
Capital asset disposals	(8,535)
Depreciation expense	<u>(4,214,981)</u>
	<u>48,327,248</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
Pension	112,007
OPEB	<u>(37,600)</u>
	<u>74,407</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position	<u>(150,062,237)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	<u>2,319,703</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
Pension	123,084
OPEB	<u>(554,940)</u>
	<u>(431,856)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Lease liability	2,088,024
Accrued compensated absences	145,668
Net pension liability	(707,702)
Net OPEB liability	<u>4,204,091</u>
	<u>5,730,081</u>
Change in net position of governmental activities (Statement B)	<u>\$ 20,924,529</u>

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

BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2024

	Enterprise Funds			
	Food Service	Aviation	Continuing Education	Total
ASSETS				
Current assets:				
Due from other governments	\$ 409,468	\$ -	\$ -	\$ 409,468
Inventory	63,325	-	-	63,325
Due from other funds	150,454	1,187	500	152,141
Total current assets	623,247	1,187	500	624,934
Noncurrent assets:				
Equipment, net of accumulated depreciation	79,539	-	-	79,539
Total noncurrent assets	79,539	-	-	79,539
TOTAL ASSETS	\$ 702,786	\$ 1,187	\$ 500	\$ 704,473
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 41,446	\$ 187	\$ -	\$ 41,633
Total current liabilities	41,446	187	-	41,633
TOTAL LIABILITIES	41,446	187	-	41,633
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	-	1,000	500	1,500
TOTAL DEFERRED INFLOWS OF RESOURCES	-	1,000	500	1,500
NET POSITION				
Net investment in capital assets	79,539	-	-	79,539
Unrestricted	581,801	-	-	581,801
TOTAL NET POSITION	661,340	-	-	661,340
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 702,786	\$ 1,187	\$ 500	\$ 704,473

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

STATEMENT H

BURLINGTON SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

	Enterprise Funds			
	Food Service	Aviation	Continuing Education	Total
OPERATING REVENUES				
Charges for services	\$ 53,964	\$ -	\$ -	\$ 53,964
Intergovernmental revenue	2,743,072	-	11,012	2,754,084
Miscellaneous revenue	458	54,101	21,207	75,766
TOTAL OPERATING REVENUES	<u>2,797,494</u>	<u>54,101</u>	<u>32,219</u>	<u>2,883,814</u>
OPERATING EXPENSES				
Program expenses	3,384,237	160,831	75,881	3,620,949
Depreciation	27,361	-	-	27,361
TOTAL OPERATING EXPENSES	<u>3,411,598</u>	<u>160,831</u>	<u>75,881</u>	<u>3,648,310</u>
OPERATING INCOME (LOSS)	<u>(614,104)</u>	<u>(106,730)</u>	<u>(43,662)</u>	<u>(764,496)</u>
NONOPERATING REVENUE (EXPENSES)				
Transfers from other funds	-	106,730	43,662	150,392
Transfers to other funds	-	-	-	-
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>-</u>	<u>106,730</u>	<u>43,662</u>	<u>150,392</u>
CHANGE IN NET POSITION (DEFICIT)	(614,104)	-	-	(614,104)
NET POSITION (DEFICIT) - JULY 1	<u>1,275,444</u>	<u>-</u>	<u>-</u>	<u>1,275,444</u>
NET POSITION (DEFICIT) - JUNE 30	<u>\$ 661,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 661,340</u>

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

BURLINGTON SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Enterprise Funds			
	Food Service	Aviation	Continuing Education	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 54,422	\$ 55,101	\$ 21,707	\$ 131,230
Intergovernmental receipts	2,776,874	-	11,012	2,787,886
Interfund activity	563,213	(1,187)	(500)	561,526
Payments to suppliers	(3,356,949)	(160,644)	(75,881)	(3,593,474)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>37,560</u>	<u>(106,730)</u>	<u>(43,662)</u>	<u>(112,832)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer from the general fund	-	106,730	43,662	150,392
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>106,730</u>	<u>43,662</u>	<u>150,392</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(37,560)	-	-	(37,560)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(37,560)</u>	<u>-</u>	<u>-</u>	<u>(37,560)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	-	-
CASH AND CASH EQUIVALENTS - JULY 1	-	-	-	-
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (614,104)	\$ (106,730)	\$ (43,662)	\$ (764,496)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	27,361	-	-	27,361
Changes in operating assets and liabilities:				
(Increase) decrease in due from other governments	33,802	-	-	33,802
(Increase) decrease in prepaid items	2,795	-	-	2,795
(Increase) decrease in inventory	21,899	-	-	21,899
(Increase) decrease in due from other funds	563,213	(1,187)	(500)	561,526
Increase (decrease) in accounts payable	2,594	187	-	2,781
Increase (decrease) in deferred revenues	-	1,000	500	1,500
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 37,560</u>	<u>\$ (106,730)</u>	<u>\$ (43,662)</u>	<u>\$ (112,832)</u>

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

BURLINGTON SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2024

	Total Private-Purpose Trust Funds
ASSETS	
Investments	\$ 165,254
Due from other governments	104
TOTAL ASSETS	<u>\$ 165,358</u>
LIABILITIES	
Deposits held for others	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>
NET POSITION	
Restricted	<u>165,358</u>
TOTAL NET POSITION	<u>165,358</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 165,358</u>

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

BURLINGTON SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Total Private-Purpose Trust Funds
ADDITIONS	
Interest income	\$ 40
TOTAL REVENUES	<u>40</u>
DEDUCTIONS	
Distributions	<u>2,219</u>
TOTAL DEDUCTIONS	<u>2,219</u>
Change in net position	(2,179)
NET POSITION - JULY 1	<u>167,537</u>
NET POSITION - JUNE 30	<u>\$ 165,358</u>

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Burlington School District was formed by the Burlington City Charter and operates as a department of the City of Burlington, Vermont, the financial statements of which have been issued in a separate report for the year ended June 30, 2024. Therefore, the financial statements that follow present only the operations for the School District and are not intended to present fairly the financial position and results of operations of the City of Burlington, Vermont in accordance with generally accepted accounting principles (GAAP). Certain disclosures relevant to both the City of Burlington, Vermont and the Burlington School District have been omitted from these financial statements and have been disclosed in the City's financial statements.

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

The School District's combined financial statements include all accounts and all operations of the School District. We have determined that the School District has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2024, the following statement of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 100 "Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62". The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Both the government-wide and fund financial statements categorize primary activities as governmental. The School District's food service, aviation and continuing education funds are categorized as a business-type activity. All other activities of the School District are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) 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 School District's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The School District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the School District's functions (instruction, administration, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (general state support, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses 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 (assessments, certain intergovernmental revenues and interest income, etc.).

The School District does not allocate indirect costs. All costs are charged directly to the corresponding departments.

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

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the School District are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the School District:

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 School District:

Major Funds

- a. The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Debt Service Fund is used to account for and report the accumulation of required bond sinking funds. The primary source of revenues is transfers from other funds.
- c. The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment. Primary revenue sources are from proceeds from bonds.

Nonmajor Funds

- e. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- f. Permanent Funds are used to account for assets held by the School District that are legally restricted and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the School District or its students. These funds have been established for the provision and/or maintenance of various funds.

2. Proprietary Funds:

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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 custodial capacity for others and therefore are not available to support the School District's programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

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

The emphasis in fund financial statements is on the major funds in the governmental activity category. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

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

1. Accrual

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

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

Budget

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

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

Revenues per budgetary basis	\$ 98,516,413
Add: On-behalf payments	10,163,059
Total GAAP basis	<u>\$ 108,679,472</u>
Expenditures per budgetary basis	\$ 98,650,486
Add: On-behalf payments	10,163,059
Total GAAP basis	<u>\$ 108,813,545</u>

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

1. The annual school budget is the planning management tool, which delineates the School District's educational priorities and programs and forms the basis for voter review and approval of the budget according to applicable State of Vermont education finance laws.
2. The Board budget process includes input from school district administration and staff, educational priorities for the next school year, along with public hearings, which include the Board of Commissioners and general public.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. The budget document itself is based upon the most current funding information available along with the projection of current revenues and expenditures for the next year. At the conclusion of the budget process, a final budget is approved by the Board of Commissioners.

Deposits and Investments

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

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

The Burlington School District has no formal investment policy but instead follows the State of Vermont Statutes.

Restricted Cash

Certain resources of the School District are set aside for the repayment of bonds or unspent bond proceeds and are classified as restricted cash on the statement of net position because their use is limited by applicable bond covenants. These funds are set aside to subsidize potential deficiencies from the School District's operation that could adversely affect debt service payments.

Receivables

Receivables include amounts due for instruction and food service. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2024. Accounts receivable netted with allowances for uncollectible accounts were \$9,686,410 for the year ended June 30, 2024.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaid Items

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

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

Interfund Receivables and Payables

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

Transactions Between Funds

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. 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 capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

A right of use lease asset is required to be reported at the present value of payments expected to be made during the lease term including and any/all other required

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

financial lease obligations in accordance with the terms of the lease and excluding interest. A lease asset will be amortized in a straight-line basis over the lease term or the useful life of the underlying asset (whichever is shorter).

Estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Furniture and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

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

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds and bond premiums payable, lease liabilities, accrued compensated absences, net pension liability and net OPEB liability.

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

Pensions

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

OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of June 30, 2024, the District has two types of this item, deferred outflows related to pensions and deferred outflows related to OPEB. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred revenues, which are reported in both the statement of net position and governmental funds balance sheet, qualifies for reporting in this category. Deferred inflows related to pensions and deferred inflows related to OPEB which arise only under an accrual basis of accounting, also qualify for reporting in this category. These items are only reported in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the School District 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 School District. The inhabitants of the District through the Board of Commissioners meetings are the highest level of decision-making authority of the School District. Commitments may be established, modified or rescinded only through a District meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given through Vermont Statutes Annotated Title 16 §567 and expressed by the Board of Commissioners.

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

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The School District has adopted a set of financial policies to guide the financial operation of the School District. Included in the policies will be guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater.

Program Revenues

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

Operating/Nonoperating Proprietary Fund Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits:

The School District's investment policies, which follow state statutes, authorize the School District 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 School District funds.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the School District 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 School District does not have a policy covering custodial credit risk.

At June 30, 2024, the School District's cash balance of \$139,901,409 was comprised of bank deposits of \$142,301,533. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the School District's cash balance. Of these bank deposits, \$502,858 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$141,668,557 of bank deposits was collateralized with an irrevocable standby letter of credit in the School District's name. The remaining deposits of \$130,118 were uninsured and uncollateralized.

Account Type	Bank Balance
Checking accounts	\$ 36,253,429
Money market account	106,048,104
	<u>\$ 142,301,533</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Currently, the School District does not have a policy for custodial credit risk for investments.

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

Certificates of deposit held with local financial institutions for \$190,659 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2024, the District's investments of \$190,659 in certificates of deposit were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2024 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 5,435,004	\$ 20,327,153
Capital Projects Fund	19,145,278	-
Enterprise Funds	152,141	-
Nonmajor Funds	1,029,734	5,435,004
	<u>\$ 25,762,157</u>	<u>\$ 25,762,157</u>

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

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2024 consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ 1,481,301	\$ 1,607,368
Enterprise Funds	150,392	-
Nonmajor Funds	1,637,592	1,661,917
	<u>\$ 3,269,285</u>	<u>\$ 3,269,285</u>

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2024:

	Balance, 7/1/23	Additions	Disposals/ Transfers	Balance, 6/30/24
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 2,251,677	\$ -	\$ -	\$ 2,251,677
Construction in progress	15,285,693	51,636,987	(131,233)	66,791,447
	<u>17,537,370</u>	<u>51,636,987</u>	<u>(131,233)</u>	<u>69,043,124</u>
Depreciated assets:				
Buildings and improvements	60,678,973	781,501	-	61,460,474
Furniture and equipment	4,433,242	195,247	(41,270)	4,587,219
Vehicles	1,516,441	68,262	(425,215)	1,159,488
Right of use lease asset	6,904,619	-	-	6,904,619
	<u>73,533,275</u>	<u>1,045,010</u>	<u>(466,485)</u>	<u>74,111,800</u>
Less accumulated depreciation:				
Buildings and improvements	(19,269,490)	(1,782,747)	-	(21,052,237)
Furniture and equipment	(3,689,888)	(185,792)	41,270	(3,834,410)
Vehicles	(1,007,162)	(158,418)	416,680	(748,900)
Right of use lease asset	(4,096,428)	(2,088,024)	-	(6,184,452)
	<u>(28,062,968)</u>	<u>(4,214,981)</u>	<u>457,950</u>	<u>(31,819,999)</u>
Net depreciated assets	<u>45,470,307</u>	<u>(3,169,971)</u>	<u>(8,535)</u>	<u>42,291,801</u>
Net governmental capital assets	<u>\$ 63,007,677</u>	<u>\$ 48,467,016</u>	<u>\$ (139,768)</u>	<u>\$ 111,334,925</u>
<u>Business-type activities:</u>				
Depreciated assets:				
Furniture, fixtures and equipment	\$ 203,059	\$ 37,560	\$ -	\$ 240,619
	<u>203,059</u>	<u>37,560</u>	<u>-</u>	<u>240,619</u>
Less accumulated depreciation:				
Furniture, fixtures and equipment	(133,719)	(27,361)	-	(161,080)
	<u>(133,719)</u>	<u>(27,361)</u>	<u>-</u>	<u>(161,080)</u>
Net business-type capital assets	<u>\$ 69,340</u>	<u>\$ 10,199</u>	<u>\$ -</u>	<u>\$ 79,539</u>
<u>Depreciation expense:</u>				
Education				\$ 4,214,981
Food service				27,361
Total depreciation expense				<u>\$ 4,242,342</u>

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2024:

	Balance, 7/1/23	Additions	Deletions	Balance, 6/30/24	Current Portion
<u>Governmental activities:</u>					
Bonds and bond premium payable	\$ 43,209,262	\$ 150,062,237	\$ (2,319,703)	\$ 190,951,796	\$ 6,915,528
Lease liabilities	2,808,191	-	(2,088,024)	720,167	381,637
	<u>\$ 46,017,453</u>	<u>\$ 150,062,237</u>	<u>\$ (4,407,727)</u>	<u>\$ 191,671,963</u>	<u>\$ 7,297,165</u>

The following is a summary of bonds and bond premiums payable:

<u>Governmental activities:</u>	Principal	Premium	Total
\$9,700,000, 2010 Qualified School Construction Bond (QSCB) due in semi-annual interest installments through November 2026. Interest is charged at a fixed rate of 6.50% per annum. Semiannual interest installments are \$315,250.	\$ 9,700,000	\$ -	\$ 9,700,000
\$2,000,000, 2010 Qualified School Construction Bond (QSCB) due in semi-annual interest installments through November 2026. Interest is charged at a fixed rate of 6.50% per annum. Semi-annual interest installments are \$65,000.	2,000,000	-	2,000,000
\$2,000,000, 2011 General Obligation Bond due in annual installments and semi-annual interest installments through November 2031. Interest is charged at a fixed rate varying from 2.00% to 4.75% per annum. Annual principal installments vary from \$60,000 to \$145,000.	985,000	-	985,000
\$440,000, 2012 General Obligation Bond unrefunded amount of refunded 2012 bonds due in annual installments and semi-annual interest installments through June 2023. Interest is charged at a fixed rate of 5.00% per annum. Annual principal installments vary from \$140,000 to \$155,000.	-	103,988	103,988
\$2,000,000, 2013 General Obligation Bond due in annual installments and semi-annual interest installments through November 2033. Interest is charged at a fixed rate varying from 4.00% to 6.75% per annum. Annual principal installments vary from \$52,857 to \$170,000.	-	2,733	2,733
\$2,000,000, 2014 General Obligation Bond due in annual installments and semi-annual interest installments through November 2034. Interest is charged at a fixed rate varying from 0.513% to 3.993% per annum. Annual principal installments are \$100,000.	1,100,000	-	1,100,000
\$4,005,000, 2016 General Obligation Bond due in annual installments and semiannual interest installments through June 2028. Interest is charged at a fixed rate varying from 2% to 5% per annum. Annual principal installments vary from \$85,000 to \$365,000.	1,115,000	202,056	1,317,056
\$2,000,000, 2016 General Obligation Bond due in annual installments and semi-annual interest installments through June 2037. Interest is charged at a fixed rate varying from 4% to 5% per annum. Annual principal installments vary from \$60,000 to \$150,000.	1,505,000	184,917	1,689,917

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - LONG TERM DEBT (CONTINUED)

<u>Governmental activities (continued):</u>	<u>Principal</u>	<u>Premium</u>	<u>Total</u>
\$1,650,000, 2016 General Obligation Bond due in annual installments and semi-annual interest installments through June 2030. Interest is charged at a fixed rate varying from 2% to 5% per annum. Annual principal installments vary from \$60,000 to \$150,000.	995,000	98,213	1,093,213
\$2,300,000, 2017 General Obligation Bond due in annual installments and semi annual interest installments through November 2037. Interest is charged at a fixed rate varying from 2% to 5% per annum. Annual payments vary from \$75,000 to \$175,000.	1,805,000	-	1,805,000
\$8,000,000, 2018 General Obligation Bond due in annual installments and semi-annual interest installments through November 2038. Interest is charged at a fixed rate of 5% per annum. Annual payments vary from \$240,000 to \$615,000.	6,675,000	559,402	7,234,402
\$6,000,000, 2019 General Obligation Bond due in annual installments and semi-annual interest installments through June 2040. Interest is charged at a fixed rate of 4% per annum. Annual principal payments vary from \$170,000 to \$440,000.	5,220,000	-	5,220,000
\$5,495,000, 2019 General Obligation Bond due in annual installments and semi-annual interest installments through November 2035. Interest is charged at a fixed rate ranging from 1.844% to 3.031% per annum. Annual payments vary from \$100,000 to \$505,000.	4,835,000	-	4,835,000
\$1,750,000, 2021 General Obligation Bond due in annual installments and semi-annual interest installments through November 2041. Interest is charged at a fixed rate varying from 3% to 5% per annum. Annual payments vary from \$50,000 to \$120,000.	1,640,000	225,000	1,865,000
\$2,000,000, 2022 General Obligation Bond due in annual principal installments of \$50,000 to \$135,000 and semi-annual interest installments through November 2042. Interest is charged at a fixed rate of 5% per annum.	1,715,000	223,250	1,938,250
\$130,000,000, 2023 General Obligation Bond due in annual principal installments of \$3,900,000 to \$9,950,000 and semi-annual interest installments through November 2043. Interest is charged at a fixed rate of 5% per annum.	130,000,000	13,632,150	143,632,150
\$1,860,000, 2023 General Obligation Bond due in annual principal installments of \$55,000 to \$145,000 and semi-annual interest installments through November 2043. Interest is charged at a fixed rate of 5% per annum.	1,860,000	140,000	2,000,000
\$4,000,000, 2023 General Obligation Bond due in annual principal installments of \$120,000 to \$305,000 and semi-annual interest installments through November 2043. Interest is charged at a fixed rate of 5% per annum.	4,000,000	430,087	4,430,087
Total Bonds and Bond Premium Payable	<u>\$ 175,150,000</u>	<u>\$ 15,801,796</u>	<u>\$ 190,951,796</u>

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - LONG TERM DEBT (CONTINUED)

The following is a summary of the lease liabilities outstanding:

Lease Liabilities:

The School District leases a building under a non-cancelable lease agreement with Lawrence and Cynthia Caron, dated January 2, 2022. The term of the lease is for a 36 month period beginning July 1, 2022 and ending August 1, 2025. Monthly payments are \$14,500. 159,500

The School District leases copiers under a non-cancelable lease agreement with Canon Financial Services, Inc., dated November 1, 2020. The term of the lease is for a 63 month period ending January 31, 2026. Monthly payments are \$8,700. Note the first three months of the contract there were at no contract charges. 165,300

The School District leases food service offices and storage space under a non-cancelable lease agreement with Redstone Development Group, LLC, dated October 1, 2022. The term of the lease is for a three year period ending September 30, 2025 with the option to extend the lease for two additional one year terms. Annual rent varies from \$65,280 to \$73,473 per year with an additional \$3,876 due per month for real estate, insurance and maintenance costs. 395,367

Total Lease Liabilities \$ 720,167

The right to use lease assets associated with these lease liabilities (including amortization/depreciation applicable to the same) are presented as a separate category of Capital Assets and are grouped accordingly on the Statement of Net Position.

The annual principal and interest requirements to amortize the bonds, bond premiums and lease liabilities are as follows:

Year	Bond Principal	Bond Premium	Interest	Lease Liability Principal	Total Debt Service
2025	\$ 6,045,000	\$ 870,528	\$ 8,645,622	\$ 381,637	\$ 15,942,787
2026	6,235,000	870,528	8,268,534	182,169	15,556,231
2027	18,185,000	870,528	7,579,547	124,907	26,759,982
2028	6,495,000	870,528	6,889,575	31,454	14,286,557
2029	6,735,000	820,014	6,549,448	-	14,104,462
2030-2034	37,565,000	3,990,302	27,424,888	-	68,980,190
2035-2039	44,825,000	3,874,312	18,183,572	-	66,882,884
2040-2044	49,065,000	3,635,056	6,254,575	-	58,954,631
	<u>\$ 175,150,000</u>	<u>\$ 15,801,796</u>	<u>\$ 89,795,761</u>	<u>\$ 720,167</u>	<u>\$ 281,467,724</u>

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 - LONG TERM DEBT (CONTINUED)

In 2010, the School District issued Series 2010A and 2010B Public Improvement Qualified School Construction Bonds totaling \$11,700,000. Annual principal payments on the bonds are required to be deposited into a sinking fund held by the School District. The deposits and the interest earned on those deposits will be used to make the principal payment in November 2026.

These bonds are also eligible for federal interest subsidy payments equal to 92.9% of the true interest cost of the bond as provided in the American Recovery and Reinvestment Act (ARRA) and the Hiring Incentives to Restore Employment (HIRE) Act.

Due to mandatory federal spending cuts that went into effect March 1, 2013, with sequestration, the federal interest subsidy payments are being adjusted downward. The current sequestration reduction rate is 5.7% and is subject to change at any time. The total financial impact to the School District is unknown.

All bonds payable and notes from direct borrowings payable are direct obligations of the Burlington School District, for which its full faith and credit are pledged. The Burlington School District is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Burlington School District.

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in the other long-term obligations for the year ended June 30, 2024:

	Balance, 7/1/23	Additions	Deletions	Balance, 6/30/24	Current Portion
Accrued compensated absences	\$ 2,405,717	\$ -	\$ (145,668)	\$ 2,260,049	\$ 339,007
Net pension liability	11,074,177	5,346,167	(4,638,465)	11,781,879	-
Net OPEB liability	8,025,862	1,129,174	(5,333,265)	3,821,771	-
	<u>21,505,756</u>	<u>\$ 6,475,341</u>	<u>\$ (10,117,398)</u>	<u>17,863,699</u>	<u>\$ 339,007</u>

Please see Notes 8, 17 and 18 for more detailed information on each of these long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The School District's policies regarding sick leave does permit employees to accumulate earned but unused sick leave. The liability for these compensated absences is recorded as a long-term obligation 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, 2024, the District's liability for compensated absences is \$2,260,049.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 - LETTER OF CREDIT

At June 30, 2024, the District had an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD, Bank, N.A. The letter of credit, which expires at the close of business on August 19, 2024, authorizes one draw only, up to the amount of \$165,000,000. There were no draws for the year ended June 30, 2024.

NOTE 10 - SHORT-TERM DEBT

The following is a summary of changes in the short-term debt for the year ended June 30, 2024:

	Balance, 7/1/23	Additions	Reductions	Balance, 6/30/24
Bond anticipation note	\$ 2,000,000	\$ 40,000,000	\$ (42,000,000)	\$ -

In September of 2022, the City of Burlington issued a bond anticipation note through M&T Bank to provide liquidity for capital projects at the School District. The bond anticipation note allowed principal draws up to \$2,000,000 at 2.79% fixed interest per annum with a maturity date of September 14, 2023. As of June 30, 2024, the bond anticipation note was paid in full.

In July of 2023, the City of Burlington issued a bond anticipation note through JPMorgan Chase Bank, NA to fund capital costs related to capital projects at the School District. The bond anticipation note allowed principal draws up to \$40,000,000 at 4.59% fixed interest per annum with a maturity date of September 14, 2023. As of June 30, 2024, the bond anticipation note was paid in full.

NOTE 11 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Burlington School District at June 30, 2024:

	Governmental Activities	Business-type Activities
Invested in capital assets	\$ 143,154,924	\$ 240,619
Accumulated depreciation	(31,819,999)	(161,080)
Outstanding capital related debt	(190,951,796)	-
Other non-debt capital related liabilities	(720,167)	-
Significant unspent debt proceeds	108,805,570	-
	<u>\$ 28,468,532</u>	<u>\$ 79,539</u>

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2024, the District had the following restricted net position and fund balances:

Debt service fund	\$ 12,045,763
Nonmajor special revenue funds:	
RTT - PK development	102,751
Medicaid IEP reimbursement	271,489
Medicaid EPSDT	198,905
Small grant fund	149,003
Nellie Mae grant	3,644
Rowland foundation	16,260
Digital promise grant	101,027
The Verizon foundation	24,866
Youthbuild (HOEHL)	7,150
EMS teach tolerance	2,402
BTC new build	8,802
G. Munson estate	174,218
Nonmajor permanent funds:	
Margot E. Reed fund	4,853
Raymond E. Tracy estate fund	20,552
School land rent Glebe fund	475
	<u>\$ 13,132,160</u>

NOTE 13 - NONSPENDABLE FUND BALANCE

At June 30, 2024, the District had the following nonspendable fund balance:

General fund:	
Prepaid items	<u>\$ 359,578</u>

NOTE 14 - RESTRICTED FUND BALANCES

At June 30, 2024, the District had the following restricted fund balance:

Debt service fund	\$ 12,045,763
Capital projects fund	108,805,570
Nonmajor special revenue funds (Schedule C)	1,060,517
Nonmajor permanent funds (Schedule E)	25,880
	<u>\$ 121,937,730</u>

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 - COMMITTED FUND BALANCES

At June 30, 2024, the District had the following committed fund balances:

General fund:		
BAS afterschool fees	\$	525,326
E-rate		336,228
String program		23,907
Programming and facilities		3,238,316
Driver Education		87,224
Taft building lease		71,636
BTC at airport		2,000,000
BHS/BTC new building		3,572,863
Buck Hard field refurbishment		2,000,000
Equity leadership development and coaching		200,000
HMS room renovation		21,000
Social work services		150,000
Use for FY 25 budget		2,400,000
	\$	<u>14,626,500</u>

NOTE 16 - ASSIGNED FUND BALANCE

At June 30, 2024, the District had the following assigned fund balance:

Nonmajor special revenue funds:		
Student activities	\$	<u>382,976</u>

NOTE 17 - DEFINED BENEFIT PENSION PLANS

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

All of the teachers employed by the School District participate in the Vermont State Teachers' Retirement System ("VSTRS"), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, covering nearly all public day school and nonsectarian private Union teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State of Vermont that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2022 (the most recent period available), the retirement system consisted of 24,552 participating members.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

The plan was established effective July 1, 1947 and is governed by *Title 16, V.S.A. Chapter 55*. Subsequent Vermont state legislation, *Act 74*, which became effective on July 1, 2010 and updated to reflect Act 114 and Act 173, effective on July 1, 2022 and contained numerous changes to the plan benefits available to current and future members, as well as a change in access to health care coverage after retirement, resulting from a multi-party agreement to provide sustainability of quality pension and retiree health benefits for Vermont teachers.

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

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

Benefits Provided

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

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

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Normal service retirement eligibility (no reduction)	Age 60 or 30 years of service	Grandfathered: Age 62 or with 30 years of service	Non-grandfathered: Age 65 or when the sum of age and service equals 90
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave, sick leave and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed	Highest 3 consecutive years, excluding all payments for anything other than service actually performed
Benefit formula – normal service retirement	1.67% x creditable service x AFC	1.25% x service prior to 7/1/90 x AFC + 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 7/1/90 x AFC + 1.67% x service after 7/1/90 x AFC, 2.0% after attaining 20 years
Maximum Benefit Payable	100% of AFC	53.34% of AFC	60% of AFC
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement; minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5%, minimum of 1% after 12 months of normal retirement or age 65
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction

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

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

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Contributions

VSTRS is a cost-sharing public employee retirement system with one exception: all risks and costs are not shared by the School District but are the liability of the State of Vermont. VSTRS is funded through State and employee contributions and trust fund investment earnings; and the School District has no legal obligation to pay benefits. Required contributions to the System are made by the State of Vermont based upon a valuation report prepared by the System's actuary, which varies by plan group. The Vermont State Teachers Retirement System estimates the contributions on behalf of the School District's employees included in the teacher's retirement plan which approximates \$10,163,059 or 25.64% of total payroll for employees covered under the plan.

Employee contribution rates by plan group follow:

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Employee Contributions	5.5% of earnable compensation; contributions stop after 25 years of creditable service	5.0% of gross salary	Based on earnable compensation \$0-\$40K is 6.10%, \$40K-\$50K is 6.15%, \$50K-\$60K is 6.25%, \$60K-\$70K is 6.35%, \$70K-\$80K is 6.50%, \$80K-\$90K is 6.75%, \$90K-\$100K is 7.00%, \$100K+ is 7.25%

Employee contributions totaled \$2,730,645 during the year and were paid by the School District to the State of Vermont. The School District has no other liability under the plan. The School District's total payroll for all employees covered under this plan was \$39,637,514 for the year ended June 30, 2024. Beginning in 2016, school districts that pay for teachers with federal dollars are required to include costs of pensions in the federal grant, lowering the liability for the State. Federally funded pension costs reimbursed to the State by the School District for the fiscal year ending June 30, 2024 were \$593,577. The School District's total payroll for all federally funded employees covered under this plan was \$2,315,046 for the year ended June 30, 2024.

Pension Liabilities

VSTRS Plan

The State is a nonemployer contributor and is required by statute to make all

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

actuarially determined employer contributions on behalf of member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB No. 68 and the State is treated as a nonemployer to VSTRS. Since the School District does not contribute directly to VSTRS, no net pension liability was recorded at June 30, 2024. The State's portion of the collective net pension liability that was associated with the School District was as follows:

School District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the School District	<u>88,909,736</u>
Total	<u>\$ 88,909,736</u>

The State of Vermont's proportionate share of the net pension liability associated with the School District is equal to the collective net pension liability, actuarially measured as of June 30, 2022, multiplied by the School District's proportionate share percentage. The School District's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2023, the School District's proportion was 4.75438% which was an increase of 0.05724% from its proportion measured as of June 30, 2022.

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

For the year ended June 30, 2024, the School District recognized total pension expense of \$10,174,566 and revenue of \$10,174,566 for support provided by the State of Vermont for the VSTRS plan. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

	VSTRS Plan
Plan year ended June 30:	
2024	\$ -
2025	-
2026	-
2027	-
2028	-
Thereafter	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using the actuarial assumptions outlined below.

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

Inflation: 2.30%

Salary Increases: Ranging from 3.19% to 8.50%

Deaths After Retirement:

- *Pre-Retirement:* PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2021.
- *Retiree Healthy Post-Retirement:* PubT-2010 Teacher Healthy Retiree Amount-Weighted Table with generational projection using scale MP- 2021.
- *Disabled Post-Retirement:* PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2021.

The mortality rates were based on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgment. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Future Administrative Expenses: No provisions were made; expenses of the System are paid by the State.

Unknown Data for Participants: For the VSTRS plan, it is the same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married: 85% of male members and 35% of female members are assumed to be married.

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

Cost-of-Living Adjustments:

For active Group C members who are first eligible for normal retirement before July 1, 2022:

- Assumed to occur on January 1 following two years of retirement at the rate of 1.20% per annum (beginning two years after the attainment of age 62 for members who elect reduced early retirement). The January 1, 2023, COLA was 2.00%*.

*This amount was required to be calculated in 2023 as a result of Act 114 and Act 173; however, it will not be applied to any members in 2023.

For all other members:

- Group A - Assumed to occur on January 1 following one year of retirement at the rate of 2.30% per annum. The January 1, 2022, COLA was 4.60%. The January 1, 2023, COLA was 5.00%.
- Group B/C – Assumed to occur on January 1 following one year of retirement at the rate of 1.35% per annum (beginning one year after the attainment of age 62 or Group C members who elect reduced early retirement). The January 1, 2022, COLA was 2.30%. The January 1, 2023, COLA was 2.50%.

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Amortization method: Amortization payments calculated to fully fund unfunded actuarial accrued liability with annual increases of 3% over a closed period. The amortization of unfunded actuarial accrued liability (UAAL) within the actuarially determined contribution rate calculation is based on the level percentage of pay required to amortize the UAAL over the 30-year closed period that began on July 1, 2008. As of July 1, 2022, the remaining amortization period is 16 years.

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

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

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

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equities	44.00%	5.35%
Private Equity	10.00%	7.50%
Emerging Markets Debt	2.00%	5.00%
Private and Alternative Credit	10.00%	5.50%
Non-Core Real Estate	4.00%	5.50%
Core Fixed Income	19.00%	1.50%
Core Real Estate	4.00%	3.25%
US TIPS	2.00%	1.50%
Infrastructure/Farmland	5.00%	4.25%

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate

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

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

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

	1% Decrease	Discount Rate	1% Increase
<u>VSTRS:</u>			
Discount rate	6.00%	7.00%	8.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -

Pension Plan Fiduciary Net Position

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

BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Burlington Employees' Retirement System (the System) is a cost sharing, single employer defined benefit pension plan which provides retirement benefits to the

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

City of Burlington, Vermont (the City). Because of the significance of its operational and financial relationship with the City, the System is included as a pension trust fund in the City's basic financial statements. For further financial and actuarial information about the System, refer to the City's financial statements, which may be obtained online at www.burlingtonvt.gov or by contacting the City at (802) 865-7000.

Substantially all employees of the City (except elective officials, other than the mayor and the majority of the public school teachers who are eligible for the Vermont State Teacher's Retirement System) are members of the System. Eligible employees must participate in the System. The plan is broken down into Class A participants and Class B participants. Class A participants are composed of firemen and policemen not including clerical employees. Class B participants include all other covered City employees.

The System is governed by an eight-member board. The eight members include three appointed by the City Council, two Class A members of the system selected by the

Class A membership, two Class B members of the system elected by the Class B membership and the City Treasurer as an ex officio member. Of the Class A and Class B board members, no two shall be employed in the same department.

The City Council has the authority to amend the benefit terms of the System by enacting ordinances and sending them to the Mayor for approval.

The following is a summary of the System participants as of June 30, 2023:

Inactive members or beneficiaries currently receiving Benefits	875
Active members	923
Inactive members or beneficiaries entitled to but not yet receiving benefits	<u>768</u>
Total	<u>2,566</u>

Benefits Provided

Benefits available to Group B, in which certain School District employees participate, are based on average final compensation (AFC) and years of creditable service and are summarized below:

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Average Final Compensation (AFC):

For Class A Police non-union employees, Class A Police employees hired after January 10, 2011, Class A Fire employees hired after October 7, 2011 or Class B AFSCME Local 1343 employees hired after June 7, 2011, Class B IBEW Local 300 employees hired after October 30, 2012 or any employees hired on or after January 1, 2018, it is the average earnable compensation during the highest 5 non-overlapping 12-month periods. For all others, it is the average earnable compensation during the highest 3 non-overlapping 12-month periods.

Eligibility:

Class B: Age 55 and 5 years of creditable service.

Amount of Benefit:

Class B:

For employees hired prior to July 1, 2006: Age 65 and older, the greater of (i) 1.60% of AFC (at age 65) times creditable service not in excess of 25 years plus 0.50% of AFC (at age 65) times creditable service in excess of 25 years or (ii) the actuarial equivalent of the benefit determined at age 65. This benefit will be increased by the Cost of Living Adjustment detailed below.

In lieu of this benefit, at the time of retirement, a member may choose (i) an accrual rate of 1.90% for all years of service prior to June 30, 2006 for the first 25 years, an accrual rate of 1.80% for all years of service commencing July 1, 2006 for the first 25 years, plus an accrual of 0.50% for creditable service in excess of 25 years and a Cost of Living Adjustment equal to one-half of the Cost of Living Adjustment detailed below or (ii) an accrual rate of 2.20% for all years of service prior to June 30, 2006 for the first 25 years, an accrual rate of 2.00% for all years of service commencing July 1, 2006 for the first 25 years, plus an accrual of 0.50% for creditable service in excess of 25 years and no Cost of Living Adjustment.

For employees hired on or after July 1, 2006: Age 65 and older, the greater of (i) 1.40% of AFC (at age 65) times creditable service not in excess of 25 years plus 0.50% of AFC (at age 65) times creditable service in excess of 25 years or (ii) the actuarial equivalent of the benefit determined at age 65. This benefit will be increased by the Cost of Living Adjustment detailed below.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

An employee hired on or after July 1, 2006 may only select a benefit with a full Cost of Living Adjustment.

Except for employees detailed below, prior to age 65, the above benefit based on AFC and creditable service at retirement reduced by 2% for each year that retirement precedes age 65. For Class B IBEW employees hired before May 4, 2008, who elect a contribution rate of 4% is elected the early reduction factor is 2% for each year the retirement precedes age 65.

For Class B AFSCME Local 1343 employees hired before January 1, 2006 that meet the Rule of 82 by December 7, 2011 but retire later than December 7, 2011, the reduction is 4% per year at ages 55 to 59 for each year under age 65 and the standard 2% per year reduction for ages 60 to 65. For other Class B AFSCME Local 1343 employees retiring after December 7, 2011, there will be full actuarial reduction from ages 55 to 59 and the standard 2% per year reduction for ages 60 to 65.

Cost of Living Adjustment:

Benefits increase annually by changes in the Consumer Price Index for more than 1%. For Class A Fire employees retiring after October 5, 2015, Class A Police employees retiring after August 29, 2016, Class B AFSCME employees retiring after October 30, 2015, Class B IBEW employees retiring after March 19, 2016 and all other employees retiring after July 1, 2017, the maximum annual increase is 2.75%. For all other members, the maximum annual increase is 5%. Increases are not applicable to deferred vested benefits prior to commencement, survivor income benefit, disability benefit prior to normal retirement age or members who choose to have no cost of living adjustment. For Class B employees that retire after July 1, 2018, the retirement COLA will be determined annually by the BERS Board equal to that of CPI-U Northeast Region, with a maximum COLA increase of 2.75%, except that if the funding level of the BERS falls below 81% the BERS Board may reduce or vote for no COLA for payees prior to age 65 for the upcoming year.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Contributions

Participants contribute a set percentage of their gross regular compensation annually.

Member contributions for Class B employees, who elected to continue to be eligible for early retirement benefits at 2% per year deduction between ages 55 and 65, in accordance with the 2006-2009 collective bargaining agreement will be 4.2% beginning with fiscal year 2017-2018.

Effective July 1, 2022, employees shall contribute a percentage so that all employees are contributing 30% (and the City is contributing 70%) of the total contribution required.

Notwithstanding the above, an individual Class B employee's contribution shall not exceed 7% of their eligible wages in Fiscal Years 2023, 2024, 2025 and 2026.

Such withholdings for the year ended June 30, 2024 totaled \$388,534.

The Board establishes employer contributions based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by the System members during the year, with an additional amount to finance a portion of any unfunded accrued liability. The calculation of the actuarially determined contribution is governed by the applicable provisions of the Retirement Code. The School District contributed \$1,033,531 for the year ended June 30, 2024. The School District's total payroll for the year ended June 30, 2024 for all employees covered under this plan was \$12,170,400.

Net Pension Liability, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability of \$11,781,879 for its proportionate share of the net pension liability for the System. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability is equal to the total net pension liability multiplied by each employer's proportionate share of the total contributions made to the System for the year ended June 30, 2023.

At June 30, 2023, the District's proportion was 9.5326% for the System, which was an increase of 0.0182% from its proportion measured as of June 30, 2022 for the System.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

For the year ended June 30, 2024, the District recognized total pension expense of \$472,611. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 754,731	\$ -
Changes of assumptions	310,315	-
Net difference between projected and actual earnings on pension plan investments	819,603	-
Changes in proportion and differences between contributions and proportionate share of contributions	60,822	58,137
Contributions subsequent to the measurement date	485,632	-
Total	<u>\$ 2,431,103</u>	<u>\$ 58,137</u>

\$485,632 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan year ended June 30:	
2025	\$ 773,482
2026	403,822
2027	835,172
2028	(125,142)
2029	-
Thereafter	-

Significant Actuarial Assumptions and Methods

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of the most recent actuarial experience study for the five-year period ending June 30, 2022.

The net pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2023 using the actuarial assumptions outlined below:

Actuarial Cost Method: Entry Age Normal - Level Percentage of Salary

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Investment Rate of Return: 7.10%

Inflation Rate: 2.70%

Post-Employment Cost-of-Living Adjustment: Increases averaging 3.60% - 11.00% (including inflation) per year were assumed.

Assumed Annual Rates of Salary Increases: 3.60% - 11.00% including inflation

Mortality Rates:

- Class B (Non-Disabled): Pub-2010 Public Retirement Plans Amount-Weighted Morality Tables for General Employees, for non-annuitants and annuitants, projected to the valuation date with Scale MP-2021, set forward 2 years.
- Class B (Disabled): Pub-2010 Public Retirement Plans Amount-Weighted Morality Tables for General Disabled Retirees, projected to the valuation date with Scale MP-2021, set forward 3 years.

Asset Valuation Method: Invested assets are reported at fair value.

Actuarial valuation of the ongoing System involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major class are summarized in the following table:

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
U.S. large cap equity	32.00%	6.70%
U.S. small cap equity	9.00%	6.50%
International developed equity	20.50%	8.89%
International emerging markets equity	7.00%	10.80%
Private equity	0.50%	9.70%
Real estate	6.00%	7.40%
U.S. bonds - dynamic	7.50%	5.60%
Core fixed income	17.50%	5.00%
Total	<u>100.00%</u>	
Long-term Return Assumption	7.10%	

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current System members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the System's net pension liability calculated using the discount rate of 7.10%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.10%) or 1 percentage-point higher (8.10%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
Discount rate	6.10%	7.10%	8.10%
School District's proportionate share of the net pension liability	\$ 15,598,030	\$ 11,781,879	\$ 8,596,486

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

The schedules of employer allocations and schedules of pension amounts by employer (the Schedules) are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The Schedules present amounts that are elements of the financial statements of Burlington Employees' Retirement System or its participating departments. Accordingly, they do not purport to be a complete presentation of the net position or changes in net position of Burlington Employees' Retirement System or its participating departments. The System does not issue stand-alone financial reports, but instead are included as part of the City of Burlington, Vermont's Annual Comprehensive Financial Report (ACFR). The ACFR can be viewed on the City's website at: www.burlingtonvt.gov.

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

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

The plan covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2022, the plan consisted of 7,313 retired members or beneficiaries currently receiving benefits and 10,387 active members.

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

All assets of the Plan are held in a single trust and are available to pay OPEB benefits to all members. The Vermont State Agency of Administration issues a publicly available Annual Comprehensive Financial Report that includes financial statements and

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance and Management website at: Annual Comprehensive Financial Report | Department of Finance and Management (vermont.gov).

Benefits Provided

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

Contributions

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

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

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

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

Retirees pay full cost of dental benefits.

OPEB Liabilities

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB No. 75 and the State is treated as a nonemployer to VSTRS. Since the District does not contribute directly to VSTRS, no net OPEB liability was recorded at June 30, 2024. The State's portion of the collective net OPEB liability that was associated with the District was as follows:

School District's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the School District		<u>31,721,505</u>
Total	\$	<u>31,721,505</u>

The State of Vermont's proportionate share of the net OPEB liability associated with the School District is equal to the collective net OPEB liability, actuarially measured as of June 30, 2023, multiplied by the School District's proportionate share percentage. The School District's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2023, the District's proportion was 4.06929% which was an increase of 0.04638% from its proportion measured as of June 30, 2022.

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

For the year ended June 30, 2023, the District recognized total OPEB expense of \$1,793,628 and revenue of \$1,793,628 for support provided by the State of Vermont for the Plan. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

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

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

	VSTRS OPEB Plan
Plan year ended June 30:	
2024	\$ -
2025	-
2026	-
2027	-
2028	-
Thereafter	-

Discount Rate

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

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
VSTRS OPEB Plan:			
Discount rate	6.00%	7.00%	8.00%
School District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -

Healthcare Trend Rate

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The trend rate assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the 2023 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers and CPI statistics published by the Bureau of Labor Statistics. The sensitivity of net OPEB liability to changes in healthcare trend rates are as follows:

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

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2023, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

Amortization

The total OPEB liability of this Plan is amortized on a closed 30-year period. The amortization method is a level percent of payroll method. As of July 1, 2023, there are 25 years remaining in the amortization period.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Asset Valuation Method

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

The long-term expected rate of return on OPEB plan investments is developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation, long-term expected rates of return for each major asset class and expected inflation, as of June 30, 2023, are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equities	43.00%	5.35%
US Aggregate Fixed Income	19.00%	1.50%
Emerging Markets Debt (Hard)	4.00%	5.00%
TIPS	3.00%	1.50%
Private Credit	10.00%	5.50%
Real Estate	11.00%	3.25%
Private Equity	10.00%	7.50%
	100.00%	

Assumptions

The actuarial assumptions used to calculate the actuarially determined contribution rates can be found in the Report on the Actuarial Valuation of Post-Retirement Benefits of the Vermont State Teachers' Retirement System Prepared as of June 30, 2016 completed by Buck Consulting. As of June 30, 2023, they are as follows:

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Discount Rate	7.00%
Salary Increase Rate	Varies by age
Non-Medicare	7.39% graded to 4.50% over 12 years
Medicare \$300 Comprehensive and JY Plan	6.90% graded to 4.50% over 12 years
Medicare VSTRS 65	4.50%
Retiree Contributions	Equal to health trend
Pre-retirement Mortality	PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using scale MP-2021
Post-retirement Mortality	Retirees: PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table Spouses: 109% of the Pub-2010 Contingent Survivor Headcount-Weighted Table, both Retirees and Spouses with generational projection using scale MP-2021

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2023 with the following exceptions:

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period remaining was twenty-five years as of July 1, 2023.

OPEB Plan Fiduciary Net Position

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

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Burlington Employees' Retirement System (the System) is a cost sharing, single employer defined benefit pension plan which provides retirement benefits to the City of Burlington, Vermont (the City). Because of the significance of its operational and financial relationship with the City, the System is included as a pension trust fund in the City's basic financial statements. For further financial and actuarial information about the System, refer to the City's financial statements, which may be obtained online at www.burlingtonvt.gov or by contacting the City at (802) 865-7000.

The City Council has the authority to amend the benefit terms of the System by enacting ordinances and sending them to the Mayor for approval.

In addition to providing pension benefits, the School District provides post-employment healthcare insurance benefits for retired employees through the Burlington School District's plan. The plan does not issue a separate financial report.

Benefits Provided

The School District provides medical benefits in various options for both active employees and retirees. Each class of employees is eligible for explicit subsidies based on dates of enrollment and years of service to the School District. Spouses of retirees are able to remain on the applicable plan as long as the retiree is covered. Surviving spouses are allowed to continue coverage only as permitted by COBRA.

The School District provides life insurance benefits to certain classes of employees. Office personnel retired on/before June 30, 2018 and AFSCME (Bus, Food, Technology Services and Maintenance) employees are eligible to obtain \$10,000 in life insurance at normal, disability or termination retirement with the premiums being paid by the School District.

Eligibility

All employees are eligible for disability retirement with 10 years of service. All employees are eligible to retire after termination with the School District if at termination the employee is age 50 with 15 years of service. Retiree health benefits will commence at age 55 for these terminated employees. Retiree health benefits are only available to Teachers and Paraeducators.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Teachers

Certified teachers are eligible for retiree health care benefits until age 65 once they meet the School District's retirement eligibility requirements:

1. Age 55 and 15 years of service
2. 30 years of service

Paraeducators

Paraeducators are eligible for retiree health care benefits until age 65 once they meet the School District's retirement eligibility requirements, which is age 55 with 20 years of service.

Teachers and Paraeducator employees are eligible to retire after termination with the School District if the employee is age 50 with 15 years of service at the time of termination. Retiree health benefits will commence at age 55 for these terminated employees. Retiree health benefits are only available to Teachers and Paraeducators.

Office, Food, Maintenance, Bus, Technology Services

Office, Food, Maintenance, Technology Services and Bus personnel retired on or before June 30, 2017 are eligible to obtain \$10,000 in life insurance at normal, disability or termination retirement with the premiums being paid by the School District.

These groups are only eligible for subsidized life insurance and are ineligible to continue health coverage with the School District at retirement.

Employees Covered by Benefit Terms

At June 30, 2024, the following employees were covered by the benefit terms:

Active members	493
Retirees and spouses	<u>43</u>
Total	<u><u>536</u></u>

The active participants' number above may include active employees who currently have no health care coverage.

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the District reported a liability of \$3,821,771 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date.

For the year ended June 30, 2024, the District recognized OPEB revenue of \$3,611,551. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	System OPEB Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 926,773	\$ 927,039
Changes of assumptions	279,990	448,690
Total	<u>\$ 1,206,763</u>	<u>\$ 1,375,729</u>

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

	System OPEB Plan
Plan year ended June 30:	
2025	\$ (118,920)
2026	(14,672)
2027	(14,672)
2028	(14,669)
2029	(52,710)
Thereafter	46,677

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2024. The discount rate determination is based on the yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The rate of 4.21% per annum for June 30, 2024 was based upon a measurement date of June 30, 2024. The sensitivity of total and net OPEB liability to changes in discount rate are as follows:

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	3.21%	4.21%	5.21%
Total OPEB liability	\$ 4,008,626	\$ 3,821,771	\$ 3,636,595
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 4,008,626</u>	<u>\$ 3,821,771</u>	<u>\$ 3,636,595</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of total and net OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 3,485,224	\$ 3,821,771	\$ 4,208,431
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 3,485,224</u>	<u>\$ 3,821,771</u>	<u>\$ 4,208,431</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods, Inputs and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

The total OPEB liability for the Plan was determined as of June 30, 2024 based on an actuarial valuation date of June 30, 2024. Liabilities as of July 1, 2023 are based on an actuarial valuation date of July 1, 2022 projected to July 1, 2023 on a “no loss/no gain” basis.

Discount rate: 4.21% as of June 30, 2024 and 4.13% for July 1, 2023.

Experience study

Best actuarial practices call for a periodic assumption review and Nyhart recommends the School District to complete an actuarial assumption review (also referred to as an experience study) in the future.

Health care trend rates

<u>FYE</u>	<u>Rates</u>	<u>FYE</u>	<u>Rates</u>
2025	8.0%	2029	6.0%
2026	7.5%	2030	5.5%
2027	7.0%	2031	5.0%
2028	6.5%	2032+	4.5%

Inflation rate: 2.3% per year

Mortality: Teachers employees and retirees: SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2021.

Non-Teacher employees and retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021.

Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021.

The plan does not have sufficient data to have credible experience. Therefore, mortality assumptions are set to reflect general population trends based upon Pub-2010 Mortality tables and the most recent generational projection scale MP-2021 released by the Society of Actuaries (SOA) for future mortality improvements.

BURLINGTON SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)

Payroll growth:

Payroll growth rates including general wage inflation of 2.3% plus merit/productivity increases as shown below. Rates are based on the assumptions used in the City of Burlington actuarial valuation as of June 30, 2023 for Paraeducators and Vermont State Teachers Retirement System (VSTRS) OPEB actuarial valuation as of June 30, 2023 for Teachers. The assumptions from these state-wide valuations provide reasonable estimates of experience for municipal employers such as Burlington School District.

Age	Teachers / Admin	YOS	Non-Teachers
20	8.20%	0	4.20%
30	4.20%	5	2.50%
40	3.00%	10	2.00%
50	1.90%	15	1.60%
60	1.25%	20+	1.30%
70+	1.00%		

Benefit changes

There have been no substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2023.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the School District at 150 Colchester Avenue, Burlington, Vermont 05401.

NOTE 19 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and injuries to employees.

The School District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

BURLINGTON SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 20 - 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 cannot determine at this time whether or not such settlement amounts, if any, would have a material adverse effect on the School District's financial position.

The School District participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the School District'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 21 - SUBSEQUENT EVENTS

In October of 2024, the School District issued a \$15,000,000 bond for high school and technical center building construction. The bond was issued at a fixed rate of 5.0% with a maturity date of November 1, 2044.

In October of 2024, the School District also issued a \$7,700,000 bond for Integrated Arts Academy capital projects. The bond was issued at a fixed rate of 5.0% with a maturity date of November 1, 2044.

In October of 2024, the School District also issued a \$2,000,000 bond to provide financing for capital projects. The bond was issued at a fixed rate of 5.0% with a maturity date of November 1, 2044.

Required Supplementary Information

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

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

BURLINGTON SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 17,520,151	\$ 17,520,151	\$ 17,520,151	\$ -
Resources (Inflows):				
Intergovernmental:				
General state support	78,190,176	78,190,176	78,190,176	-
Other	13,201,556	13,201,556	14,684,657	1,483,101
Charges for services	2,070,239	2,070,239	3,024,772	954,533
Interest income	625,000	625,000	1,075,242	450,242
Gains/losses on capital assets	-	-	7,392	7,392
Miscellaneous	24,000	24,000	52,873	28,873
Transfers from other funds	350,000	350,000	1,481,301	1,131,301
Amounts Available for Appropriation	<u>111,981,122</u>	<u>111,981,122</u>	<u>116,036,564</u>	<u>4,055,442</u>
Charges to Appropriations (Outflows):				
Current:				
Regular instruction	37,530,607	37,722,047	36,309,243	1,412,804
Special education instruction	15,822,702	15,395,970	16,022,651	(626,681)
Other instructional programs	1,194,763	1,238,375	1,226,338	12,037
Student support services	7,048,932	7,095,272	7,132,341	(37,069)
Staff support services	5,072,161	5,320,712	5,242,376	78,336
General administration	836,610	831,672	772,270	59,402
School administration	4,755,151	4,735,500	4,253,319	482,181
Centralized services	2,433,833	2,487,970	2,209,022	278,948
Operations and maintenance	8,026,302	8,853,267	8,233,751	619,516
Transportation services	1,722,789	1,487,892	1,382,272	105,620
Employee benefits	683,719	565,596	598,736	(33,140)
Community services	3,958	3,958	-	3,958
Debt service:				
Principal	2,635,000	1,875,000	1,875,000	-
Interest	4,689,359	6,272,359	6,323,311	(50,952)
Capital outlay	-	604,559	818,202	(213,643)
Transfers to other funds	329,727	5,464	1,607,368	(1,601,904)
Total General Fund Expenditures	<u>92,785,613</u>	<u>94,495,613</u>	<u>94,006,200</u>	<u>489,413</u>
Non-Fund 1001 expenditures	<u>5,034,440</u>	<u>5,034,440</u>	<u>4,644,286</u>	<u>390,154</u>
Total Charges to Appropriations	<u>97,820,053</u>	<u>99,530,053</u>	<u>98,650,486</u>	<u>879,567</u>
Budgetary Fund Balance, June 30	<u>\$ 14,161,069</u>	<u>\$ 12,451,069</u>	<u>\$ 17,386,078</u>	<u>\$ 4,935,009</u>
Utilization of fund balance	<u>\$ 2,350,000</u>	<u>\$ 2,350,000</u>	<u>\$ -</u>	<u>\$ (2,350,000)</u>

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

SCHEDULE 2

BURLINGTON SCHOOL DISTRICT

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>VSTRS:</u>										
Proportion of the net pension liability	4.75%	4.70%	4.71%	4.61%	4.59%	4.49%	4.55%	4.66%	4.80%	4.94%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	88,909,736	90,587,205	79,841,269	89,906,447	71,563,284	67,882,065	67,400,147	60,991,444	56,961,562	47,328,006
Total	<u>\$ 88,909,736</u>	<u>\$ 90,587,205</u>	<u>\$ 79,841,269</u>	<u>\$ 89,906,447</u>	<u>\$ 71,563,284</u>	<u>\$ 67,882,065</u>	<u>\$ 67,400,147</u>	<u>\$ 60,991,444</u>	<u>\$ 56,961,562</u>	<u>\$ 47,328,006</u>
Covered payroll	\$ 37,487,467	\$ 35,307,041	\$ 37,335,924	\$ 32,780,844	\$ 31,498,868	\$ 30,377,299	\$ 30,171,373	\$ 30,171,373	\$ 26,774,383	\$ 27,991,613
Proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	54.81%	58.83%	50.00%	54.96%	54.81%	53.98%	55.31%	58.22%	64.02%

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

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - VSTRS
LAST 10 FISCAL YEARS

<u>VSTRS:</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 39,682,396	\$ 37,487,467	\$ 35,307,041	\$ 37,335,924	\$ 32,780,844	\$ 31,498,868	\$ 30,377,299	\$ 30,079,258	\$ 30,171,373	\$ 26,774,383
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
BURLINGTON EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 623,967	\$ 644,728	\$ 648,732	\$ 647,339	\$ 632,897	\$ 647,457	\$ 589,104	\$ 738,866	\$ 796,849	\$ 637,539
Interest	2,178,361	2,105,998	2,062,866	2,030,985	1,957,652	1,937,547	1,941,074	2,533,671	2,348,193	1,991,416
Changes in benefit terms	-	5,969	377,908	-	-	(13,447)	-	(57,459)	(426,731)	-
Difference between actual and expected experience	448,937	267,994	(865,988)	8,435	73,418	131,657	(711,518)	963,221	2,070,219	(961,786)
Net difference between projected and actual earnings on pension plan investments	232,900	290,691	-	321,187	397,778	146,461	(1,605,291)	2,092,725	-	-
Changes of assumptions	324,003	344,129	59,442	198,493	124,347	69,450	257,146	-	144,790	-
Change in proportional share of contributions	1,063,163	4,088,380	(1,361,304)	(1,415,341)	(1,393,270)	(1,286,990)	(1,848,089)	234,479	991,329	(1,396,215)
Benefit payments, including refunds of employee contributions	(2,769,184)	(2,994,698)	(1,337,036)	(1,309,390)	(1,305,315)	(2,002,116)	(6,669,665)	(3,361,904)	(1,112,837)	(3,730,742)
Net change in total pension liability	<u>2,102,147</u>	<u>4,753,191</u>	<u>(415,380)</u>	<u>481,708</u>	<u>487,507</u>	<u>(369,981)</u>	<u>(8,047,239)</u>	<u>3,143,599</u>	<u>4,811,812</u>	<u>(3,459,788)</u>
Total pension liability - beginning	<u>30,999,799</u>	<u>26,246,608</u>	<u>26,661,988</u>	<u>26,180,280</u>	<u>25,692,773</u>	<u>26,062,754</u>	<u>34,109,993</u>	<u>30,966,394</u>	<u>26,154,582</u>	<u>29,614,370</u>
Total pension liability - ending (a)	<u>\$ 33,101,946</u>	<u>\$ 30,999,799</u>	<u>\$ 26,246,608</u>	<u>\$ 26,661,988</u>	<u>\$ 26,180,280</u>	<u>\$ 25,692,773</u>	<u>\$ 26,062,754</u>	<u>\$ 34,109,993</u>	<u>\$ 30,966,394</u>	<u>\$ 26,154,582</u>
Plan fiduciary net position										
Contributions - employer	\$ 1,072,865	\$ 1,029,627	\$ 1,074,750	\$ 785,161	\$ 176,033	\$ 152,707	\$ 152,707	\$ 1,268,901	\$ 1,190,910	\$ 1,070,264
Contributions - employee	388,534	376,514	342,279	343,757	360,472	351,855	269,058	319,678	291,997	257,803
Net investment income	1,394,266	1,682,345	1,361,304	1,415,341	1,393,270	1,286,990	1,231,579	1,778,835	1,758,985	1,392,782
Benefit payments, including refunds of member contributions	(1,072,865)	(1,029,632)	(1,021,012)	(965,633)	(944,843)	(1,650,261)	(6,669,665)	(3,361,904)	(1,112,837)	(3,730,742)
Change in proportional share of contributions	(388,355)	(2,464,025)	1,536,627	(2,656,865)	(1,473,221)	710,287	710,287	-	-	-
Administrative expense	-	89,026	74,066	40,945	38,535	(39,368)	(35,884)	(44,507)	(41,327)	(30,449)
Other	-	4,767	4,868	4,868	-	130,809	-	-	-	711
Net change in plan fiduciary net position	<u>1,394,445</u>	<u>(311,378)</u>	<u>3,372,882</u>	<u>(1,032,426)</u>	<u>(449,754)</u>	<u>943,019</u>	<u>(4,341,918)</u>	<u>(38,997)</u>	<u>2,087,728</u>	<u>(1,039,631)</u>
Plan fiduciary net position - beginning	<u>19,925,622</u>	<u>20,237,000</u>	<u>16,864,118</u>	<u>17,896,544</u>	<u>18,346,298</u>	<u>17,403,279</u>	<u>21,745,197</u>	<u>21,784,194</u>	<u>19,696,466</u>	<u>20,736,097</u>
Plan fiduciary net position - ending (b)	<u>\$ 21,320,067</u>	<u>\$ 19,925,622</u>	<u>\$ 20,237,000</u>	<u>\$ 16,864,118</u>	<u>\$ 17,896,544</u>	<u>\$ 18,346,298</u>	<u>\$ 17,403,279</u>	<u>\$ 21,745,197</u>	<u>\$ 21,784,194</u>	<u>\$ 19,696,466</u>
Net pension liability - ending (a) - (b)	<u>\$ 11,781,879</u>	<u>\$ 11,074,177</u>	<u>\$ 6,009,608</u>	<u>\$ 9,797,870</u>	<u>\$ 8,283,736</u>	<u>\$ 7,346,475</u>	<u>\$ 8,659,475</u>	<u>\$ 12,364,796</u>	<u>\$ 9,182,200</u>	<u>\$ 6,458,116</u>
Plan fiduciary net position as a percentage of the total pension liability	64.41%	64.28%	77.10%	63.25%	68.36%	71.41%	66.77%	63.75%	70.35%	75.31%
Covered payroll	\$ 11,358,398	\$ 10,608,608	\$ 9,827,083	\$ 9,652,091	\$ 9,284,363	\$ 9,329,571	\$ 8,631,859	\$ 8,791,814	\$ 9,019,495	\$ 8,597,462
Net pension liability as a percentage of its covered payroll	103.73%	104.39%	61.15%	101.51%	89.22%	78.74%	100.32%	140.64%	101.80%	75.12%

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

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS
BURLINGTON EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,033,531	\$ 1,102,512	\$ 1,119,077	\$ 1,164,942	\$ 1,242,218	\$ 1,161,827	\$ 890,362	\$ 1,293,261	\$ 1,268,901	\$ 1,190,910
Contributions in relation to the actuarially determined contribution	<u>(1,033,531)</u>	<u>(1,102,512)</u>	<u>(1,119,077)</u>	<u>(1,164,942)</u>	<u>(1,242,218)</u>	<u>(1,161,827)</u>	<u>(890,362)</u>	<u>(1,293,261)</u>	<u>(1,268,901)</u>	<u>(1,190,910)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 12,170,400	\$ 11,358,398	\$ 10,608,608	\$ 9,827,083	\$ 9,652,091	\$ 9,284,363	\$ 9,329,571	\$ 8,631,859	\$ 8,791,814	\$ 9,019,495
Contributions as a percentage of covered payroll	8.49%	9.71%	10.55%	11.85%	12.87%	12.51%	9.54%	14.98%	14.43%	13.20%

Notes to schedule:

Valuation date:
Actuarial cost method:

June 30, 2023
Entry Age Normal - Level Percentage of Salary.

Actuarial assumptions

Investment rate of return: 7.10%
Discount rate: 7.10%
Inflation rate: 2.70%
Assumed annual rate of salary increases: 3.60% - 11% includes inflation

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

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF INVESTMENT RETURNS
BURLINGTON EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	10.30%	-13.20%	31.10%	0.80%	5.20%	9.80%	10.25%	-1.30%	-0.15%	13.62%

Notes to schedule:

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

BURLINGTON SCHOOL DISTRICT

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

	2024	2023	2022	2021	2020	2019
<u>VSTRS OPEB Plan:</u>						
Proportion of the net OPEB liability	4.07%	4.02%	4.07%	4.00%	3.99%	3.95%
School District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the School District	31,721,505	28,878,522	51,875,317	50,334,572	41,513,836	37,672,211
Total	<u>\$ 31,721,505</u>	<u>\$ 28,878,522</u>	<u>\$ 51,875,317</u>	<u>\$ 50,334,572</u>	<u>\$ 41,513,836</u>	<u>\$ 37,672,211</u>
Covered payroll	\$ 37,487,467	\$ 35,307,041	\$ 37,335,924	\$ 32,780,844	\$ 31,498,868	\$ 30,377,299
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	8.48%	5.34%	1.13%	0.69%	0.03%	-2.85%

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

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

SCHEDULE 8

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - VSTRS OPEB
LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018
<u>VSTRS OPEB Plan:</u>							
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 39,682,396	\$ 37,487,467	\$ 35,307,041	\$ 37,335,924	\$ 32,780,844	\$ 31,498,868	\$ 30,377,299
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
BURLINGTON EMPLOYEES' RETIREMENT SYSTEM OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2024

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/23	\$ 8,025,862	\$ -	\$ 8,025,862
Changes for the year:			
Service cost	561,228	-	561,228
Interest	345,586	-	345,586
Changes of benefits	(4,002,323)	-	(4,002,323)
Changes of assumptions	222,360	-	222,360
Differences between expected and actual experience	(887,665)	-	(887,665)
Contributions - employer	-	443,227	(443,227)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(443,277)	(443,277)	-
Administrative expense	-	-	-
Net changes	(4,204,091)	-	(4,204,091)
Balances at 6/30/24	\$ 3,821,771	\$ -	\$ 3,821,771

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

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
BURLINGTON EMPLOYEES' RETIREMENT SYSTEM OPEB PLAN
LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020	2019
<u>Total OPEB liability</u>						
Service cost (BOY)	\$ 561,228	\$ 480,686	\$ 627,827	\$ 564,340	\$ 352,070	\$ 315,649
Interest	345,586	275,954	156,245	165,143	217,893	213,029
Changes of benefit terms	(4,002,323)	-	-	-	-	-
Changes of assumptions	222,360	(18,248)	(549,939)	178,792	(547,751)	164,085
Differences between expected and actual experience	(887,665)	1,152,040	(245,161)	125,483	(77,737)	112,870
Benefit payments, including refunds of member contributions	(443,277)	(259,271)	(200,786)	(141,645)	(170,085)	(108,152)
Net change in total OPEB liability	\$ (4,204,091)	\$ 1,631,161	\$ (211,814)	\$ 892,113	\$ (225,610)	\$ 697,481
Total OPEB liability - beginning	\$ 8,025,862	\$ 6,394,701	\$ 6,606,515	\$ 5,714,402	\$ 5,940,012	\$ 5,242,531
Total OPEB liability - ending	\$ 3,821,771	\$ 8,025,862	\$ 6,394,701	\$ 6,606,515	\$ 5,714,402	\$ 5,940,012
<u>Plan fiduciary net position</u>						
Contributions - employer	443,277	259,271	200,786	141,645	170,085	108,152
Contributions - member	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(443,277)	(259,271)	(200,786)	(141,645)	(170,085)	(108,152)
Administrative expense	-	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	<u>\$ 3,821,771</u>	<u>\$ 8,025,862</u>	<u>\$ 6,394,701</u>	<u>\$ 6,606,515</u>	<u>\$ 5,714,402</u>	<u>\$ 5,940,012</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 39,176,740	\$ 39,759,711	\$ 37,376,385	\$ 37,609,262	\$ 38,782,212	\$ 33,983,834
Net OPEB liability as a percentage of covered payroll	9.8%	20.2%	17.1%	17.6%	14.7%	17.5%

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

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

BURLINGTON SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2024

Changes of Assumptions

VSTRS Pension Plan:

- Assumed rates of salary increase were adjusted, generally increased, based on plan experience.
- COLA assumptions were decreased
- Mortality assumptions changed
- Assumed active retirement rates for Group C Grandfathered (GF) and Group C Non-Grandfathered (NGF) were adjusted based on plan experience.
- Assumed inactive vested retirement rates for Group C-NGF for pre-Normal Retirement Ages were increased based on plan experience.
- Assumed termination rates were adjusted based on plan experience.
- Assumed disability rates uniformly decreased by 15% for females and uniformly increased by 20% for males.

VSTRS OPEB Plan:

- The per capita valuation-year claims and retiree contribution rates were updated.
- The assumed health trend rates were modified.
- The assumed scale, mortality rates, disability rates, withdrawal rates and retirement rates were modified.
- The percentage of future retirees at retirement assumed to have an eligible spouse who also opts for health coverage was increased from 75% to 85% for those eligible for a subsidy and decreased from 15% to 10% for those not eligible for a subsidy.

Burlington Employees' Retirement System Plan:

There were no changes to actuarial assumptions.

Burlington Employees' OPEB System Plan:

The discount rate has been updated from 4.13% as of July 1, 2023 to 4.21% as of June 30, 2024 based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

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

Other Supplementary Information

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

- 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 Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Combining Balance Sheet - Nonmajor Fiduciary Funds - Private-Purpose Trusts
- Combining Schedule of Changes in Net Position - Nonmajor Fiduciary Funds - Private-Purpose Trusts

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 382,976	\$ -	\$ 382,976
Investments	-	25,405	25,405
Accounts receivable (net of allowance for uncollectibles)	68,438	-	68,438
Due from other governments	6,624,843	-	6,624,843
Due from other funds	1,029,259	475	1,029,734
TOTAL ASSETS	\$ 8,105,516	\$ 25,880	\$ 8,131,396
LIABILITIES			
Accounts payable	\$ 1,227,019	\$ -	\$ 1,227,019
Due to other funds	5,435,004	-	5,435,004
TOTAL LIABILITIES	6,662,023	-	6,662,023
FUND BALANCES			
Nonspendable	-	-	-
Restricted	1,060,517	25,880	1,086,397
Committed	-	-	-
Assigned	382,976	-	382,976
Unassigned	-	-	-
TOTAL FUND BALANCES	1,443,493	25,880	1,469,373
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,105,516	\$ 25,880	\$ 8,131,396

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

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 12,952,480	\$ -	\$ 12,952,480
Interest	267	13	280
Other income	846,844	-	846,844
TOTAL REVENUES	<u>13,799,591</u>	<u>13</u>	<u>13,799,604</u>
EXPENDITURES			
Program expenses	<u>14,210,087</u>	-	<u>14,210,087</u>
TOTAL EXPENDITURES	<u>14,210,087</u>	<u>-</u>	<u>14,210,087</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(410,496)</u>	<u>13</u>	<u>(410,483)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,637,592	-	1,637,592
Transfers (out)	<u>(1,661,917)</u>	-	<u>(1,661,917)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(24,325)</u>	<u>-</u>	<u>(24,325)</u>
NET CHANGE IN FUND BALANCES	(434,821)	13	(434,808)
FUND BALANCES - JULY 1	<u>1,878,314</u>	<u>25,867</u>	<u>1,904,181</u>
FUND BALANCES - JUNE 30	<u>\$ 1,443,493</u>	<u>\$ 25,880</u>	<u>\$ 1,469,373</u>

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

Special Revenue Funds

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

SCHEDULE C

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2024

	Fund 2012 Tech Ed Pilot Time Grant	Fund 2101 IDEA-B Flow Thru	Fund 2102 IDEA-B PK Flow Thru	Fund 2106 Title I Grant	Fund 2109 Title I School Improv	Fund 2112 Perkins Basic Grant	Fund 2115 Title III English Lang	Fund 2119 RTT - PK Development
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-
Due from other governments	-	734,098	3,667	884,397	374,342	125,505	51,524	-
Due from other funds	-	-	-	-	-	-	-	102,751
TOTAL ASSETS	\$ -	\$ 734,098	\$ 3,667	\$ 884,397	\$ 374,342	\$ 125,505	\$ 51,524	\$ 102,751
LIABILITIES								
Accounts payable	\$ -	\$ 36,341	\$ -	\$ 2,527	\$ 197,009	\$ 22,233	\$ 2,873	\$ -
Due to other funds	-	697,757	3,667	881,870	177,333	103,272	48,651	-
TOTAL LIABILITIES	-	734,098	3,667	884,397	374,342	125,505	51,524	-
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	102,751
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	-	-	-	102,751
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 734,098	\$ 3,667	\$ 884,397	\$ 374,342	\$ 125,505	\$ 51,524	\$ 102,751

SCHEDULE C (CONTINUED)

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2024

	Fund 2122 Title IV SSAE	Fund 2124 21st Century Schools	Fund 2125 Title IIA	Fund 2127 CNP Fresh Fruits/Veg	Fund 2139 ESSER III	Fund 2140 GEER II	Fund 2145 ARP Homeless	Fund 2146 ARP IDEA
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-
Due from other governments	72,018	140,101	250,941	3,290	3,479,457	129,273	3,388	-
Due from other funds	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 72,018</u>	<u>\$ 140,101</u>	<u>\$ 250,941</u>	<u>\$ 3,290</u>	<u>\$3,479,457</u>	<u>\$ 129,273</u>	<u>\$ 3,388</u>	<u>\$ -</u>
LIABILITIES								
Accounts payable	\$ 9,247	\$ 22,827	\$ 22,311	\$ -	\$ 721,165	\$ -	\$ 187	\$ -
Due to other funds	62,771	117,274	228,630	3,290	2,758,292	129,273	3,201	-
TOTAL LIABILITIES	<u>72,018</u>	<u>140,101</u>	<u>250,941</u>	<u>3,290</u>	<u>3,479,457</u>	<u>129,273</u>	<u>3,388</u>	<u>-</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 72,018</u>	<u>\$ 140,101</u>	<u>\$ 250,941</u>	<u>\$ 3,290</u>	<u>\$3,479,457</u>	<u>\$ 129,273</u>	<u>\$ 3,388</u>	<u>\$ -</u>

SCHEDULE C (CONTINUED)

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2024

	Fund 2153 ESSER III Afterschool	Fund 2154 ESSER III Cyber Security	Fund 2158 Title IV SCG	Fund 2351 Medicaid IEP Reimbursement	Fund 2353 Medicaid EPSDT	Fund 2354 Tobacco Litig Settlement	Fund 2357 Licensing Fees	Fund 2598 Consolidated Admin
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-
Due from other governments	35,815	-	9,647	77,352	77,709	16,349	1,092	-
Due from other funds	-	-	-	307,959	123,152	-	-	-
TOTAL ASSETS	\$ 35,815	\$ -	\$ 9,647	\$ 385,311	\$ 200,861	\$ 16,349	\$ 1,092	\$ -
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ 113,822	\$ 1,956	\$ -	\$ -	\$ -
Due to other funds	35,815	-	9,647	-	-	16,349	1,092	-
TOTAL LIABILITIES	35,815	-	9,647	113,822	1,956	16,349	1,092	-
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	271,489	198,905	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	271,489	198,905	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 35,815	\$ -	\$ 9,647	\$ 385,311	\$ 200,861	\$ 16,349	\$ 1,092	\$ -

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2024

	Fund 2599 School-wide Programs	Fund 2601 Small Grant Fund	Fund 2603 STARS Bonus	Fund 2604 VT Refugee Children	Fund 2607 Nellie Mae Grant	Fund 2608 Rowland Foundation	Fund 2609 Digital Promise Grant	Fund 2610 The Verizon Foundation
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	43,438	-	-	-	25,000	-	-
Due from other governments	-	3,195	-	87,639	-	-	-	-
Due from other funds	68,918	104,370	-	-	3,644	-	101,027	24,866
TOTAL ASSETS	<u>\$ 68,918</u>	<u>\$ 151,003</u>	<u>\$ -</u>	<u>\$ 87,639</u>	<u>\$ 3,644</u>	<u>\$ 25,000</u>	<u>\$ 101,027</u>	<u>\$ 24,866</u>
LIABILITIES								
Accounts payable	\$ 68,918	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	87,639	-	8,740	-	-
TOTAL LIABILITIES	<u>68,918</u>	<u>2,000</u>	<u>-</u>	<u>87,639</u>	<u>-</u>	<u>8,740</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	149,003	-	-	3,644	16,260	101,027	24,866
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>149,003</u>	<u>-</u>	<u>-</u>	<u>3,644</u>	<u>16,260</u>	<u>101,027</u>	<u>24,866</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 68,918</u>	<u>\$ 151,003</u>	<u>\$ -</u>	<u>\$ 87,639</u>	<u>\$ 3,644</u>	<u>\$ 25,000</u>	<u>\$ 101,027</u>	<u>\$ 24,866</u>

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2024

	Fund 2619 VT DOL Adult Tech Ed	Fund 2622 Youthbuild (HOEHL)	Fund 2623 EMS Teach Tolerance	Fund 2625 Reducing Racial Disparity	Fund 2627 BTC New Build	Fund 2628 G. Munson Estate	Student Activities	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 382,976	\$ 382,976
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-	68,438
Due from other governments	18,758	-	-	45,286	-	-	-	6,624,843
Due from other funds	-	7,150	2,402	-	8,802	174,218	-	1,029,259
TOTAL ASSETS	\$ 18,758	\$ 7,150	\$ 2,402	\$ 45,286	\$ 8,802	\$ 174,218	\$ 382,976	\$ 8,105,516
LIABILITIES								
Accounts payable	\$ 720	\$ -	\$ -	\$ 2,883	\$ -	\$ -	\$ -	\$ 1,227,019
Due to other funds	18,038	-	-	42,403	-	-	-	5,435,004
TOTAL LIABILITIES	18,758	-	-	45,286	-	-	-	6,662,023
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	7,150	2,402	-	8,802	174,218	-	1,060,517
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	382,976	382,976
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	7,150	2,402	-	8,802	174,218	382,976	1,443,493
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,758	\$ 7,150	\$ 2,402	\$ 45,286	\$ 8,802	\$ 174,218	\$ 382,976	\$ 8,105,516

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

SCHEDULE D

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Fund 2012 Tech Ed Pilot Time Grant	Fund 2101 IDEA-B Flow Thru	Fund 2102 IDEA-B PK Flow Thru	Fund 2106 Title I Grant	Fund 2109 Title I School Improv	Fund 2112 Perkins Basic Grant	Fund 2115 Title III English Lang	Fund 2119 RTT - PK Development
REVENUES								
Intergovernmental	\$ 20,547	\$ 2,158,563	\$ 9,329	\$ 2,228,723	\$ 374,342	\$ 264,325	\$ 144,850	\$ -
Interest	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-
TOTAL REVENUES	<u>20,547</u>	<u>2,158,563</u>	<u>9,329</u>	<u>2,228,723</u>	<u>374,342</u>	<u>264,325</u>	<u>144,850</u>	<u>-</u>
EXPENDITURES								
Program expenses	<u>20,547</u>	<u>2,158,563</u>	<u>9,329</u>	<u>618,964</u>	<u>374,343</u>	<u>264,325</u>	<u>144,850</u>	<u>-</u>
TOTAL EXPENDITURES	<u>20,547</u>	<u>2,158,563</u>	<u>9,329</u>	<u>618,964</u>	<u>374,343</u>	<u>264,325</u>	<u>144,850</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,609,759</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	26,717	-	-	-	-
Transfers (out)	-	(9,703)	-	(1,609,759)	(298)	-	(10,468)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(9,703)</u>	<u>-</u>	<u>(1,583,042)</u>	<u>(298)</u>	<u>-</u>	<u>(10,468)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(9,703)	-	26,717	(299)	-	(10,468)	-
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>9,703</u>	<u>-</u>	<u>(26,717)</u>	<u>299</u>	<u>-</u>	<u>10,468</u>	<u>102,751</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,751</u>

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Fund 2122 Title IV SSAE	Fund 2124 21st Century Schools	Fund 2125 Title IIA	Fund 2127 CNP Fresh Fruits/Veg	Fund 2139 ESSER III	Fund 2140 GEER II	Fund 2145 ARP Homeless	Fund 2146 ARP IDEA
REVENUES								
Intergovernmental	\$ 145,457	\$ 576,111	\$ 530,234	\$ 49,494	\$ 5,387,519	\$ 173,818	\$ 16,787	\$ 1,056
Interest	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-
TOTAL REVENUES	<u>145,457</u>	<u>576,111</u>	<u>530,234</u>	<u>49,494</u>	<u>5,387,519</u>	<u>173,818</u>	<u>16,787</u>	<u>1,056</u>
EXPENDITURES								
Program expenses	<u>145,457</u>	<u>576,112</u>	<u>530,235</u>	<u>49,494</u>	<u>5,387,519</u>	<u>173,818</u>	<u>16,787</u>	<u>1,056</u>
TOTAL EXPENDITURES	<u>145,457</u>	<u>576,112</u>	<u>530,235</u>	<u>49,494</u>	<u>5,387,519</u>	<u>173,818</u>	<u>16,787</u>	<u>1,056</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	1,116	-	-	-	-	-	-	-
Transfers (out)	<u>-</u>	<u>(5,298)</u>	<u>(975)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,116</u>	<u>(5,298)</u>	<u>(975)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	1,116	(5,299)	(976)	-	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>(1,116)</u>	<u>5,299</u>	<u>976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE D (CONTINUED)

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Fund 2153 ESSER III Afterschool	Fund 2154 ESSER III Cyber Security	Fund 2158 Title IV SCG	Fund 2351 Medicaid IEP Reimbursement	Fund 2353 Medicaid EPSDT	Fund 2354 Tobacco Litig Settlement	Fund 2357 Licensing Fees	Fund 2598 Consolidated Admin
REVENUES								
Intergovernmental	\$ 35,815	\$ 11,927	\$ 20,141	\$ 450,903	\$ 120,693	\$ 32,000	\$ 1,092	\$ -
Interest	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-
TOTAL REVENUES	<u>35,815</u>	<u>11,927</u>	<u>20,141</u>	<u>450,903</u>	<u>120,693</u>	<u>32,000</u>	<u>1,092</u>	<u>-</u>
EXPENDITURES								
Program expenses	<u>35,815</u>	<u>11,927</u>	<u>20,141</u>	<u>1,063,943</u>	<u>130,819</u>	<u>32,000</u>	<u>1,092</u>	<u>71</u>
TOTAL EXPENDITURES	<u>35,815</u>	<u>11,927</u>	<u>20,141</u>	<u>1,063,943</u>	<u>130,819</u>	<u>32,000</u>	<u>1,092</u>	<u>71</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>(613,040)</u>	<u>(10,126)</u>	<u>-</u>	<u>-</u>	<u>(71)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	71
Transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	(613,040)	(10,126)	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>884,529</u>	<u>209,031</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,489</u>	<u>\$ 198,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE D (CONTINUED)

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Fund 2599 School-wide Programs	Fund 2601 Small Grant Fund	Fund 2603 STARS Bonus	Fund 2604 VT Refugee Children	Fund 2607 Nellie Mae Grant	Fund 2608 Rowland Foundation	Fund 2609 Digital Promise Grant	Fund 2610 The Verizon Foundation
REVENUES								
Intergovernmental	\$ -	\$ 3,045	\$ -	\$ 111,024	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-
Other income	-	140,873	-	-	-	100,000	-	-
TOTAL REVENUES	-	143,918	-	111,024	-	100,000	-	-
EXPENDITURES								
Program expenses	1,609,688	138,091	-	111,024	2,750	83,814	-	-
TOTAL EXPENDITURES	1,609,688	138,091	-	111,024	2,750	83,814	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,609,688)	5,827	-	-	(2,750)	16,186	-	-
OTHER FINANCING SOURCES (USES)								
Transfers in	1,609,688	-	-	-	-	-	-	-
Transfers (out)	(14,228)	-	(9,170)	(2,018)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,595,460	-	(9,170)	(2,018)	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(14,228)	5,827	(9,170)	(2,018)	(2,750)	16,186	-	-
FUND BALANCES (DEFICITS) - JULY 1	14,228	143,176	9,170	2,018	6,394	74	101,027	24,866
FUND BALANCES (DEFICITS) - JUNE 30	\$ -	\$ 149,003	\$ -	\$ -	\$ 3,644	\$ 16,260	\$ 101,027	\$ 24,866

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Fund 2619 VT DOL Adult Tech Ed	Fund 2622 Youthbuild (HOEHL)	Fund 2623 EMS Teach Tolerance	Fund 2625 Reducing Racial Disparity	Fund 2627 BTC New Build	Fund 2628 G. Munson Estate	Student Activities	Total
REVENUES								
Intergovernmental	\$ 18,758	\$ -	\$ -	\$ 65,927	\$ -	\$ -	\$ -	\$ 12,952,480
Interest	-	-	-	-	-	-	267	267
Other income	-	-	-	-	2,515	174,218	429,238	846,844
TOTAL REVENUES	<u>18,758</u>	<u>-</u>	<u>-</u>	<u>65,927</u>	<u>2,515</u>	<u>174,218</u>	<u>429,505</u>	<u>13,799,591</u>
EXPENDITURES								
Program expenses	<u>18,758</u>	<u>-</u>	<u>-</u>	<u>65,927</u>	<u>-</u>	<u>-</u>	<u>412,828</u>	<u>14,210,087</u>
TOTAL EXPENDITURES	<u>18,758</u>	<u>-</u>	<u>-</u>	<u>65,927</u>	<u>-</u>	<u>-</u>	<u>412,828</u>	<u>14,210,087</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,515</u>	<u>174,218</u>	<u>16,677</u>	<u>(410,496)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	1,637,592
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,661,917)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,325)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	2,515	174,218	16,677	(434,821)
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>7,150</u>	<u>2,402</u>	<u>-</u>	<u>6,287</u>	<u>-</u>	<u>366,299</u>	<u>1,878,314</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ 7,150</u>	<u>\$ 2,402</u>	<u>\$ -</u>	<u>\$ 8,802</u>	<u>\$ 174,218</u>	<u>\$ 382,976</u>	<u>\$ 1,443,493</u>

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

Permanent Funds

Permanent funds are used to account for assets held by the School District that are legally restricted and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the School District.

BURLINGTON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2024

	Margot E. Reed Fund	Raymond E. Tracy Estate Fund	School Land Rent Glebe Fund	Total
ASSETS				
Investments	\$ 4,853	\$ 20,552	\$ -	\$ 25,405
Due from other funds	-	-	475	475
TOTAL ASSETS	<u>\$ 4,853</u>	<u>\$ 20,552</u>	<u>\$ 475</u>	<u>\$ 25,880</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	4,853	20,552	475	25,880
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>4,853</u>	<u>20,552</u>	<u>475</u>	<u>25,880</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,853</u>	<u>\$ 20,552</u>	<u>\$ 475</u>	<u>\$ 25,880</u>

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

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Margot E. Reed Fund	Raymond E. Tracy Estate Fund	School Land Rent Glebe Fund	Total
REVENUES				
Interest income	\$ 2	\$ 11	\$ -	\$ 13
TOTAL REVENUES	<u>2</u>	<u>11</u>	<u>-</u>	<u>13</u>
EXPENDITURES				
Program expenses	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2	11	-	13
FUND BALANCES - JULY 1	<u>4,851</u>	<u>20,541</u>	<u>475</u>	<u>25,867</u>
FUND BALANCES - JUNE 30	<u>\$ 4,853</u>	<u>\$ 20,552</u>	<u>\$ 475</u>	<u>\$ 25,880</u>

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

Private-Purpose Trust Funds

Private-purpose trust funds are used to account for assets held by the School District that are legally restricted for purposes that benefit parties outside of the School District.

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF NET POSITION - PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2024

	Fund 8002 AFS Trust Fund	Fund 8003 Scholarship Trust Fund	Fund 9003 VT CTE SPED Coord	Total
ASSETS				
Investments	\$ 19,074	\$ 146,180	\$ -	\$ 165,254
Due from other governments	-	-	104	104
TOTAL ASSETS	<u>\$ 19,074</u>	<u>\$ 146,180</u>	<u>\$ 104</u>	<u>\$ 165,358</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Restricted	19,074	146,180	104	165,358
TOTAL NET POSITION	<u>19,074</u>	<u>146,180</u>	<u>104</u>	<u>165,358</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 19,074</u>	<u>\$ 146,180</u>	<u>\$ 104</u>	<u>\$ 165,358</u>

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

BURLINGTON SCHOOL DISTRICT

COMBINING SCHEDULE OF CHANGES IN NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Fund 8002 AFS Trust Fund	Fund 8003 Scholarship Trust Fund	Fund 9003 VT CTE SPED Coord	Total
ADDITIONS				
Interest income	\$ 5	\$ 35	\$ -	\$ 40
TOTAL REVENUES	<u>5</u>	<u>35</u>	<u>-</u>	<u>40</u>
DEDUCTIONS				
Distributions	<u>400</u>	<u>1,500</u>	<u>319</u>	<u>2,219</u>
TOTAL DEDUCTIONS	<u>400</u>	<u>1,500</u>	<u>319</u>	<u>2,219</u>
NET CHANGE IN NET POSITION	(395)	(1,465)	(319)	(2,179)
NET POSITION - JULY 1	<u>19,469</u>	<u>147,645</u>	<u>423</u>	<u>167,537</u>
NET POSITION - JUNE 30	<u>\$ 19,074</u>	<u>\$ 146,180</u>	<u>\$ 104</u>	<u>\$ 165,358</u>

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

Federal Compliance

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

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditor's Report on Compliance of Each Major Program and on Internal Control Over Compliance Required by the *Uniform Guidance*
- Schedule of Findings and Questioned Costs

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor Pass Through Grantor Program or Cluster Title	Federal AL Number	Pass Through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture				
Passed through State of Vermont - Agency of Education and Cultural Services:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	4452T0372401	\$ 436,661	\$ -
National School Lunch Program	10.555	4462T0372401	73,620	-
National School Lunch Program	10.555	4450T0372401	1,072,260	-
Commodity Supplemental Food Program	10.555	4456T0372401	124,738	-
Summer Food Service Program for Children	10.559	4455T0372401	118,523	-
Fresh Fruit and Vegetable Program	10.582	4449T0372401	49,494	-
Subtotal Child Nutrition Cluster			<u>1,875,296</u>	<u>-</u>
Child and Adult Care Food Program	10.558	4453T0372401	22,094	-
Child and Adult Care Food Program	10.558	4454T0372401	341,759	-
			<u>363,853</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>2,239,149</u>	<u>-</u>
U.S. Department of Education				
Passed through State of Vermont - Agency of Education and Cultural Services:				
Title I Grants to Local Educational Agencies	84.010A	4250T0372401	2,228,723	-
Title I Grants to Local Educational Agencies	84.010A	4255T0372401	374,342	-
			<u>2,603,065</u>	<u>-</u>
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027A	4226T0372401	2,158,563	-
Special Education - Grants to States - ARP	84.027X	4605T0372201	1,056	-
Special Education-Preschool Grants	84.173A	4228T0372401	9,329	-
Subtotal Special Education Cluster (IDEA)			<u>2,168,948</u>	<u>-</u>
Career and Technical Education - Basic Grants to States	84.048	4318T0372401	<u>264,325</u>	<u>-</u>

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor Pass Through Grantor Program or Cluster Title	Federal AL Number	Pass Through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
Twenty-First Century Community Learning Centers	84.287	4611T0372401	576,111	-
English Language Acquisition State Grants	84.365	4375T0372401	144,850	-
Supporting Effective Instruction State Grants	84.367A	4651T0372401	530,234	-
Student Support and Academic Enrichment Program	84.424A	4570T0372401	145,457	-
Student Support and Academic Enrichment Program	84.424F	4571T0372401	20,141	-
			165,598	-
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act	84.425U	4620T0372301	11,927	-
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act	84.425U	4619T0372301	35,815	-
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act	84.425U	4599T0372101	5,387,519	-
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act	84.425W	4604T0372202	16,787	-
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act	84.425C	4600T0372302	173,818	-
			5,625,866	-
Total U.S. Department of Education			12,078,997	-
U.S. Department of Health and Human Services Passed through State of Vermont - Agency of Human Services				
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	03400-BSD-RSI24-SS-FY23	111,024	-
Total U.S. Department of Health and Human Services			111,024	-
TOTAL FEDERAL ASSISTANCE			\$ 14,429,170	\$ -

BURLINGTON SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2024

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Burlington School District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Burlington School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the Burlington School District.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The U.S. Department of Education (USED) has delegated to the State of Vermont Agency of Education the authority to issue indirect cost rates to all Local Education Agencies (LEAs) based on a plan approved by the USED. Therefore, the Burlington School District does not use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Noncash Awards

The Burlington School District reports U.S. Department of Agriculture (USDA) Foods consumed on the Schedule at the fair value. The State of Vermont allocated USDA Foods to the respective program(s) that benefitted from the use of those USDA Foods.



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

Board of Directors
Burlington School District
Burlington, Vermont

We have audited, in accordance with the 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, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Burlington School District, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise Burlington School District's basic financial statements and have issued our report thereon date January 21, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Burlington School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Burlington School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Supervisory Union's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Burlington School District'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*. We noted certain other matters that we reported to the management of the Burlington School District in a separate letter dated January 21, 2025.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
January 21, 2025



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Burlington School District
Burlington, Vermont

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Burlington School District's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Burlington School District's major federal programs for the year ended June 30, 2024. The Burlington School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Burlington School District 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Burlington School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Burlington School District's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Burlington School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error and express an opinion on the Burlington School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Burlington School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Burlington School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Burlington School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Burlington School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
January 21, 2025

BURLINGTON SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- | | | |
|---|-------------------|-----------------|
| • Material weakness(es) identified? | <u> </u> yes | <u> X </u> no |
| • Significant deficiency(ies) identified? | <u> </u> yes | <u> X </u> no |
| • Noncompliance material to financial statements noted? | <u> </u> yes | <u> X </u> no |

• *Federal Awards*

Internal control over major programs:

- | | | |
|---|-------------------|-----------------|
| • Material weakness(es) identified? | <u> </u> yes | <u> X </u> no |
| • Significant deficiency(ies) identified? | <u> </u> yes | <u> X </u> no |

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

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with §200.516 of Uniform Guidance?

 yes X no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I - Grants to Local Educational Agencies
10.553/10.555/10.556	Child Nutrition Cluster
10.559/10.582	

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

Auditee qualified as low-risk auditee? X yes no

Section II - Financial Statement Findings

None

Section III - Findings and Questioned Costs for Federal Awards

None

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APPENDIX C

Form of Proposed Legal Opinion

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[Date of Issuance]

City Council
City of Burlington
City Hall
Burlington, VT 05401

We have acted as Bond Counsel to the City of Burlington, Vermont, a public body corporate and politic of the State of Vermont (the “City”), in connection with the City’s \$31,000,000* General Obligation Public Improvement Bonds, Series 2025A, dated the original issuance date thereof (the “Bonds”). In such capacity, we examined the laws of the State of Vermont and a record of proceedings relating to the issuance of the Bonds, and certifications of public officials and others furnished to us. As to factual matters material to our opinion, we have relied upon the representations of the City contained in the Bonds and certified proceedings and other certification of public officials furnished to us without undertaking to independently verify the same.

The Bonds are issued under and pursuant to the following authorities: (i) \$7,000,000 in principal amount is issued pursuant to Sections 62 and 63 of the City’s Charter; (ii) \$7,000,000 in principal amount is issued pursuant to Sections 62 and 63 of the City’s Charter and voter authorization at an annual meeting of the City held on March 4, 2025; (iii) \$14,000,000 in principal amount is issued pursuant to Section 63 of the City’s Charter and a vote of the City taken at a special meeting held November 8, 2022 authorizing bonds for the Burlington High School project; and (iv) \$3,000,000 in principal amount is issued pursuant to Section 63 of the City’s Charter and a vote of the City taken at an annual meeting held March 7, 2017 authorizing bonds for City school projects.

The Bonds are payable on November 1 of the years and in the principal amounts and bear interest at the respective rates, as follows:

<u>Maturity</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2026	\$	%
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		

* Preliminary, subject to change.

<u>Maturity</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2038		
2039		
2040		
2041		
2042		
2043		
2044		
2045		

The Bonds maturing on or after November 1, 2036 are subject to optional redemption on November 1, 2035, and on any date thereafter, in whole or in part, at a price of par plus accrued interest thereon to the date of redemption.

The Bonds are immobilized in the custody of The Depository Trust Company, and a book-entry system is being used to evidence ownership and transfer on the records of The Depository Trust Company and its participants.

On the basis of this examination, we are of the opinion, as of the date hereof and under existing law, rules and regulations, as follows:

(1) The City is a lawfully existing municipality and a political subdivision of the State of Vermont.

(2) The Bonds are valid general obligations of the City and all taxable property in the City is subject to taxation without limitation as to rate or amount to pay the Bonds and the interest thereon.

(3) Assuming the accuracy of certain representations of the City and the compliance by the City with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and covenants regarding the use, expenditure and investment of proceeds of the Bonds, the interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax on individuals. The opinions in this paragraph are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with these requirements. Failure to comply with certain of these requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds. The Code contains other provisions that could result in tax consequences, as to which we render no opinion, as a result of ownership of the Bonds or the inclusion in certain computations (including, without limitation, those related to the corporate

alternative minimum tax on adjusted financial statement income) of interest that is excluded from gross income.

(4) The interest on the Bonds is not subject to the Vermont personal income tax or the Vermont corporate income tax to the extent interest on the Bonds is excluded from gross income for federal income tax purposes. We express no opinion regarding any other state tax consequences arising with respect to the Bonds.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, and to the application of general principles of equity, whether considered in a proceeding at law or in equity, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is rendered as of the date hereof and based on existing laws, which are subject to change. We disclaim any obligation to update this letter based upon any future changes in laws or circumstances, which changes may have the effect of causing us to reach a different opinion than that expressed herein.

Very truly yours,

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APPENDIX D

Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

The City of Burlington, Vermont (the “City”) hereby executes this Continuing Disclosure Certificate (this “Certificate”) in connection with the following bond issue:

\$31,000,000* General Obligation Public Improvement Bonds, Series 2025A (the “Bonds”), dated as of the date of this Certificate.

1. This Certificate is delivered to enable the purchasers of the Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “Commission”) pursuant to the Securities Exchange Act of 1934 (as the same may be amended or interpreted from time to time, the “Rule”) in connection with the Bonds. In connection with the issuance of the Bonds, there has been prepared an Official Statement dated as of _____, 2025 (the “Official Statement”) setting forth information concerning the Bonds and the City.

2. The City agrees to undertake for the benefit of the holders and/or beneficial owners of the Bonds to provide continuing disclosure with respect to the Bonds as set forth in this Certificate and in accordance with the provisions of the Rule.

3. As used herein, “MSRB” means the Municipal Securities Rulemaking Board established pursuant to the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule. The undersigned Chief Administrative Officer, being the chief fiscal officer of the City, hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided:

(a) Within 270 days after the fiscal year end while any of the Bonds are outstanding, commencing with the fiscal year ending June 30, 2025 (the “Submission Date”), the City will, or shall cause the Disclosure Agent (as defined herein) to, provide to the MSRB, during each fiscal year that the Bonds are outstanding:

(A) financial information and operating data relating to the City, updating the financial information and operating data relating to the City presented in the final Official Statement for the Bonds, which specifically includes updated information set forth in Tables 12, 13, 16, and 18 therein; and

(B) the audited financial statements of the City for the most recently ended fiscal year, prepared in accordance with generally accepted accounting principles as in effect from time to time.

In each case, if then permitted by the Rule and the requirements of the MSRB, the items referred to in this paragraph (3)(a) may be submitted as a single document or as separate documents comprising a package, and may cross-reference other documents which may have been filed with the MSRB or the Commission. If the document incorporated by reference is a final official statement, it shall be available from the MSRB. The City or Disclosure Agent, as the case may be, shall clearly identify each such other document so incorporated by reference. Notwithstanding the foregoing, the audited financial statements of the City may be submitted separately from, and

* Preliminary, subject to change.

at a later date than, the balance of the items referred to in this paragraph (3)(a) if such audited financial statements are not available as of the date set forth above. If the City or Disclosure Agent, as applicable, submits the audited financial statements of the City at a later date, it shall provide unaudited financial statements by the above-specified deadline and shall provide the audited financial statements as soon as practicable after the audited financial statements become available.

The Disclosure Agent, if any, shall:

(A) determine each year prior to the Submission Date the required mode of filing with the MSRB; and

(B) file a report with the City certifying that the annual financial information as set forth in Section 3(a) above has been provided pursuant to this Certificate, stating the date it was provided and listing all persons to which it was provided.

If there is not a Disclosure Agent, the City shall determine each year prior to the Submission Date the mode of filing with the MSRB.

(b) The City will, or cause the Disclosure Agent to, provide, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB notice of the occurrence of any of the following events with respect to the Bonds: (A) principal and interest payment delinquencies; (B) non-payment related defaults, if material; (C) unscheduled draws on debt service reserves reflecting financial difficulties; (D) unscheduled draws on credit enhancements reflecting financial difficulties; (E) substitution of credit or liquidity providers, or their failure to perform; (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (G) modifications to rights of holders of the Bonds, if material; (H) bond calls, if material and tender offers; (I) defeasances; (J) release, substitution or sale of property securing the repayment of the Bonds, if material; (K) rating changes; (L) bankruptcy, insolvency, receivership or similar event of the City; (M) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (N) appointment of a successor or additional trustee or the change of name of a trustee, if material; (O) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect holders of the Bonds, if material; or (P) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

Event (C) is included pursuant to a letter from the Commission staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (C) is not applicable, since no "debt service reserves" will be established for the Bonds.

With respect to event (L) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and order of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

For purposes of events (O) and (P) above, “financial obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii); provided, however, the term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The City may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the City determines that any such other event is material with respect to the Bonds; but the City does not undertake to commit to provide any such notice of the occurrences of any material event except those events listed above.

(c) If the City on its own or through a Disclosure Agent, if any, is unable to provide the annual financial information as set forth in Section 3(a) above to the MSRB by the Submission Date, the City or Disclosure Agent, as applicable, shall complete and file with the MSRB in a timely manner notice of such failure to file and the anticipated date of filing in the form attached hereto as Exhibit A.

(d) Failure of the City to comply with this undertaking shall not constitute an event of default under the Bonds or under any authorizing resolution for the Bonds nor entitle any holder of the Bonds to recover monetary damages.

(e) Any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Certificate. An action to compel performance shall be the sole remedy for any failure of the City to comply with this Certificate.

(f) Notwithstanding anything herein, this Certificate may be amended or waived by the City, if such amendment or waiver would not, in and of itself, violate the Rule. Without limiting the foregoing, the City may amend this Certificate if (i) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City; (ii) this Certificate, as so amended, would have complied with the requirements of the Rule at the time the Bonds were issued, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment does not materially impair the interests of the holders of the Bonds (including holders of beneficial interests in the Bonds). The annual disclosure following any such amendment or waiver will contain an explanation, in narrative form, of the reasons for

the amendment and the impact of the change in the type of operating data or financial information being provided.

(g) The City's obligations under this Certificate shall terminate if and when the City no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

(h) This Certificate shall inure solely to the benefit of the City, the purchaser of the Bonds, and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

(i) Unless otherwise required by law, all notices, documents and information provided to the MSRB pursuant to this Certificate shall be provided to the Electronic Municipal Market Access ("EMMA") system of the MSRB or in any other electronic format as may be prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(j) As used in this Certificate, the term "Disclosure Agent" shall mean any agent of the City designated in writing by the City, which agent has filed with the City a written acceptance of such designation. The City has engaged Digital Assurance Certification, L.L.C. ("DAC") to act as the City's disclosure dissemination agent in connection with the City's outstanding continuing disclosure obligations under the Rule pursuant to that certain SEC Post-Issuance Compliance Services Pricing Agreement (the "Disclosure Agreement") dated as of November 28, 2012 by and between the City and DAC. The City hereby designates DAC as the initial Disclosure Agent for the Bonds and the City and DAC agree to amend the Disclosure Agreement to include the Bonds.

The Disclosure Agent shall have only such duties as are specifically set forth in this Certificate and the Disclosure Agreement. The Disclosure Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the City has provided such information to the Disclosure Agent as required by this Certificate. The Disclosure Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, any holder or beneficial owner of the Bonds, or any other party. The Disclosure Agent shall have no responsibility for the City's failure to report to the Disclosure Agent any event described in Section 3(b) above or a duty to determine the materiality thereof. The Disclosure Agent shall have no duty to determine, or liability for failing to determine, whether the City has complied with this Certificate or whether any amendment or waiver pursuant to Section 3(f) is consistent with guidance provided by the Commission with regard to permitted amendments, or the manner of effecting such amendments, under the Rule. The Disclosure Agent may conclusively rely upon certifications of the City at all times. The obligations of the City under this Section 3(j) shall survive resignation or removal of the Disclosure Agent and defeasance, redemption or payment of the Bonds. In the event of a conflict between this Section 3(j) and the Disclosure Agreement, the provisions of the Disclosure Agreement shall control.

(k) The City represents that it adopted a written policy and internal administrative procedures on November 17, 2014 to facilitate the City's continuing compliance with the Rule.

IN WITNESS WHEREOF, the City has executed this Certificate as of _____, 2025.

CITY OF BURLINGTON, VERMONT

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Burlington, Vermont

Name of Bond Issue: \$31,000,000* General Obligation Public Improvement Bonds, Series 2025A (the “Bonds”), dated as of the date of this Certificate.

Date of Issuance: _____, 2025

NOTICE IS HEREBY GIVEN that the above-captioned Issuer (the “Issuer”) has not provided an Annual Report with respect to the above-named Bonds as required by a Continuing Disclosure Agreement dated _____, 2025 of the Issuer with respect to the above-named Bonds. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

CITY OF BURLINGTON, VERMONT,
as Issuer

By: _____
Authorized Officer

* Preliminary, subject to change.

APPENDIX E

Notice of Sale

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**NOTICE OF SALE
CITY OF BURLINGTON, VERMONT
\$31,000,000* GENERAL OBLIGATION
PUBLIC IMPROVEMENT BONDS, SERIES 2025A
NOVEMBER 13, 2025**

NOTICE IS HEREBY GIVEN that these Series 2025A Bonds will be offered for sale according to the following terms:

TIME AND PLACE

Electronic proposals will be received for the purchase of \$31,000,000* General Obligation Public Improvement Bonds, Series 2025A (the "Series 2025A Bonds") by the City of Burlington, Vermont (the "City") on Thursday, November 20, 2025, until 10:30 A.M. Eastern Time, in the offices of PFM Financial Advisors LLC, 45 South 7th Street Suite 2950, Minneapolis, Minnesota, 55402. The proposals will be considered, and an award will be made no later than 4:00 P.M. Eastern Time on the same day. The proposer offering to purchase the Series 2025A Bonds upon the terms specified herein and most favorable to the City will be accepted unless all proposals are rejected. No proposal may be altered or withdrawn after the time appointed for receipt of the proposals.

The maturity schedule and other Bond terms, and bidding parameters and date and time for receipt of bids as set forth in the Official Notice of Sale are subject to change until 4:30 p.m. EST on Wednesday, November 19, 2025 with those changes to be published via Thomson Municipal News at www.tm3.com.

FORM OF PROPOSALS

The City and PFM Financial Advisors LLC will assume no liability for the inability of the bidder to reach PFM Financial Advisors LLC prior to the time of sale specified above. All bidders are advised that each bid shall be deemed to constitute a contract between the bidder and the City to purchase the Series 2025A Bonds regardless of the manner by which the bid is submitted.

No proposal will be received after 10:30 A.M. Eastern Time on Thursday, November 20, 2025, as specified in the Notice of Sale. The time as maintained by the Electronic Bid System shall constitute the official time with respect to all proposals submitted. A proposal may be withdrawn before the proposal deadline using the same method used to submit the proposal. If more than one proposal is received from a proposer, the last proposal received shall be considered.

Electronic Bidding: Electronic proposals must be submitted through Parity® (the "Electronic Bid System"). Information about the Electronic Bid System may be obtained by contacting Parity® at i-Deal/Parity®, Customer Support, 1359 Broadway, 2nd Floor, New York, New York 10018, (212) 849-5067.

*Preliminary, subject to adjustment.

Each proposer shall be solely responsible for making necessary arrangements to access the Electronic Bid System for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of this Notice of Sale. The City is permitting proposers to use the services of the Electronic Bid System solely as a communication mechanism to conduct the electronic bidding and the Electronic Bid System is not an agent of the City. Provisions of this Notice of Sale shall control in the event of conflict with information provided by the Electronic Bid System.

SECURITY AND PURPOSE

The Series 2025A Bonds are general obligations of the City for which its full faith, credit, and taxing powers will be pledged and are issued pursuant to the following provisions of the City Charter, resolutions of the City Council, and, in certain cases, approval by the voters of the City: (i) \$7,000,000 in principal amount is issued pursuant to Sections 62 and 63 of the Charter of the City; (ii) \$7,000,000 in principal amount is issued pursuant to Sections 62 and 63 of the Charter of the City and voter authorization at an annual meeting of the City held on March 4, 2025; (iii) \$14,000,000 in principal amount is issued pursuant to Section 63 of the Charter of the City and a vote of the City taken at a special meeting held November 8, 2022 for bonds for the Burlington High School project; and (iv) \$3,000,000 in principal amount is issued pursuant to Section 63 of the Charter of the City and a vote of the City taken at an annual meeting held March 7, 2017 for bonds for City school projects. The proceeds of the Series 2025A Bonds shall be used for the purposes of: (i) financing certain capital improvement projects for the City, the City's Electric Light Department, and the City's School District, (ii) financing capital infrastructure improvements for the City, and (iii) financing capital improvements to Burlington High School and Burlington Technical Center, including new construction, and (iv) paying certain costs of issuance of the Series 2025A Bonds.

DATE, MATURITIES, AND REDEMPTION

The Series 2025A Bonds will be dated originally as of the delivery date (anticipated to be on or about December 4, 2025), will be fully registered bonds in the denomination of \$5,000 each, and will mature on November 1, in the following years in the following amounts:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$1,080,000	2036	\$1,375,000
2027	1,130,000	2037	1,450,000
2028	1,185,000	2038	1,525,000
2029	1,250,000	2039	1,595,000
2030	1,310,000	2040	1,680,000
2031	1,375,000	2041	1,770,000
2032	1,445,000	2042	1,865,000
2033	1,520,000	2043	1,955,000
2034	1,600,000	2044	2,055,000
2035	1,680,000	2045	2,155,000

The Series 2025A Bonds maturing on or after November 1, 2036* are subject to optional redemption on November 1, 2035*, and on any date thereafter, in whole or in part, at a price of par plus accrued interest thereon to the date of redemption.

*Preliminary, subject to adjustment.

TERM BOND OPTION

Proposals for the Series 2025A Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above.

INTEREST

Interest is payable on May 1 and November 1 of each year commencing May 1, 2026. Interest will be computed on a 360-day year, 30-day month basis, and paid to the owners of record as of the close of business on the first day of the month.

CUSIP NUMBERS

If the Series 2025A Bonds qualify for assignment of CUSIP numbers, such numbers will be typed on the Series 2025A Bonds, but neither the failure to type such numbers on any Series 2025A Bonds nor any error with respect thereto will constitute cause for failure or refusal by the purchaser to accept delivery of the Series 2025A Bonds. The CUSIP Service Bureau's charge for the assignment of CUSIP identification numbers shall be paid by the purchaser. Application for CUSIP numbers will be by the City's municipal advisor.

BOOK-ENTRY-ONLY SYSTEM

The Series 2025A Bonds will be issued as fully registered securities in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 2025A Bonds. Individual purchases will be made in book-entry form only in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Series 2025A Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants, for subsequent disbursement to the beneficial owner of the Series 2025A Bonds. See the Official Statement for more information on the book-entry-only system.

TYPE OF PROPOSAL

Proposals for not less than \$30,752,000 (99.2% of Par) plus accrued interest from the date of the Bonds to the date of delivery must be submitted through PARITY® and received prior to the time specified above. All proposals shall be deemed to incorporate the provisions of this Notice of Sale. All rates must be in integral multiples of 1/20th or 1/8th of one percent. In addition, the Series 2025A Bonds maturing on or after November 1, 2036, may not bear an interest rate less than 5.00%. All Series 2025A Bonds of the same maturity shall bear a single uniform rate from date of issue to maturity. Each proposal must be for the entire principal amount of the Series 2025A Bonds.

ESTABLISHMENT OF ISSUE PRICE AT TIME OF AWARD

In order to establish the issue price of the Series 2025A Bonds for federal income tax purposes, the City requires proposers to agree to the following, and by submitting a proposal, each proposer agrees to the following.

If a proposal is submitted by a potential underwriter, the proposer confirms that (i) the underwriters have offered or reasonably expect to offer the Series 2025A Bonds to the public on or before the date of the award at the offering price (the “initial offering price”) for each maturity as set forth in the proposal and (ii) the proposer, if it is the winning proposer (the “Purchaser”), shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the Series 2025A Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Series 2025A Bonds with a separate CUSIP number constitute a separate “maturity,” and the public does not include underwriters (including members of a selling group or retail distribution group) or persons related to underwriters.

If, however, a proposal is submitted for the proposer’s own account in a capacity other than as an underwriter of the Series 2025A Bonds, and the proposer has no current intention to sell, reoffer, or otherwise dispose of the Series 2025A Bonds, the proposer shall notify the City to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the Purchaser intends to act as an underwriter, the City shall advise the Purchaser at or prior to the time of award whether (i) the competitive sale rule or (ii) the “hold-the-offering price” rule applies.

If the City advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the City at or prior to closing a certification, substantially in the form attached hereto as Exhibit A-1, as to the reasonably expected initial offering price as of the award date.

If the City advises the Purchaser that the requirements for a competitive sale have not been satisfied and that the “hold-the-offering price” rule applies, the Purchaser shall (1) upon the request of the City confirm that the underwriters did not offer or sell any maturity of the Series 2025A Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the City a certification substantially in the form attached hereto as Exhibit A-2, together with a copy of the pricing wire.

Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by PFM Financial Advisors LLC, the City’s municipal advisor.

Proposers should prepare their proposals on the assumption that the Series 2025A Bonds will be subject to the “hold-the-offering-price” rule. Any proposal submitted pursuant to the Official Terms and Conditions of Bond Sale shall be considered a firm offer for the purchase of the Series 2025A Bonds, and proposals submitted will not be subject to cancellation or withdrawal.

The City reserves the right after proposals are opened and prior to award to adjust the par amount and the maturity amounts of the Series 2025A Bonds in multiples of \$5,000. In the event the par amount or the maturity amounts of the Series 2025A Bonds are adjusted, the purchase price will be adjusted to ensure that the percentage net compensation (i.e. the percentage resulting from dividing (i) the aggregate difference between the offering price of the Series 2025A Bonds to the public and the price to be paid to the City (excluding accrued interest), less any bond insurance premium to be paid by the bidder, by (ii) the principal amount of the Series 2025A Bonds) remains constant.

GOOD FAITH DEPOSIT

The successful proposer (the “Purchaser”) is required to submit a good faith deposit in the amount of \$310,000 (the “Deposit”) to the City in the form of a wire transfer, as instructed by the City or its financial advisor, no later than 4:00 P.M. Eastern Time on the day on which the proposals are received. If the Deposit is not received by such time, the City may revoke its acceptance of the proposal. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Series 2025A Bonds. In the event the Purchaser fails to honor its accepted proposal, the Deposit will be retained by the City.

AWARD

Proposals will be compared on the basis of true interest cost. The proposal offering the lowest true interest cost will be deemed most favorable. The true interest cost is computed as the discount rate which, when used with semiannual compounding to determine the present worth of the principal and interest payments as of the date of the Series 2025A Bonds, produces an amount equal to the purchase price. If two or more proposals provide the same lowest true interest rate, the City shall determine which bid shall be accepted, and such determination shall be final. In the event of a tie, the sale of the Series 2025A Bonds will be awarded by lot.

Upon award of the Series 2025A Bonds, the successful proposer shall advise the City of the initial reoffering price to the public of the Series 2025A Bonds. Simultaneously with or before delivery of the Series 2025A Bonds, the successful proposer shall furnish to the City a certificate in form and substance acceptable to bond counsel (a) confirming the initial reoffering prices, (b) certifying that a bona fide initial reoffering of the Series 2025A Bonds has been made to the public (excluding bond houses, brokers, and other intermediaries), and (c) stating the price at which a substantial portion of the Series 2025A Bonds were sold to the public (excluding bond houses, brokers and other intermediaries).

The Mayor reserves the right to reject any and all proposals, to waive any informality in any proposal and to adjourn the sale.

SETTLEMENT

On or about December 4, 2025, the Series 2025A Bonds will be delivered without cost to the Purchaser. Delivery will be subject to receipt by the Purchaser of the legal opinion of Paul Frank + Collins P.C. and of customary closing papers. On the date of settlement, payment for the Series 2025A Bonds shall be made in federal or equivalent funds, which shall be received at the offices of the City, or its designee, not later than 1:00 P.M Eastern Time. Except as compliance with the terms of payment for the Series 2025A Bonds shall have been made impossible by action of the City or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In order to assist bidders for the Series 2025A Bonds to comply with SEC Rule 15c2-12(b)(5), the City will agree, for the benefit of the holders from time to time of the outstanding Series 2025A Bonds, in a continuing disclosure certificate, to provide annual reports of specified information and notice of the occurrence of certain material events. The City is the only "obligated person" with respect to the Series 2025A Bonds within the meaning of such rule. A description of the undertaking is set forth in the Official Statement. Failure of the City to enter into an undertaking substantially similar to that described in the Official Statement would relieve the successful bidder of its obligation to purchase the Series 2025A Bonds.

OFFICIAL STATEMENT

The City has prepared a preliminary Official Statement dated November __, 2025, which the City deems to be a preliminary or "near-final" Official Statement as that term is defined in Rule 15c2-12 of the Rule. The Official Statement is available electronically at www.pfm.com, through the link to the municipal calendar, and to prospective proposers who request copies from the City or its financial advisor, PFM Financial Advisors LLC, 45 South 7th Street, Suite 2950, Minneapolis, Minnesota 55402, 612-338-3535.

Not later than seven business days following the award of the Series 2025A Bonds, the City shall provide a reasonable number of copies of the Final Official Statement, as that term is used in the Rule, to the Purchaser of the Series 2025A Bonds. The Final Official Statement will be the Official Statement to be dated November 19, 2025, and the addendum which includes the maturity dates and amounts, interest rates and reoffering yields or prices, and any other information required by law. Any such addendum shall, on or after the date thereof, be fully incorporated in the Final Official Statement by reference.

The successful proposer will be supplied with Final Official Statements in a quantity sufficient to meet their request. A reasonable number of copies (25) of the Final Official Statement will be furnished without cost.

EXHIBIT A-1

ISSUE PRICE CERTIFICATE FOR COMPETITIVE SALES WITH AT LEAST THREE BIDS FROM ESTABLISHED UNDERWRITERS

\$[PRINCIPAL AMOUNT]
[BOND CAPTION]

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(c) *Related Party* means an entity that shares with another entity (1) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity of the Bonds. The Sale Date of each Maturity of the Bonds is [DATE].

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically, Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Paul Frank + Collins P.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G], and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)

EXHIBIT A-2

ISSUE PRICE CERTIFICATE –COMPETITIVE SALES WITH FEWER THAN THREE BIDS FROM ESTABLISHED UNDERWRITERS – HOLD OFFERING PRICE

\$[PRINCIPAL AMOUNT]
[BOND CAPTION]

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([“[SHORT NAME OF UNDERWRITER]”] [the “Representative”]), on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the specified initial offering prices listed in Schedule B (the “Initial Offering Prices”) on or before the Sale Date. If there is a Hold-the-Offering-Price Maturity, a copy of the pricing wire for the Bonds is attached to this certificate as Schedule C.

(b) As set forth in the Notice of Sale and bid award, [SHORT NAME OF UNDERWRITER][each member of the Underwriting Group] has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the Hold-the-Offering-Price Rule. Based on its own knowledge and, in the case of sales by other Underwriters, representations obtained from the other Underwriters, no Underwriter has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds, if any, listed in Schedule A hereto as the “General Rule Maturities.”

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds, if any, listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which [SHORT NAME OF UNDERWRITER][the Underwriters] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at one or more prices, each of which is no higher than the Initial Offering Price for such Maturity.

(d) *Issuer* means [DESCRIBE ISSUER].

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(f) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(g) *Related Party* means an entity that shares with another entity (1) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(h) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity of the Bonds. The Sale Date of each Maturity of the Bonds is [DATE].

(i) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDEWRITING FIRM][the Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Paul Frank + Colins P.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G], and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER][REPRESENTATIVE]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES
(Attached)

SCHEDULE B

INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(Attached)

SCHEDULE C
PRICING WIRE
(Attached)

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BID FORM

City of Burlington, Vermont

Sale Date: November 20, 2025

For all or none of the principal amount \$31,000,000* General Obligation Public Improvement Bonds, Series 2025A, legally issued and as described in the Notice of Sale, we will pay the City \$ (not less than \$30,752,000) plus accrued interest on the total principal of \$31,000,000* to the date of delivery, provided the Series 2025A Bonds bear the following interest rates

<u>Due</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Due</u>	<u>Amount*</u>	<u>Interest Rate</u>
11/1/2026	\$1,080,000	%	11/1/2036	\$1,375,000	%
11/1/2027	1,130,000	%	11/1/2037	1,450,000	%
11/1/2028	1,185,000	%	11/1/2038	1,525,000	%
11/1/2029	1,250,000	%	11/1/2039	1,595,000	%
11/1/2030	1,310,000	%	11/1/2040	1,680,000	%
11/1/2031	1,375,000	%	11/1/2041	1,770,000	%
11/1/2032	1,445,000	%	11/1/2042	1,865,000	%
11/1/2033	1,520,000	%	11/1/2043	1,955,000	%
11/1/2034	1,600,000	%	11/1/2044	2,055,000	%
11/1/2035	1,680,000	%	11/1/2045	2,155,000	%

We hereby designate that the following bonds be aggregated into term bonds maturing on November 1 of the following years and in the following amounts (leave blank if no term bonds are specified):

<u>Years Aggregated</u>	<u>Maturity Year</u>	<u>Amount</u>
through		
through		
through		

The Series 2025A Bonds mature on November 1, of the years indicated above and interest is payable May 1 and November 1 of each year, commencing May 1, 2026.

In making this offer, we accept the terms and conditions as defined in the Notice of Sale published in the Preliminary Official Statement dated November 13, 2025. All blank spaces of this offer are intentional and are not to be construed as an omission. Our good faith deposit in the amount of \$310,000 will be filed according to the Notice of Sale.

* Following the receipt of the bids, the City reserves the right to adjust the principal amount and maturity amounts of the Series 2025A Bonds. If the principal amount or maturity amounts are adjusted, the purchase price will be adjusted to ensure that the percentage net compensation (i.e. the percentage resulting from dividing (i) the aggregate difference between the offering price of the Series 2025A Bonds to the public and the price to be paid to the City (excluding accrued interest), less any bond insurance premium to be paid by the bidder, by (ii) the principal amount of the Series 2025A Bonds) remains constant.

NOT PART OF THIS BID:

Explanatory Note: According to our computation, this proposal involves the following:

\$
Net Interest Cost
%
True Interest Cost

Respectfully submitted,

Account Manager

By

(A list of the firms associated with us in this proposal is on the reverse side of this proposal.)

The foregoing offer is hereby accepted by and on behalf of the City of Burlington, Vermont, this 20th day of November 2025.

Mayor

[Director of Finance or Chief Administrative Officer]