New Issue – Book-Entry Only

Ratings:

Moody's: Aa1
Fitch: AA+
(See "RATINGS" herein)

PRELIMINARY OFFICIAL STATEMENT DATED JULY 11, 2025

This Official Statement has been prepared by the North Carolina Local Government Commission and the City of Burlington, North Carolina (the "City") to provide information in connection with the sale and issuance of the bonds described herein (the "Bonds"). Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Bonds, a prospective investor should read this Official Statement in its entirety. Unless otherwise indicated, capitalized terms used on this cover page have the meanings given in this Official Statement.

$11,000,000
City of Burlington, North Carolina
General Obligation Public Improvement Bonds
Series 2025B

Dated: Date of Delivery **Due: August 1, as shown on the inside cover page**

Tax Treatment:	In the opinion of Bond Counsel, under existing law and assuming continuing compliance by the City with certain covenants to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds will not be includable in the gross income of the owners thereof for purposes of federal income taxation and will not be a specific preference item for purposes of the alternative minimum tax imposed by the Code; however, interest on the Bonds held by certain corporations will be included in the computation of "adjusted financial statement income" for purposes of the federal alternative minimum tax imposed on such corporations. In the opinion of Bond Counsel, under existing law, interest on the Bonds will be exempt from all State of North Carolina income taxes. See "TAX TREATMENT" herein.
Redemption:	The Bonds will be subject to optional redemption prior to maturity at the times and price described herein.
Security:	The Bonds constitute general obligations of the City, secured by a pledge of the faith and credit and taxing power of the City.
Interest Payment Dates:	February 1 and August 1, beginning February 1, 2026.
Denominations:	$5,000 or any whole multiple thereof.
Expected Closing/Settlement:	August 12, 2025.
Bond Counsel:	Womble Bond Dickinson (US) LLP, Raleigh, North Carolina.
Financial Advisor:	Davenport & Company LLC, Charlotte, North Carolina.
Sale Date:	July 22, 2025.
Sale of Bonds:	Pursuant to sealed and electronic bids in accordance with the Notice of Sale.

The date of this Official Statement is July __, 2025

MATURITY SCHEDULE

$11,000,000
City of Burlington, North Carolina
General Obligation Public Improvement Bonds
Series 2025B

Due August 1	Principal Amount	Interest Rate	Yield[1]	CUSIP+
2026	$550,000			
2027	550,000			
2028	550,000			
2029	550,000			
2030	550,000			
2031	550,000			
2032	550,000			
2033	550,000			
2034	550,000			
2035	550,000			
2036	550,000			
2037	550,000			
2038	550,000			
2039	550,000			
2040	550,000			
2041	550,000			
2042	550,000			
2043	550,000			
2044	550,000			
2045	550,000			

[1] Information obtained from the underwriters of the Bonds.

CITY OF BURLINGTON, NORTH CAROLINA

CITY COUNCIL

James Butler .... Mayor

Harold Owen .... Mayor Pro Tempore

Dejuana Bigelow

Ronnie Wall

Bob Ward

CITY STAFF

Craig Honeycutt.. City Manager

Peggy Reece.. Chief Financial Officer

David Huffman .... City Attorney

BOND COUNSEL

Womble Bond Dickinson (US) LLP
Raleigh, North Carolina

FINANCIAL ADVISOR

Davenport & Company LLC
Charlotte, North Carolina

TABLE OF CONTENTS

INTRODUCTION

This Official Statement, including the cover page and the appendices, is intended to furnish information in connection with the sale and issuance by the City of Burlington, North Carolina (the "City") of its $11,000,000 General Obligation Public Improvement Bonds, Series 2025B (the "Bonds").

The information furnished herein includes a brief description of the City and its economic condition, government, debt management, tax structure, financial operations, budget, pension plans and contingent liabilities. The City has assisted the North Carolina Local Government Commission (the "Commission") in gathering and assembling the information contained herein.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds offered hereby, nor shall there be any offer or solicitation of such offer or sale of the Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the Bonds implies that the information herein is correct as of any date subsequent to the date hereof. The information contained herein is subject to change after the date of this Official Statement, and this Official Statement speaks only as of its date.

This Official Statement is deemed to be a final official statement with respect to the Bonds within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except, when it is in preliminary form, for the omission of certain pricing and other information to be made available by the successful bidder for the Bonds to the Commission. In accordance with the requirements of Rule 15c2-12, the City has agreed in a resolution adopted by the City Council of the City to certain continuing disclosure obligations. See "CONTINUING DISCLOSURE" herein.

THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION

The Commission, a division of the Department of State Treasurer, State of North Carolina (the "State"), is a State agency that supervises the issuance of the bonded indebtedness of all units of local government and assists these units in the area of fiscal management. Appendix B hereto contains additional information concerning the Commission and its functions.

THE BONDS

Description

The Bonds will be dated as of their date of delivery and will bear interest from their date, payable on each February 1 and August 1, beginning February 1, 2026, at the interest rates set forth on the inside cover page of this Official Statement. The Bonds will mature, subject to prior redemption as described below, on August 1 in the years and amounts set forth on the inside cover page of this Official Statement.

The City's Chief Financial Officer will serve as the initial Bond Registrar for the Bonds. Payment of interest will be made by the Bond Registrar on each interest payment date to the registered owner of the Bonds (or the previous Bond or Bonds evidencing the same debt as that evidenced by such Bonds) at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date.

The Bonds will be issuable as fully registered bonds in a book-entry system maintained by The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Purchases and transfers of the Bonds may be made only in authorized denominations of $5,000 or any whole multiple thereof in accordance with the practices and procedures of DTC. See Appendix G hereto for a description of DTC and the book-entry only system for the Bonds.

Redemption Provisions

The Bonds maturing on or prior to August 1, 2035 will not be subject to redemption prior to maturity. The Bonds maturing on August 1, 2036 and thereafter will be subject to redemption prior to maturity, at the option of the City, from any moneys that may be made available for such purpose, either in whole or in part on any date not earlier than August 1, 2035, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued thereon to the date fixed for redemption.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the City in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of $5,000 or some whole multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by $5,000. So long as a book-entry system with DTC is used for determining beneficial ownership of Bonds, if less than all of the Bonds within a maturity are to be redeemed, DTC and its participants shall determine which of the Bonds within a maturity are to be redeemed by lot. If less than all of the Bonds stated to mature on different dates shall be called for redemption, the particular Bonds or portions thereof of each maturity to be redeemed shall be called in such manner as the City may determine.

Not more than sixty (60) nor less than thirty (30) days before the redemption date of any Bonds to be redeemed, whether such redemption be in whole or in part, the City shall cause a notice of such redemption to be filed with the Bond Registrar and to be mailed, postage prepaid, to the registered owner of each Bond to be redeemed in whole or in part to his address appearing upon the registration books of the City, provided that such notice to Cede & Co. shall be given by certified or registered mail or otherwise as prescribed by DTC. Failure to mail such notice or any defect therein shall not affect the validity of the redemption as regards registered owners to whom such notice was properly given.

Any notice of redemption may state that the redemption to be effected is conditioned upon the receipt by the Bond Registrar on or prior to the redemption date of moneys sufficient to pay the redemption price of and interest on the Bonds to be redeemed, and that if such moneys are not so received, such notice shall be of no force or effect and such Bond shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the redemption price of and interest on such Bonds are not received by the Bond Registrar on or prior to the redemption date, the redemption shall not be made and the Bond Registrar shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

On the date fixed for redemption, notice having been given as hereinabove described, the Bonds or portions thereof called for redemption shall be due and payable at the redemption price provided therefor, plus accrued interest to such date. If moneys sufficient to pay the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption, are held by the Bond Registrar in trust for the registered owners of the Bonds or portions thereof to be redeemed, interest on the Bonds or portions thereof called for redemption shall cease to accrue, such Bonds or portions thereof shall cease to be entitled to any benefits or security under the resolution providing for their issuance or to be deemed outstanding, and the registered owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest to such redemption date. If a portion of a Bond shall have been selected for redemption, a new Bond or Bonds of the same maturity, of any authorized denomination or denominations and bearing interest at the same rate shall be delivered for the unredeemed portion of the principal amount of such Bond.

Authorization and Purpose

The Bonds are being issued pursuant to the provisions of The Local Government Bond Act, as amended, Article 7, as amended, of Chapter 159 of the General Statutes of North Carolina, a bond order duly adopted by the City Council of the City on July 16, 2024, which bond order was duly approved by a majority of the qualified voters of the City who voted thereon at a referendum duly called and held on November 5, 2024, and a resolution duly adopted by the City Council of the City on June 17, 2025.

The Bonds are being issued for the purpose of providing funds, together with any other available funds, to acquire, construct and equip various parks and recreation improvements for said City.

Security

The Bonds are general obligations of the City. The City is authorized by law to levy on all property taxable by the City such ad valorem taxes, without limitation as to rate or amount, as may be necessary to pay the Bonds and the interest thereon.

CONTINUING DISCLOSURE

In the resolution adopted by the City authorizing the issuance of the Bonds, the City has undertaken, for the benefit of the beneficial owners of the Bonds, to provide to the Municipal Securities Rulemaking Board (the "MSRB"):

(a) by not later than seven months from the end of each fiscal year of the City, beginning with the fiscal year ending June 30, 2025, audited financial statements of the City for such fiscal year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or if such audited financial statements of the City are not available by seven months from the end of such fiscal year, unaudited financial statements of the City for such fiscal year to be replaced subsequently by audited financial statements of the City to be delivered within fifteen (15) days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each fiscal year of the City, beginning with the fiscal year ending June 30, 2025, (i) the financial and statistical data as of a date not earlier than the end of the preceding fiscal year for the type of information included under the headings "THE CITY - Debt Information and - Tax Information" (excluding any information on overlapping units) in

Appendix A to this Official Statement and (ii) the combined budget of the City for the current fiscal year, to the extent such items are not included in the audited financial statements referred to in (a) above;

(c) in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) 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;

(7) modification to the rights of the beneficial owners of the Bonds, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of any property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the City;

(13) 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;

(14) appointment of a trustee or a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a financial obligation (as defined below) 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 beneficial owners of the Bonds, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the City, any of which reflect financial difficulties; and

(d) in a timely manner, notice of a failure of the City to provide the required annual financial information described in (a) or (b) above on or before the date specified.

All information provided to the MSRB as described above shall be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

The City may meet the continuing disclosure filing requirements described above by complying with any other procedure that may be authorized or required by the United States Securities and Exchange Commission.

For purposes of this section, "financial obligation" means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

At present, Section 159-34 of the General Statutes of North Carolina requires the City's financial statements to be prepared in accordance with generally accepted accounting principles and to be audited in accordance with generally accepted auditing standards.

The resolution adopted by the City authorizing the issuance of the Bonds provides that if the City fails to comply with the undertakings described above, any beneficial owner of the Bonds may take action to protect and enforce the rights of all beneficial owners of the Bonds with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Bonds.

Pursuant to each such resolution, the City has reserved the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the City, provided that:

(a) any such modification may only be 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;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of this Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the City (such as bond counsel), or by the approving vote of the registered owners of a majority in principal amount of the Bonds pursuant to the terms of such resolution, as it may be amended from time to time, at the time of such amendment.

In the event that the City makes such a modification, any annual financial information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The undertakings described above will terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Bonds.

To the best of the City's knowledge, it has complied in all material respects with its previous continuing disclosure undertakings under Rule 15c2-12 for the past five years.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Womble Bond Dickinson (US) LLP, Raleigh, North Carolina, Bond Counsel, whose legal opinion will be available at the time of the delivery of the Bonds. The proposed form of such legal opinion is included in Appendix F hereto.

TAX TREATMENT

Opinion of Bond Counsel

In the opinion of Bond Counsel, under existing law and assuming continuing compliance by the City with certain covenants to comply with the requirements of the Code, regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds, and the timely payment of certain investment earnings to the United States Treasury, interest on the Bonds will not be includable in the gross income of the owners thereof for purposes of federal income taxation and will not be a specific preference item for purposes of the alternative minimum tax imposed by the Code; however, interest on the Bonds held by certain corporations will be included in the computation of "adjusted financial statement income" for purposes of the federal alternative minimum tax imposed on such corporations. Furthermore, in the opinion of Bond Counsel, under existing law, interest on the Bonds will be exempt from all State of North Carolina income taxes.

The Code and other laws of taxation, including the laws of taxation of the State of North Carolina, of other states and of local jurisdictions, may contain other provisions that could result in tax consequences, upon which Bond Counsel renders no opinion, as a result of the ownership or transfer of the Bonds or the inclusion in certain computations of interest that is excluded from gross income for purposes of federal and North Carolina income taxation.

Original Issue Discount

____________________________, as senior managing underwriter of the Bonds, has advised the Commission that the initial public offering prices of the Bonds maturing on August 1, ________________ (collectively, the "Discount Bonds") are less than the amounts payable at maturity. An amount not less than the difference between the initial offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents, wholesalers or other intermediaries) of the Discount Bonds and the amounts payable at maturity constitutes original issue discount. Under existing federal income tax law and regulations, the original issue discount on a Discount Bond is interest not includable in the gross income of an owner who purchases such Discount Bond in the original offering at the initial public offering price thereof and holds it to maturity, and such owner will not realize taxable gain upon payment of such Discount Bond at maturity. Owners who purchase Discount Bonds at a price other than the initial offering price or who do not purchase Discount Bonds in the initial public offering should consult their tax advisors with respect to the consequences of the ownership of such Discount Bonds.

An owner who purchases a Discount Bond in the initial offering at the initial offering price and holds such Discount Bond to maturity is deemed under existing federal tax laws and regulations to accrue original issue discount on a constant yield basis under Section 1288 of the Code from the date of original issue. An owner's adjusted basis in a Discount Bond is increased by accrued original issue discount for purposes of determining gain or loss on sale, exchange or other disposition of such Discount Bond. Accrued original issue discount may be taken into account as an increase in the amount of tax-exempt interest received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners and prospective purchasers of Discount Bonds should consult their own tax advisors regarding the calculation of accrued original issue discount for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the ownership or disposition of Discount Bonds.

Original Issue Premium

__________________________, as senior managing underwriter of the Bonds, has advised the Commission that the initial public offering prices of the Bonds maturing on August 1, ________________ (collectively, the "Premium Bonds") are greater than the amounts payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents, wholesalers or other intermediaries) at which a substantial amount of each maturity of the Premium Bonds is sold and (b) the principal amount payable at maturity of such Premium Bonds constitutes original issue premium. In general, an owner of a Premium Bond must amortize the bond premium over the remaining term of such Premium Bond based on the owner's yield over the remaining term of such Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Premium Bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period and subtract such bond premium from the owner's basis in such Premium Bond. If the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of such Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost.

Owners and prospective purchasers of Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences in connection with the ownership and disposition of Premium Bonds.

Other Tax Consequences

Ownership or transfer of, or the accrual or receipt of interest on, the Bonds may result in collateral federal, State of North Carolina, other state or local tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers who may be eligible for the federal earned income tax credit, and taxpayers subject to franchise, estate, inheritance, gift or capital gains taxes. Owners and prospective purchasers of the Bonds should consult their tax advisors as to any such possible tax consequences. Except to the extent covered in its legal opinion, Bond Counsel expresses no opinion regarding any such collateral tax consequences.

No assurance can be given that future legislation, including amendments to the Code or interpretations thereof, if enacted into law, or certain litigation or judicial decisions, if upheld, will not contain provisions or produce results which could, directly or indirectly, reduce the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Bonds.

Interest paid on tax-exempt obligations, such as the Bonds, will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of interest with respect to the Bonds from gross income for federal income tax purposes, such reporting requirement causes the payment of interest with respect to the Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the Service as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or credit against such beneficial owner's federal income tax liability provided the required information is furnished to the Service.

RATINGS

Moody's Investors Service and Fitch Ratings have given the Bonds ratings of Aa1 and AA+, respectively. Those ratings reflect only the respective views of such organizations, and an explanation of the significance of each such rating may be obtained only from the respective organization providing such rating. Certain information and materials not included in this Official Statement were furnished to such organizations. There is no assurance that such ratings will remain in effect for any given period of time or that any or all will not be revised downward or withdrawn entirely. Any downward revision or withdrawal of a rating may have an adverse effect on the market prices of the Bonds.

FINANCIAL ADVISOR

Davenport & Company, LLC, Charlotte, North Carolina, has served as the financial advisor to the City in connection with the sale of the Bonds.

UNDERWRITING

The underwriters of the Bonds are ____.[1]

Such underwriters have jointly and severally agreed, subject to certain conditions, to purchase all but not less than all of the Bonds. If all of the Bonds are sold at the public offering yields set forth on the inside cover page of this Official Statement, such underwriters would anticipate total underwriters' discount of $__________.[1] The public offering prices or yields of the Bonds may be changed from time to time by such underwriters.

[1] Information provided by the underwriters of the Bonds.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact.

References herein to the State Constitution and legislative enactments are only brief outlines of certain provisions thereof and do not purport to summarize or describe all provisions thereof.

The execution of this Official Statement has been duly authorized by the Commission and the City Council of the City.

NORTH CAROLINA
LOCAL GOVERNMENT COMMISSION

By

Jennifer Wimmer
Deputy Secretary

CITY OF BURLINGTON, NORTH CAROLINA

By

James Butler
Mayor

By

Craig Honeycutt
City Manager

By

Peggy Reece
Chief Financial Officer

APPENDIX A

CERTAIN INFORMATION CONCERNING
THE CITY OF BURLINGTON, NORTH CAROLINA

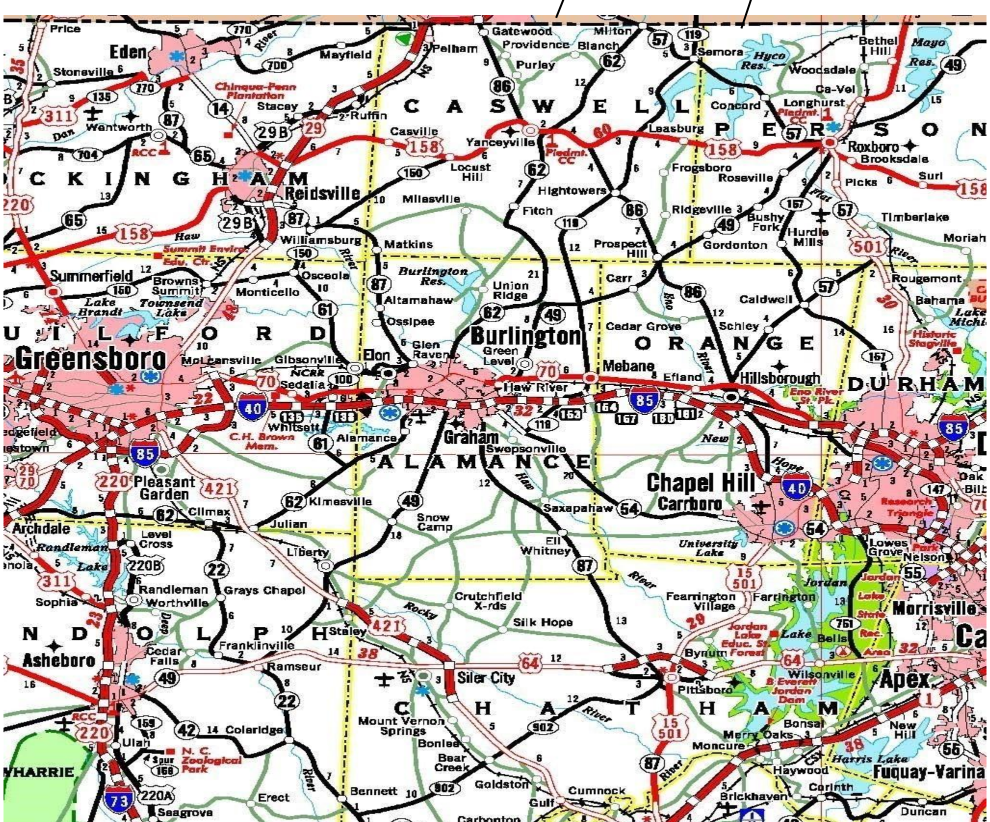
General Description

The City is located in the Piedmont Region of central North Carolina along Interstate Highways 85 and 40, almost equally distant from the two larger cities of Greensboro to the west and the capital city of Raleigh to the east. The City is the largest municipality in Alamance County (the "County"), with a land area of approximately 36.47 square miles and a population of approximately 60,000. The City is empowered by statute to levy an annual ad valorem property tax on the appraised value of all real and tangible property, except manufacturers, retailers and wholesalers inventory located therein. The City is also empowered by the State to extend its corporate limits by annexation. Since January 1980, the City has annexed 19.594 square miles. These annexations represent industrial, institutional and residential properties. The City generally annexes on a voluntary basis.

50 MILE RADIUS

New York, New York 505 Miles

Washington, D.C. 272 Miles



Atlanta, Georgia 342 Miles

Demographic Characteristics

The United States Department of Commerce, Bureau of the Census, has recorded the population of the City to be as follows:

1990	2000	2010	2020
40,822	45,363	49,963	54,606

The North Carolina Office of State Budget and Management has estimated the population of the City as of July 1 of each of the following years to be as follows (latest data available):

2020	2021	2022	2023
57,574	58,855	59,560	60,380

Per capita income figures for the County, the State and the United States are presented in the following table (latest data available):

Year	County[1]	State	United States
2019	$41,186	$48,374	$55,567
2020	44,125	51,758	59,123
2021	48,449	57,008	64,460
2022	49,338	58,953	66,244
2023	51,405	61,839	69,810

Source: United States Department of Commerce, Bureau of Economic Analysis.

[1] Separate data for the City are not available.

Commercial, Industrial and Institutional Profile

A diversified and expanding economy has defined the Burlington Metropolitan Statistical Area ("MSA") for the last decade. Gains in local wages and employment have been spread across several industries showing the City's diverse economic growth. Retail trade, transportation projects, financial sector jobs and professional and business services have all contributed to the City's steady economic growth. The City is strengthened by an ample supply of water and sewer services, a strong labor force with access to higher education and workforce training, and a central location to transportation routes, including Interstate Highways 85 and 40.

Large-scale commercial and industrial developments have capitalized on the Burlington MSA's location and logistical strengths. The area has become a popular location for large-scale distribution centers with investments from various global companies, including Amazon, Honda, Wal-Mart, United Parcel Service and Lidl, as well as investment from companies with targeted products in high-growth sectors such as Revere Copper Products and Sunlight Batteries. The following investments in the Burlington MSA have come within the last ten years:

- LabCorp, Inc., a provider of medical supplies and testing services, is the City's largest employer providing more than 5,000 jobs. Headquartered in the City, the company has invested more than $20 million in downtown properties for multiple offices and laboratory spaces, as well as a $71 million investment in 2023 for a new airport hangar at the Burlington Alamance Regional Airport. The company's fleet of aircraft, transporting specimens and samples, makes use of a new 56,000-square-foot corporate flight operations center/hangar space.

- Alamance Foods, Inc., a manufacturer of a variety of consumer food products, invested $42 million to expand its operations in the City, creating 135 new jobs in 2022.

- Sheetz invested $33 million in a 250,000-square-foot distribution and food manufacturing facility in the City. Operating as Sheetz Distribution Services, the facility created more than 250 jobs servicing Sheetz locations in North Carolina, Virginia and West Virginia.

- Honda Power Equipment invested $10.5 million in a local plant expansion in 2018 and an additional $46.4 million for plant expansions in 2019 to help grow its power equipment manufacturing facilities.

- Walmart opened a $100 million distribution center covering 500,000 square feet that created approximately 550 jobs. In 2024, Walmart announced that it is doubling the size of its operations at this facility with a new building of about 605,000 square feet.

- Lidl invested $125 million in a regional headquarters and distribution center creating approximately 200 jobs to help fuel the company's growth in the United States.

- Lotus Bakeries, based in Belgium, opened its first U.S. manufacturing site in nearby Mebane with a $50 million facility creating approximately 60 jobs to make Biscoff cookies.

- United Parcel Service created almost 600 new full-time jobs when the company invested $262 million into a new 510,000-square-foot distribution and delivery center.

- Revere Copper Products opened in Mebane in early 2023, its first expansion outside of New York for the family and employee-owned company that produces copper used in applications such as data centers and electric vehicles.

- Sunlight Batteries USA expanded its operations into Mebane in 2022 with a $40 million investment in a new manufacturing facility employing approximately 130 people. The company began operations in Greensboro in 2020 making lithium-ion batteries.

- National On-Demand, a technical service company specializing in underground or aerial construction for broadband and telecommunications, moved its headquarters to the City's downtown in 2018 and funded a $2 million expansion in 2022.

- Glen Raven, Inc., a 144-year-old City-based textile company, has invested $315 million in expansion projects to meet growing global demand for its specialty fabrics, such as its Sunbrella line.

Armen Stone, Haand Pottery, Matthews International, Resolute Elevator, LLC and Bobbitt Construction are other smaller companies that have located to the City in recent years.

The Burlington MSA continues to sustain long-running shopping centers and continues to attract new prominent brands. Destination travel center Buc-ee's has approval to bring its large-scale gas station (around 75,000 square feet and 100+ gas pumps) to nearby Mebane. This gas station and travel plaza is scheduled to be North Carolina's first location for the Texas-based chain and will be located off the Interstate Highway 40. Additionally, Biscuitville (originally founded in the City in 1966) added a 78,000-square-foot distribution center in the City in 2022 with a $12 million investment. The Burlington MSA also continues to serve as a shopping destination with numerous shopping options, including four of the largest shopping centers (by square footage) in the Piedmont Triad region.

The City has also seen significant residential growth in recent years. Since 2021, the City has approved 33 residential projects providing 3,337 new residential units. The largest share of these units are apartments (1,764 new units) followed by single-family residential (870 units) and townhomes (703 units). The City and the County have benefitted from being part of the Piedmont Triad region, which has experienced steady median household income growth while avoiding dramatic rises of housing costs when compared to the nearby metropolitan areas.

Mackintosh on the Lake, a new residential community in the growing western part of the City, includes three single-lot communities and three townhome communities providing more than 1,450 residential units. The Village at Lake Mackintosh has also received preliminary review by the City to provide 343 new townhomes near Mackintosh on the Lake. Other new developments under construction or being reviewed for approval are balanced across single-family residential, townhomes and rental units. There are a total of four new residential developments in various stages currently underway in the City, two projects totaling 522 rental units and two projects totaling 539 single-family residential homes.

The following table lists the largest employers in the City and its surrounding area as of June 2024:

Company or Institution	Product or Service	Approximate Number of Employees
LabCorp, Inc.	Medical Supplies, Services and Facilities	5,016
Alamance-Burlington School System	Public Education	2,783
Elon University	Higher Education	1,600
Cone Health Alamance Regional	Health Services	1,382
City of Burlington	Local Government	1,100
Alamance County Offices	Local Government	950
Alamance Community College	Higher Education	650
Honda Power Equipment	Equipment	600
Wal-Mart Stores, Inc.	Retail Sales	518
Glen Raven	Textiles	500
GKN Driveline North America	Automotive Equipment	451

Source: Alamance County Chamber of Commerce

The taxable sales in the County for the fiscal years ended June 30, 2020 to 2024, inclusive, and for the ten-month period ended April 30, 2025 are shown in the following table:

Fiscal Year Ended June 30	Total Taxable Sales	Increase (Decrease) Over Previous Year
2020	$2,586,791,531	0.62%
2021	3,141,095,928	21.43
2022	3,433,450,050	9.31
2023	3,568,837,246	3.94
2024	3,683,361,207	3.21
2025 (10 months)[1]	3,079,271,745	--

Source: North Carolina Department of Revenue, Sales, and Use Tax Division. Separate data for the City are not available.

[1] The comparable figure for the ten-month period ended April 30, 2024 is $3,072,689,234.

Construction activity in the City for the last five full fiscal years and the eleven-month period ended May 31, 2025 is shown in the following table:

	Commercial		Residential		
Fiscal Year Ended June 30,	Number of Permits	Value	Number of Permits	Value	Total Value
2021	1,147	$ 33,361,261	3,887	$11,721,117	$ 45,082,377
2022	1,293	39,267,174	3,901	17,444,106	56,711,280
2023	968	81,755,386	3,935	21,121,564	102,876,950
2024	1,147	145,505,623	3,646	22,196,029	167,701,651
2025 (11 months)	923	157,608,980	3,243	19,975,005	177,583,985

Source: City's Inspections Department.

Employment

The North Carolina Department of Commerce, Labor and Economic Analysis Division has estimated the percentage of unemployment in the City to be as follows:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020	4.0%	3.9%	4.8%	14.9%[1]	13.5%	11.6%	11.0%	8.5%	7.5%	6.6%	6.3%	6.6%
2021	7.3	6.9	6.1	5.6	5.6	6.3	5.8	5.5	4.7	4.6	4.5	3.8
2022	4.8	4.3	3.9	3.6	3.8	4.3	4.2	4.4	3.5	3.8	4.0	3.7
2023	4.0	4.0	3.7	3.1	3.8	4.0	4.1	4.3	3.5	3.7	3.6	3.5
2024	4.0	4.0	3.7	3.5	3.6	4.2	4.4	4.3	3.5	3.4	3.6	3.3
2025	4.0	3.8	4.0	3.7	4.1	N/A						

Source: North Carolina Department of Commerce, Labor and Economic Analysis Division.

[1] Onset of COVID-19 pandemic.

The following is a comparison of average annual unemployment rates for the City, County, State and United States:

Calendar Year	City	County	State	United States
2020	8.3%	7.3%	7.3%	8.1%
2021	5.6	5.0	4.9	5.4
2022	4.0	3.8	3.7	3.7
2023	3.8	3.5	3.5	3.6
2024	3.8	3.6	3.6	4.0
2025 (5 months)	3.9	3.5	3.7	4.2

Source: North Carolina Department of Commerce, Labor and Economic Analysis Division.

Government and Major Services

GOVERNMENT STRUCTURE

The City has a council-manager form of government. Policy-making and legislative authority are vested in the City Council, which consists of a Mayor and four Council members. The City Council members are responsible for the government and general management of the City, approving and amending all general and technical ordinances, including budgetary appropriations and construction and zoning ordinances, approval all contracts over $30,000, and appointing the City Manager and the

City Attorney. Council members are elected at large to four-year staggered terms, and the Mayor is elected to a two-year term. The Mayor presides at all meetings of the City Council, and has the right to vote upon all issues, but has no additional vote in case of a tie and no veto power.

EDUCATION

The Alamance-Burlington School System is a comprehensive school administrative unit serving the entire County, including the municipalities of Burlington, Graham, Elon, Haw River, Green Level and Mebane. The school system was formed in 1996 with the merger of the former Burlington City and Alamance County School Systems. The school system includes 20 elementary schools, 7 middle schools, 8 high schools and 1 vocational school. Student enrollment is 22,568 for the 2024-2025 school year. There are also three parochial schools and one private school in the City.

The following table shows the combined number of schools and average daily membership for the school system:

	Elementary School (Grades K-5)		Middle School (Grades 6-8)		High School (Grades 9-12)		
School Year	No.	ADM	No.	ADM	No.	ADM[1]	Total ADM
2020-2021	20	10,031	7	5,619	9	7,066	22,716
2021-2022	20	9,807	7	5,438	9	6,743	21,988
2022-2023	20	9,793	7	5,180	9	6,972	21,945
2023-2024	20	10,080	7	5,265	9	7,714	23,059
2024-2025	20	9,776	7	5,206	9	7,586	22,568

Note: Average Daily Membership ("ADM") (determined by the actual records at the school) is computed by the North Carolina Department of Public Instruction on a uniform basis for all public schools in the State. The ADM computation is used as a basis for teacher allotments and for distribution of local funds if there is more than one school unit within the County.

[1] Includes ADM for Ray Street Alternative School and Career Technical Center.

Source: North Carolina Department of Public Instruction.

Alamance Community College ("ACC") plays a vital role in higher education and the local economy. Offering one-year certificates, diplomas and two-year associate degrees across 50 program areas, ACC is a cornerstone of academic and workforce training in the region. As one of the County's largest employers, ACC generates approximately $200 million in annual economic impact. Its job training and workforce development programs are key to supporting business retention and attracting new industries to the County. Each year, ACC educates approximately 5,200 curriculum students, while an additional 7,050 students participate in adult Continuing Education programs, with a strong focus on workforce development and occupational extension training.

Elon University, a private liberal arts institution founded in 1898, offers baccalaureate degrees in the arts and sciences, masters degrees and doctoral degrees. Elon University offers graduate degrees in accounting, business administration, business analytics, management, education, higher education, interactive media, and physician assistant studies. Doctoral programs include physical therapy and law. The university has an enrollment of approximately 7,123 students, which includes 786 graduate students.

In addition, within a one hour drive of the City, there are 17 other colleges and universities, including Duke University, University of North Carolina at Chapel Hill, North Carolina State University, Wake

Forest University, University of North Carolina at Greensboro, North Carolina A&T State University, Greensboro College, and Guilford College which are located within a 60-mile radius of the County.

MEDICAL FACILITIES

Hospital facilities are provided by Cone Health. Alamance Regional Medical Center, one of Cone Health's five hospitals, is a non-profit corporation which operates a 238-bed hospital in the County. Emergency medical services are provided at the hospital by full-time emergency department physicians on a 24-hour basis. This hospital also provides critical care units, diagnostic imaging, cardiac care, nuclear medicine, sonography, mammography, a psychiatric/chemical dependency facility, a cancer center, inhalation therapy, home health care/therapy and many other services.

In addition, Cone Health's Moses H. Cone Memorial Hospital in Greensboro, UNC Hospitals in Chapel Hill and Duke University Hospital in Durham serve as referral centers for the local hospital. Each of these tertiary care facilities is located within 30 miles of the City.

Duke University Hospital and UNC Hospitals both operate 3 clinics, for a total of 6 clinics focused on different medical services in the Burlington MSA area.

TRANSPORTATION

Major expansion, maintenance and improvement of the local street system are primarily the responsibility of the City. Maintenance and improvements are principally funded by the City's allocation of 1¾ cents of the motor fuel tax collected by the State and distributed to the City. As of July 1, 2024, the City maintained approximately 248 linear miles of streets.

Rapid highway access through the area is available with eight-lane Interstate Highways 85 and 40 and U.S. Highway 70. The County is served by Norfolk Southern Railway. At least 30 motor carriers provide shipping service, and Carolina Trailways offers passenger transportation via bus.

The only remaining original building of the North Carolina Railroad's Company Shops Complex was officially dedicated in August 2003. The Company Shops building, which once served as the engine repair house for the North Carolina Railroad Company, has been renovated to serve as the County's rail station with commercial space available for lease, some of which is already occupied by a division of the City's Police Department. This station is also part of Amtrak, the federal government's high-speed rail service transportation program, which runs from Washington, D.C. to Atlanta, Georgia.

The Burlington Alamance Regional Airport is recognized as an essential source and provider of economic development to our region. Averaging more than 200 daily flight operations, our airport provides an annual economic impact of over $283 million. The airport continues to grow and make infrastructure enhancements to meet current and future needs. In 2024, the Burlington Alamance Airport Authority undertook a major runway and terminal apron "overhaul" at a cost of more than $10.9 million. These projects were funded by the Federal Aviation Administration, the North Carolin Department of Transportation, with local matching contributions provided by the City and the County. These improvements ensure that the airport can accommodate larger, heavier corporate aircraft serving businesses in the region. The airport is also a base of aviation operations for LabCorp, Inc., a key part of Honda Aircraft's regional presence, as well as being home to GE Honda Aero Engines, a joint venture between Honda Aero and General Electric.

Two major airports, Piedmont Triad International Airport and Raleigh-Durham International Airport, provide regularly scheduled passenger and airfreight flights each day. Piedmont Triad International Airport is located approximately 37 miles from the City and is served by four major airlines. Approximately 294 scheduled weekly flights handled almost 1.96 million passengers during 2024. The Piedmont Triad International Airport is also served by ten all-cargo airlines. The Piedmont Triad International Airport has been designated as the mid-Atlantic hub for Federal Express. Raleigh-Durham International Airport, approximately 35 miles from the City, is served by 19 major passenger carriers, commuters airlines, general aviation, corporate, military and cargo aircraft operations. These airlines provide more than 400 daily arrivals and departures.

PARKS AND RECREATION

The City provides a year-round, diversified recreation and parks program that serves community members of all ages and interests. Over a dozen community and neighborhood parks featuring athletic fields, outdoor courts, walking tracks, picnic shelters and natural areas are strategically located throughout the City. The City also offers regional amenities such as marinas, hiking trails, an 18-hole championship golf course, downtown performing arts theater, historic Train Depot and downtown amphitheater, amusement park, BMX track, 17-court pickleball complex, tennis center, synthetic soccer fields, a professional-quality baseball stadium and certified arboretum. Community recreation facilities include swimming pools, splash park, senior and teen centers, numerous multi-purpose community centers, and two multi-court gymnasiums. Wide-ranging recreation programs include youth and adult athletics, senior adult programs, summer camps and afterschool care, programs for developmentally disabled individuals, nature programs, and community festivals and events.

May Memorial Library, located in the City, provides 23,000 square feet of library services. The City appropriates money annually for maintenance and utility costs. The County appropriates money for operating and personnel costs.

A portion of the proceeds of the Bonds now being offered will be used for the expansion and improvement of the City's Paramount located in the City's downtown area.

PUBLIC SERVICE ENTERPRISES

The City owns and operates a water system and a sanitary sewer system. The City has established a rate structure for water and sanitary sewer service which is expected to produce revenues from the operation of its water and sanitary sewer systems sufficient to provide for the payment or funding of operating expenses, debt service, capital improvements and reserves relative to such systems.

Water System

Raw water for the City's water system is supplied from two impounded reservoirs, one on Stoney Creek and one on Great Alamance Creek. The water system serves approximately 25,000 metered customers. The City's J. D. Mackintosh, Jr. Water Treatment Plant, its primary treatment facility, has a treatment capacity of 18 million gallons per day ("MGD"), and the City's Ed Thomas Water Treatment Plant, its secondary treatment facility, has a treatment capacity of 16 MGD. The J. D. Mackintosh, Jr. Water Treatment Plant is designed to accommodate additional treatment modules that could eventually provide treatment capacity of 36 MGD. Average daily use of water from the water system in 2024 was 11.71 MGD. The treatment capacity of the two plants is expected to serve the City's needs and provide water for growth well into the future.

The City supplies much of the water in the west-central portion of the County, including supplying the Towns of Haw River, Gibsonville, Elon, and Greensboro with all or some portion of their water. The City also has a tie-in arrangement with Graham, which permits either city to obtain up to 3.5 MGD from the other, particularly in cases of emergency. In addition to its governmental customers, the City provides water to approximately 1,500 commercial, industrial and residential customers outside its corporate limits. The City has a contract with Greensboro to provide 1.5 to 5 MGD, with the contract expiring in 2028.

Sanitary Sewer System

The City operates two wastewater treatment plants, the East Burlington Waste Treatment Plant (12 MGD capacity) and the South Burlington Waste Treatment Plant (12 MGD capacity). Together these plants serve approximately 19,000 customers. The City's sanitary sewer system also treats approximately 2.5 MGD from the Towns of Elon, Gibsonville, Haw River, Alamance and the Sanitary Sewer District of Swepsonville. The average daily treatment of sewage in 2024 was 4.5 MGD and 7.5 MGD for the East and South Plants, respectively.

During the past decade, the City's wastewater plants have been upgraded to comply with nitrogen and phosphorus removal as required by the North Carolina Environmental Management Commission and to improve the plant's electrical distribution, raw sewage pumping and residuals (biosolids) treatment and disposal. A compost facility was constructed to convert sludge to compost for commercial nurseries, etc.

Solid Waste System

The City provides solid waste collection services for City residents, including garbage, yard waste and white goods. The County provides for the disposal of solid waste received from the City. On July 1, 1989, the County began charging a tipping fee to the City for this service. The tipping fee for the fiscal year ending June 30, 2026 is budgeted at $930,000. The City also contracts with a private company to collect and dispose of recyclable materials. Recycling collection and disposal costs are budgeted at $1,520,725 for the fiscal year ending June 30, 2026.

Electric

Electric service is provided to the City by Duke Energy Corporation. Piedmont Natural Gas Company provides natural gas service to the City. Due to deregulation, the City has several providers of cable, internet, and telephone communication services.

Other Services

The City provides police, fire protection, parking facilities, cemeteries and refuse collection service. The City Fire Department provides emergency medical services in addition to its regular fire protection service. The City also administers a housing and rental rehabilitation program to upgrade substandard housing within the City and is active in community planning and economic development.

Debt Information

LEGAL DEBT LIMIT

In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, the City had the statutory capacity to incur additional net debt in the approximate amount of $687,347,170 as of June 30, 2024.

OUTSTANDING GENERAL OBLIGATION DEBT

	Principal Outstanding as of June 30,			
	2022	2023	2024	2025
Refunding	$1,891,000	$1,403,000	$925,000	$457,000
Streets and Sidewalks	--	--	--	16,500,000
Total	$1,891,000	$1,403,000	$925,000	$16,957,000

Latest Bonds Issued:

2024-25 - $16,500,000 General Obligation Public Improvement Bonds, Series 2025, 10.028 years average maturity, 3.8690% true interest cost.

GENERAL OBLIGATION DEBT RATIOS

As of June 30	Total GO Debt	Assessed Valuation	Total GO Debt to Assessed Valuation	Population[1]	Total GO Debt Per Capita	Total Assessed Valuation Per Capita
2021	$ 2,389,000	$5,282,574,626	0.05%	58,855	$ 42	$ 89,756
2022	1,891,000	5,446,711,635	0.03	59,560	32	91,449
2023	1,403,000	5,663,346,283	0.02	60,380	24	93,795
2024	925,000	8,739,882,353	0.01	60,380[3]	15	144,748
2025	16,957,000	8,914,680,000[2]	0.19	60,380[3]	281	150,596
After Bonds Now Offered are Issued	$27,957,000	$9,092,973,000[2]	0.31%	60,380[3]	$463	$150,596

[1] Estimate of North Carolina Office of Budget and Management.

[2] Estimated.

[3] The 2023 population is being used.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS AND MATURITY SCHEDULE

Fiscal Year Ending June 30,	Existing Debt Principal	Existing Debt Interest	Existing Debt Total[2]	Bonds Now Being Offered[1]
2026	$1,282,000	$778,512	$2,060,512	--
2027	825,000	707,438	1,532,438	$550,000
2028	825,000	666,188	1,491,188	550,000
2029	825,000	624,938	1,449,938	550,000
2030	825,000	583,688	1,408,688	550,000
2031	825,000	542,438	1,367,438	550,000
2032	825,000	501,188	1,326,188	550,000
2033	825,000	459,938	1,284,938	550,000
2034	825,000	418,688	1,243,688	550,000
2035	825,000	377,438	1,202,438	550,000
2036	825,000	336,188	1,161,188	550,000
2037	825,000	294,938	1,119,938	550,000
2038	825,000	253,688	1,078,688	550,000
2039	825,000	216,563	1,041,563	550,000
2040	825,000	183,563	1,008,563	550,000
2041	825,000	150,563	975,563	550,000
2042	825,000	117,563	942,563	550,000
2043	825,000	84,563	909,563	550,000
2044	825,000	51,047	876,047	550,000
2045	825,000	17,016	842,016	550,000
2046				550,000
Total[2]	$16,957,000	$7,366,137	$24,323,137	$11,000,000

[1] Principal only.
[2] Totals may not foot due to rounding.

GENERAL OBLIGATION BONDS AUTHORIZED AND UNISSUED

Purpose	Date Approved	Authorized and Unissued	Bonds Now Offered	Balance
Streets and Sidewalks	11/05/2024	$5,000,000	--	$ 5,000,000
Parks and Recreation	11/05/2024	$47,000,000	$11,000,000	$36,000,000
Totals		$52,000,000	$11,000,000	$41,000,000

GENERAL OBLIGATION DEBT INFORMATION FOR OVERLAPPING UNITS AS OF JUNE 30, 2024

Unit	2023 Estimated Population	Assessed Valuation	Tax Rate Per $100	G.O. Debt Authorized and Unissued	Total G.O. Debt	Total G.O. Debt Per Capita
Alamance County	181,097	$26,844,687,207	$0.4690	$5,170,000	$174,660,000	$964
Guilford County[1]	550,202	$72,996,400,000	$0.7305	$1,130,000,000	$1,261,905,000	$2,294

Sources: North Carolina Office of State Budget and Management; County Budget and Finance Office.

[1] A small portion of the City is located in Guilford County.

OTHER LONG-TERM COMMITMENTS

As of June 30, 2025, the City was obligated to make payments under various installment financing agreements secured by financed facilities and equipment. These agreements are subject to annual appropriation and the amounts payable thereunder are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$2,674,541	$337,361	$3,011,902
2027	2,772,531	230,176	3,002,707
2028	1,336,888	118,575	1,455,463
2029	497,094	73,570	570,664
2030	497,094	64,374	561,468
2031	497,094	55,177	552,271
2032	497,093	45,981	543,074
2033	497,093	36,785	533,878
2034	497,093	27,589	524,682
2035	497,093	18,392	515,485
2036	497,093	9,196	506,289
Total	$14,211,776	$1,343,554	$15,555,330

Additionally, the City has issued water and sewer combined enterprise system revenue and revenue refunding bonds to finance or refinance various water and sewer infrastructure projects, $18,522,000 principal amount of which was outstanding as of June 30, 2025. Net revenues of the City's water and sanitary sewer system are pledged to retire these bonds. The total debt service requirements through the final maturity of these bonds in the fiscal year ending June 30, 2037 is $20,169,729. The debt service requirements on these bonds for the fiscal year ended June 30, 2025 totaled $1,747,481.

DEBT OUTLOOK

The City plans to take bids for installment purchases of rolling stock and computers from the proposed budget for the fiscal year ending June 30, 2026, totaling approximately $1,500,000 to $2,500,000 early in such fiscal year. The City has no other material long-term commitments nor are any under consideration as of the date hereof. The City plans to issue the remaining authorized and unissued general obligation bonds over the next two to four years.

Tax Information

GENERAL INFORMATION

	Fiscal Year Ended or Ending June 30,				
	2022	2023	2024	2025[5]	2026[5]
Assessed Valuation:					
Assessment Ratio[1]	100%	100%	100%	100%	100%
Real Property[2]	$4,142,432,634	$4,298,061,928	$7,290,763,902	$7,436,579,180	$7,585,310,764
Personal Property	1,254,151,254	1,314,616,955	1,415,332,025	1,443,638,666	1,472,511,439
Public Service Companies[3]	96,554,084	101,884,587	122,480,277	124,929,883	127,428,480
Less: Tax-Exempt Property	(46,426,337)	(51,217,187)	(88,693,851)	(90,467,728)	(92,277,083)
Total Assessed Valuation	$5,446,711,635	$5,663,346,283	$8,739,882,353	$8,914,680,000	$9,092,973,600
Rate per $100	.5973	.5973	.4836	.4836	.4836
Levy[4]	$33,399,167	$33,871,546	$42,322,695	$43,111,392	$43,973,620

[1] Percentage of appraised value has been established by statute.

[2] The North Carolina General Statues requires a revaluation of real property at least every eight years. The most recent revaluation was completed as of January 2023 and was effective for the fiscal year ended June 30, 2024.

[3] Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

[4] Excludes levy of the Business Improvement District tax, as well as various special historic district taxes within the City.

[5] Estimated.

TAX COLLECTIONS

Fiscal Year Ended June 30	Prior Years' Levy Collected	Current Year's Levy Collected	Percentage of Current Year's Levy Collected
2020	$29,547,618	$31,284,605	98.18%
2021	31,284,606	31,068,596	98.35
2022	31,068,596	32,927,611	98.59
2023	32,927,611	33,439,812	98.73
2024	33,439,812	41,799,668	98.76

Note: Taxes collected for prior year's levy, current year's levy and the percentage of the current year's levy are updated as actual collections occur for taxes in the respective year of the levy.

TEN LARGEST TAXPAYERS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Name	Type of Enterprise	Assessed Valuation	Percentage of Total Assessed Valuation
LabCorp, Inc.	Healthcare	$222,516,659	2.55%
Alamance Foods	Food Manufacturing	94,023,575	1.08
Alamance Crossing LLC	Housing	89,433,805	1.02
Duke Energy Corp	Energy	68,963,734	0.79
Roche Biomedical Labs	Healthcare	63,858,656	0.73
ZP LLC	Information Tech	66,034,929	0.76
Carolina Hosiery Mills	Textiles	50,124,837	0.57
SREIT Ethan Pointe LLC	Real Estate	46,091,571	0.53
Honda Aero	Manufacturing	44,866,749	0.51
Signature	Healthcare	43,727,487	0.50
Total		$789,642,002	9.04%

Fiscal Year 2024-25 Budget Commentary

The City's annual net budget for fiscal year 2024-2025 was approved for $85 million. This budget includes a property tax rate of 48.36 cents per $100 property value, which is unchanged from the prior fiscal year. As of May 31, 2025, the General Fund collected 84% of budgeted revenues and spent 93% of budgeted expenditures.

Fiscal Year 2025-26 Budget Outlook

The fiscal year 2025-26 City-wide property tax rate remains at $0.4836 per $100 assessed valuation for the third consecutive fiscal year. The General Fund budget increased 6.5% to $90.5 million, and the City's total budget increased 7.4% to $137.7 million. The budget for the fiscal year ending June 30, 2026 focuses on meeting the fundamental goals of the City while also looking forward to the street and sidewalk improvements supported by the City's recent general obligation bond issues. Operational increases have been kept to a minimum, but the City remains focused on employee compensation and necessary projects like resurfacing streets and a 911 communication capital project that will increase the quality of response times for citizens.

The property tax base for the fiscal year ending June 30, 2026, is estimated at approximately $9 billion, an increase of 2% over the prior fiscal year. Sales tax revenues for the fiscal year ending June 30, 2026 are projected to increase by 3% above budgeted estimates for the fiscal year ended June 30, 2025.

An increase in water and sewer user rates of 5% for all customers located inside and outside the corporate limits of the City was adopted effective July 1, 2025 to help fund the water and sewer system, while keeping customer rates significantly lower as compared to peer cities throughout the state.

Cybersecurity

The City, like many other public and private entities, faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems. These threats could result in adverse consequences to the City, including but not limited to, operational disruption and misappropriation of assets or information. The City has implemented multiple operational safeguards, periodic testing of hardware and software, annual training of all employees and cybersecurity procedures. However, no assurances can be given that such measures will protect against, or mitigate the impact of, the financial or operational damages that could result from a cybersecurity attack.

Pension Plans

The following information on the pension plans is presented on the calendar year basis, whereas the information in the independent auditor's footnote is presented on the fiscal year basis.

The City participates in the North Carolina Local Governmental Employees' Retirement System (the "System"). The System is a service agency administered through a board of trustees by the State for public employees of counties, cities, boards, commissions, and other similar governmental entities. While the State Treasurer is the custodian of System funds, administrative costs are borne by the participating employer governmental entities. The State makes no contributions to the System.

The System provides, on a uniform System-wide basis, retirement and, at each employer's option, death benefits from contributions made by employers and employees. Employee members contribute six percent of their individual compensation. Each new employer makes a normal contribution plus, where applicable, a contribution to fund any accrued liability over a 24-year period. The employer contribution rate for the fiscal year ended June 30, 2025 was 13.60% for general employees and 15.10% for law enforcement officers. The employer contribution rate for the fiscal year ending June 30, 2026 is 14.39% for general employees and 16.08% for law enforcement officers. The accrued liability contribution rate is determined separately for each employer and covers the liability of the employer for benefits based on employees' service rendered prior to the date the employer joins the System.

Members qualify for a vested deferred benefit at age 50 with at least 20 years of service or at age 60 after at least five years of creditable service to the unit of local government. Unreduced benefits are available: at age 65, with at least five years of creditable service; at age 60, with at least 25 years of creditable service; or after 30 years of creditable service, regardless of age. Benefit payments are computed by taking an average of the annual compensation for the four consecutive years of membership service yielding the highest average. This average is then adjusted by a percentage formula, by a total years of service factor, and by an age service factor if the individual is not eligible for unreduced benefits.

Contributions to the System are determined on an actuarial basis.

For information concerning the City's participation in the System and the Supplemental Retirement Income Plan of North Carolina, see the Notes to the City's audited financial statements included in Appendix E to this Official Statement.

Financial statements and required supplementary information for the System are included in the Annual Comprehensive Financial Report ("ACFR") for the State. Please refer to the State's ACFR for additional information.

Other Post-Employment Benefits

The City is self-insured for health and dental insurance. Pursuant to a City resolution, the City provides postretirement health and dental benefits to retirees who were hired prior to July 1, 2011, and City Council members of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System and have at least five years of creditable service with the City. The City pays the full cost of coverage for employees who retire with 25 years of creditable service; 75% of the cost of coverage for retirees with 20 years of creditable service; 50% of the cost of coverage for retirees with 15 years of creditable service, and 25% of the cost for retirees with 10 years of creditable service. The City pays the full cost of coverage for City Council members with 12 years of service, 50% of the cost for City Council members with 8 years of service, and 25% of the cost for City Council members with 4 years of service to the City. The City's contribution ceases when the retiree reaches age 65. At this point in time, some City retirees are eligible for the Medicare supplement reimbursement. The retiree must have been covered under the City's health plan immediately before reaching age 65. The Medicare supplement reimbursement is also based on years of service. The City pays a maximum benefit of $159 per month on a reimbursement basis for retirees with 25 years of creditable service. The percentages for those with less than 25 years of creditable service follow the same schedule as for the health coverage outlined above.

The City also provides dental coverage to retirees of the City. The City pays according to years of creditable service according to the same schedule as it does for health insurance and Medicare supplement insurance. When a retired employee reaches age 65, the employee is responsible for 100% of the prevailing cost of premium for the dental coverage up to age 70, at which time coverage ceases.

To meet the post-employment health care and other benefits reporting requirements of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, the City obtained an actuarial valuation of its OPEB based on data for June 30, 2022. The total OPEB liability was then rolled forward to the measurement date of June 30, 2023, using standard actuarial roll forward techniques. The actuarial valuation quantified a net OPEB liability of $27,563,774.

The City largely funds OPEB on an annual pay-as-you-go basis under a self-insured plan, with actual benefits paid of approximately $1,950,000, net of retiree contributions, for the fiscal year ended June 30, 2024.

For additional information concerning OPEB and the City's requirements, see the Notes to the City's audited financial statements included in Appendix E hereto.

Contingent Liabilities

The City has no litigation pending which, in the opinion of the City Attorney, would materially and adversely affect the City's ability to meet its financial obligations. Furthermore, the City has no other contingent liabilities which would materially and adversely affect the City's ability to meet its financial obligations.

APPENDIX B

THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION

The Local Government Commission (the "Commission") is composed of nine members: the State Treasurer, the Secretary of State, the State Auditor, the Secretary of Revenue, and five others by appointment (three by the Governor, one by the General Assembly upon recommendation of the President Pro Tempore of the Senate and one by the General Assembly upon recommendation of the Speaker of the House of Representatives). The State Treasurer serves as Chairman and selects the Secretary of the Commission, who heads the administrative staff serving the Commission.

A major function of the Commission is the approval, sale, and delivery of substantially all North Carolina local government bonds and notes. A second key function is monitoring certain fiscal and accounting standards prescribed for units of local government by The Local Government Budget and Fiscal Control Act. In addition, the Commission furnishes, upon request, on-site assistance to units of local government concerning existing financial and accounting systems as well as aid in establishing new systems. Further, educational programs and materials are provided for local officials concerning finance and cash management.

Before any unit of local government can incur bonded indebtedness, the proposed bond issue must be approved by the Commission. In determining whether to give such approval the Commission may consider, among other things, the unit's debt management procedures and policies, its compliance with The Local Government Budget and Fiscal Control Act, and its ability to service the proposed debt. All general obligation issues are customarily sold based on formal sealed bids submitted at the Commission's offices in Raleigh and are subsequently delivered to the successful bidder by the Commission. The Commission maintains records for all units of local government of principal and interest payments coming due on bonded indebtedness in the current and future years and monitors the payment by the units of local government of debt service through a system of monthly reports.

As a part of its role in assisting and monitoring the fiscal programs of units of local government, the Commission attempts to ensure that the units of local government follow generally accepted accounting principles, systems, and practices. The Commission's staff also counsels the units of local government in treasury and cash management, budget preparation, and investment policies and procedures. Educational programs, in the form of seminars or classes, are also provided by the Commission to accomplish these tasks. The monitoring of the financial systems of units of local government is accomplished through the examination and analysis of the annual audited financial statements and other required reports. The Local Government Budget and Fiscal Control Act requires each unit of local government to have its accounts audited annually by a certified public accountant or by an accountant certified by the Commission as qualified to audit local government accounts. A written contract must be submitted to the Secretary of the Commission for his or her approval before the commencement of the audit.

The Commission has the statutory authority to impound the books and records of any unit of local government and assume full control of all its financial affairs (a) when the unit defaults on any debt service payment or, in the opinion of the Commission, will default on a future debt service payment if the financial policies and practices of the unit are not improved or (b) when the unit persists, after notice and warning from the Commission, in willfully or negligently failing or refusing to comply with the provisions of The Local Government Finance Act. When the Commission takes action under this authority, the Commission is vested with all of the powers of the governing board of the unit of local government as to the levy of taxes, expenditure of money, adoption of budgets, and all other financial powers conferred upon such governing board by law.

In addition, if a unit of local government fails to pay any installment of principal or interest on its outstanding debt on or before its due date and remains in default for 90 days, the Commission may take such action as it deems advisable to investigate the unit's fiscal affairs, consult with its governing board and negotiate with its creditors to assist the unit in working out a refinancing plan, adjusting or compromising such debt. When a plan is developed that the Commission finds to be fair and equitable and reasonably within the ability of the unit of local government to meet, the Commission will enter an order finding that the plan is fair, equitable, and within the ability of the unit to meet and will advise the unit to take the necessary steps to implement such plan. If the governing board of the unit declines or refuses to do so within 90 days after receiving the Commission's advice, the Commission may enter an order directing the unit to implement such a plan and may apply for a court order to enforce such order. When a refinancing plan has been put into effect, the Commission has the authority (a) to require any periodic financial reports on the unit's financial affairs that the Secretary of the Commission deems necessary and (b) to approve or reject the unit's annual budget ordinance. The governing board of the unit of local government must also obtain the approval of the Secretary of the Commission before adopting any annual budget ordinance. The power and authority granted to the Commission as described in this paragraph will continue regarding a defaulting unit of local government until the Commission is satisfied that the unit has performed or will perform the duties required of it in the refinancing plan and until agreements made with the unit's creditors have been performed with following such plan.

APPENDIX C

Management Discussion and Analysis

The following is Management's Discussion and Analysis of the financial activities of the City, lifted from the Annual Comprehensive Financial Report for the City of Burlington for the fiscal year ended June 30, 2024. Management's Discussion and Analysis provides an objective and easily readable short and long-term analysis of the City's financial activities based on currently known facts, decisions, or conditions. Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The independent auditors of the City have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, they did not audit this information and did not express an opinion on it.

City of Burlington, North Carolina

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Burlington, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City of Burlington for the fiscal year ended June 30, 2024. The Management's Discussion and Analysis (MD&A) section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial condition, identify material deviations from the financial budget, and identify individual fund issues or concerns.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the transmittal letter, which can be found on pages i-viii of this report, and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Burlington exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $329,185,226 (net position). Of this amount, $52,213,098 may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $11,155,916 (3.5%) compared to fiscal year 2023. The governmental net position increased by $1,545,997(1.4%) and the business-type net position increased by $9,609,919 (4.6%).

- During the year, the City's governmental expenses were $88,034,886, an increase of $7,877,455, while expenses in the business-type activities were $38,220,086, an increase of $6,195,387.

- At the end of the current fiscal year, the City of Burlington's governmental funds reported combined ending fund balances of $58,538,503, a decrease of $5,175,043 in comparison with the prior year. Approximately $4,610,094 (or 7.9%) is available for spending, with $39,875,087 designated for specific purposes.

- As of year-end, the unassigned fund balance for the General Fund was $3,438,787, or 3.8% of total General Fund expenditures of $91,212,854.

- The General Fund budget for fiscal year ending 6/30/24 was adopted with a $.4836 per $100 assessed valuation tax rate.

- The City of Burlington's total long-term debt increased $8,835,516. There was an increase of $10,245,399 in the governmental activities and a decrease of $1,409,883 in the business-type activities.

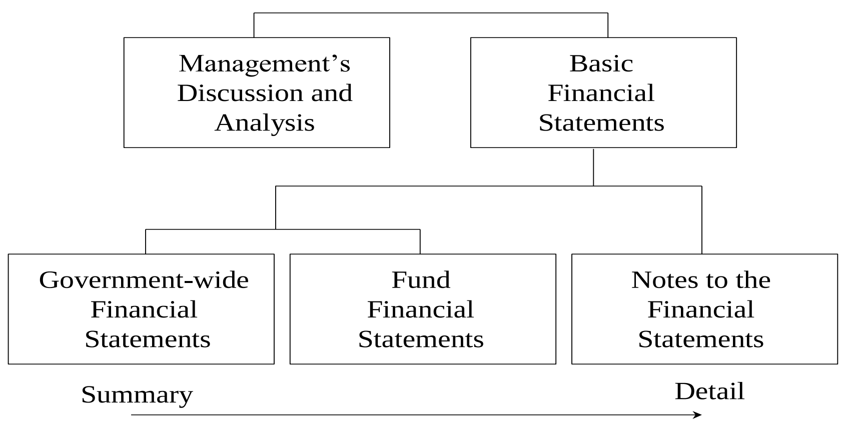
The City has maintained its GO bond rating with Moody's at Aa2. Moody's most recent review of the City's GO Bonds occurred in July 2021 and the rating was confirmed at Aa2.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Burlington’s basic financial statements. The City’s basic financial statements consist of three components: (1) Government-Wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Financial Statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader’s understanding of the financial condition of the City of Burlington.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the ***government-wide financial statements***. They provide both short- and long-term information about the City’s financial status.

The next statements (Exhibits 3 through 8) are the ***fund financial statements.*** These statements focus on the activities of the individual parts of the City’s government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: (1) the governmental funds statements; (2) the budgetary comparison statements; and (3) the proprietary fund statements.

The next section of the basic financial statements is the ***notes.*** The Notes to the financial statements explain in detail some of the data contained in those statements. After the notes, ***supplemental information*** is provided to show details about the City’s individual funds. Budgetary information required by the NC General Statutes can also be found in this part of the statements.

A. Government-wide financial statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short- and long-term information about the City's financial status as a whole.

The two government-wide statements report on the City's net position and how it has changed. Net position is the difference between the City's total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, public works, parks and recreation, and general administration. Property taxes, sales taxes, and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to help cover the cost of certain services it provides. The City's water and sewer activities are included in this category. The final category is the component unit. The City includes one discretely presented component unit entity in its report. Financial information for the Burlington Downtown Corporation is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are Exhibits 1 and 2 of this report.

B. Fund financial statements

A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Burlington, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements such as the General Statutes of North Carolina and the City's budget ordinance. The fund financial statements provide more detailed information about the City's major funds while focusing on the fiscal accountability and are used to account for specific sources of funding such as those required by state law, bond covenants, and spending for particular purposes. All the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or fewer financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Burlington adopts an annual appropriated budget for its General Fund, as required by the General Statutes of North Carolina. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current-period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: (1) the original budget as adopted by the City Council; (2) the final budget as amended by the City Council; (3) the actual resources, charges to appropriations, and ending balances in the General Fund; and (4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

The basic governmental fund financial statements can be found on pages 3-6 of this report.

Proprietary funds of two different types are maintained by the City of Burlington. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Burlington uses the enterprise funds to account for its water and sewer activity, for the storm water operations, and for the bus transportation operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Burlington's various functions. The City uses internal service funds to account for its self-insured dental, health, and workers' compensation benefits. Because these internal service funds benefit both governmental and business-type activities, they have been allocated to both based on their respective percentage of personnel costs (including fringe benefits) to total personnel costs.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water Resources Fund, Public Transportation, and the Storm Water Fund, the only three enterprise fund operations of the City of Burlington.

The basic proprietary fund financial statements can be found on pages 7-10 of this report.

C. 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 fund financial statements. The notes to the financial statements can be found on pages 11-51 of this report.

D. Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Burlington's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 52 of this report.

E. Interdependence with Other Entities

The City depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of the City of Burlington exceeded liabilities and deferred inflows by $329,185,226 as of June 30, 2024. The City's net position increased by $11,155,916 for the fiscal year ended June 30, 2024. There was a net increase in the governmental net position in the amount of $1,545,997 and a net increase in the business-type net position in the amount of $9,609,919. The majority of the increase is due to the several factors. The City had increases in interest income due to the current interest rate environment over the past year. Another factor is the ARPA monies that were recognized as revenue during Fiscal Year 2022-2023 when the monies were spent on public safety salaries. Lastly, some capital projects were completed, which added to capital assets: the City's Dentzel Carousel, North Lawn Cemetery expansion, City Park ball field lights, MAC pool repairs and a new firetruck. Also, the Greeson Road water line project was completed for the business enterprise fund. Capital assets for governmental activities increased by $7.8 million while capital assets for business type activities increased $4.4 million, yielding a net increase in capital assets of $12.2 million. The largest portion of the total net position (63.0%) reflects the City's net investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The City of Burlington uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Burlington's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate those liabilities. An additional portion of the City of Burlington's net position (17.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $52,213,098 is labeled as unrestricted on Exhibit 1. However, included in this unrestricted amount are funds that the City has assigned to future purposes/projects, leaving an unassigned balance of $4,610,094 as found on Exhibit 3.

At the end of fiscal year 2023-2024, the City of Burlington is able to report positive balances in all three categories of net position, both for the government as a whole, and for its separate governmental and business-type activities. The same situation held true for the prior year.

Figure 2

City of Burlington's Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current and other assets	$ 78,943,430	$ 79,994,565	$112,220,712	$101,238,927	$191,164,142	$ 181,233,492
Noncurrent assets	603,546	277,947	-	-	603,546	277,947
Capital assets	100,967,493	86,565,832	149,228,900	145,976,952	250,196,393	232,542,784
Total assets	180,514,469	166,838,344	261,449,612	247,215,879	441,964,081	414,054,223
Deferred outflows of resources	22,104,435	21,322,468	3,749,910	3,570,303	25,854,345	24,892,771
LIABILITIES						
Current and other liabilities	22,997,528	9,191,103	16,984,576	9,907,638	39,982,104	19,098,741
Noncurrent liabilities	64,283,055	64,081,803	26,555,969	28,624,697	90,839,024	92,706,500
Total liabilities	87,280,583	73,272,906	43,540,545	38,532,335	130,821,128	111,805,241
Deferred inflows of resources	6,853,413	7,948,995	958,659	1,163,448	7,812,072	9,112,443
NET POSITION						
Net investment in capital assets	89,093,329	75,585,409	129,147,371	123,802,466	218,240,700	199,387,875
Restricted	27,580,750	26,463,865	31,150,678	28,203,233	58,731,428	54,667,098
Unrestricted	(8,189,171)	4,889,637	60,402,269	59,084,700	52,213,098	63,974,337
Total net position	$108,484,908	$ 106,938,911	$220,700,318	$211,090,399	$329,185,226	$ 318,029,310

Several aspects of the City's financial operations positively influenced the total unrestricted governmental net position:

- Alamance County performed a revaluation of property during the 2022 calendar year to be effective January 1,2023. This revaluation led to an average of a 79% increase in property value for the City of Burlington. Thus, the property tax rate decreased to 0.4836 per $100 assessed valuation.

- Continued diligence in the collection of property taxes results in the City maintaining a tax collection percentage of 98.76%, a slight increase from the prior year. This is comparable to the statewide average of 98.96%.

- Sales tax revenues continued to rise. People are continuing purchasing online as well as shopping in person. This resulted in the City experiencing a 3.0% increase in sales tax revenue year over year.

The Capital Reserve Fund's Restricted Net Assets increased by $58,866.
This increase is solely due to interest earned. There were no transfers out of the Capital Reserve Fund for the fiscal year ended June 30,2024.

Figure 3

City of Burlington's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for services	$ 12,138,214	$ 11,795,813	$ 37,448,975	$ 36,845,467	$ 49,587,189	$ 48,641,280
Operating grants & contributions	5,632,471	13,783,917	6,234,020	-	11,866,491	13,783,917
Capital grants & contributions	-	-	-	-	-	-
General Revenues:						
Property taxes, levied for general purpose	42,064,502	33,765,563	-	-	42,064,502	33,765,563
Other taxes	22,060,505	21,127,097	-	-	22,060,505	21,127,097
Grants and contributions not restricted to specific programs	5,006,588	4,939,897	-	-	5,006,588	4,939,897
Other	3,132,674	2,413,002	3,692,939	2,106,354	6,825,613	4,519,356
Total Revenues	90,034,954	87,825,289	47,375,934	38,951,821	137,410,888	126,777,110
Expenses:						
General government	10,507,916	11,890,086	-	-	10,507,916	11,890,086
Public safety	43,761,624	37,055,663	-	-	43,761,624	37,055,663
Public works	20,175,844	17,239,828	-	-	20,175,844	17,239,828
Economic and physical development	2,668,548	4,223,192	-	-	2,668,548	4,223,192
Cultural and recreation	10,412,995	9,523,068	-	-	10,412,995	9,523,068
Interest on long-term debt	507,959	225,594	-	-	507,959	225,594
Water and sewer			38,220,086	32,024,699	38,220,086	32,024,699
Total Expenses	88,034,886	80,157,431	38,220,086	32,024,699	126,254,972	112,182,130
Change in net position before transfers	2,000,068	7,667,858	9,155,848	6,927,122	11,155,916	14,594,980
Transfers	(454,071)	(1,050,594)	454,071	(10,931)	-	(1,061,525)
Increase (decrease) in net position	1,545,997	6,617,264	9,609,919	6,916,191	11,155,916	13,533,455
Net position-beginning	106,938,911	100,321,647	211,090,399	204,174,208	318,029,310	304,495,855
Net position-ending	$ 108,484,908	$ 106,938,911	$ 220,700,318	$ 211,090,399	$329,185,226	$ 318,029,310

Governmental activities

Governmental activities increased the City's net position by $1,545,997, whereas business-type activities increased the City's net position by $9,609,919. The largest impact on the City's net position is twofold. First, the City's property taxes saw a significant increase due to the property revaluation. Second, the interest income for all funds increased significantly due to the Federal Reserve raising the interest rate on borrowings multiple times in the past year or so.

Other items affecting the increases/decreases mentioned above are items that came from the following funds:

- Sales tax revenues increased approximately $588,000 over the prior year in the General Fund. The City's overall sales tax revenues increased a modest 3.0%. Consumer spending is consistent with the prior year's spending, indicating very minimal growth.

- Property tax collections were up over the prior year by $8,298,939 in the General Fund. The increase in the collection of property taxes is attributed to the increase in property tax values from the property revaluation previously mentioned. The City Council lowered the tax rate but did not lower it down to the revenue neutral rate due to increased costs primarily in the police salaries and benefits.
- State shared franchise/excise taxes increased by approximately $244,000 over the prior fiscal year.
- Grants and contributions increased by $719,672. Grant monies were received by Community Development ($621,123), Construction training program (approximately $162,000) and by the Edward Byrne Justice Assistance Grant (approximately $487,000). There were other decreases across the special revenue funds received in grant monies this year versus the prior year.

Other items affecting the changes in net position are below:

- For all the internal service funds, which are the Dental Self Insurance Fund, Workers Compensation Self Insurance Fund, and Group Health Self Insurance Fund, claims were less than expected and resulted in approximately $462,563 increase in net position.
- Charges for services increased minimally by $342,401 in the Governmental Activities. The increases are primarily due to increases in recreation fees increased approximately $344,000. Offsetting these increases were minor decreases.
- Miscellaneous revenue increased by approximately $719,000. The majority of this increase is from interest income which is reflective of the current interest rate environment. The remaining increase is made up of increases in various grants for police and HOME programs.

Figure 4

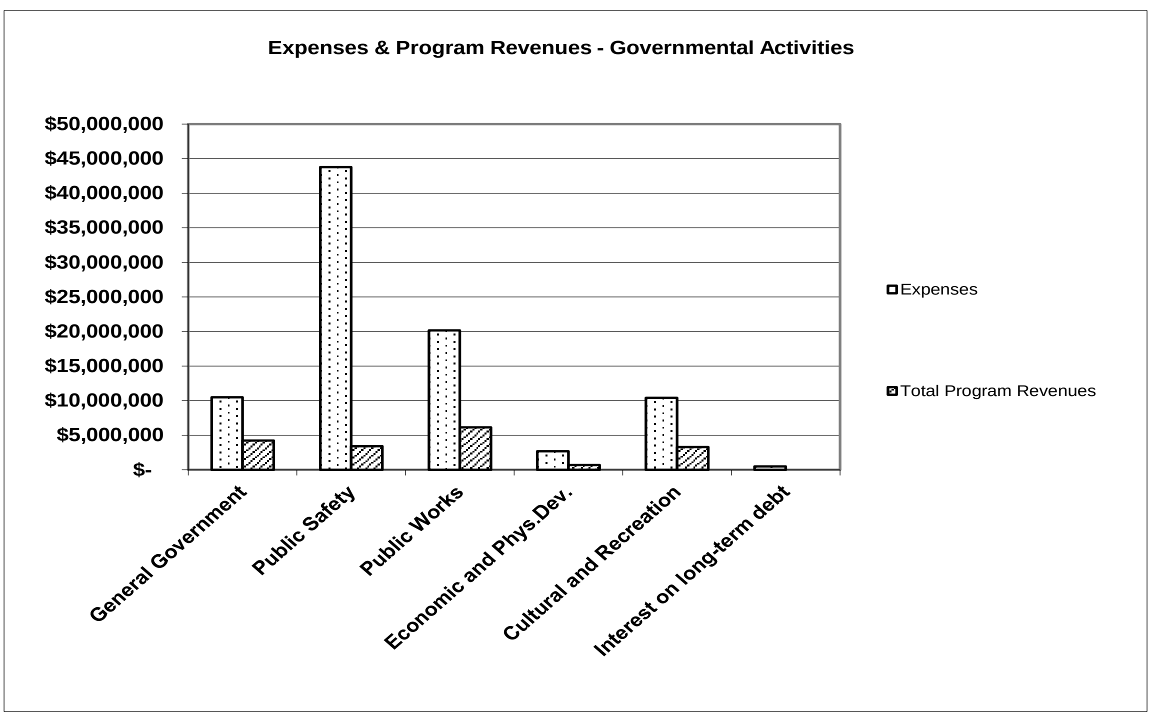
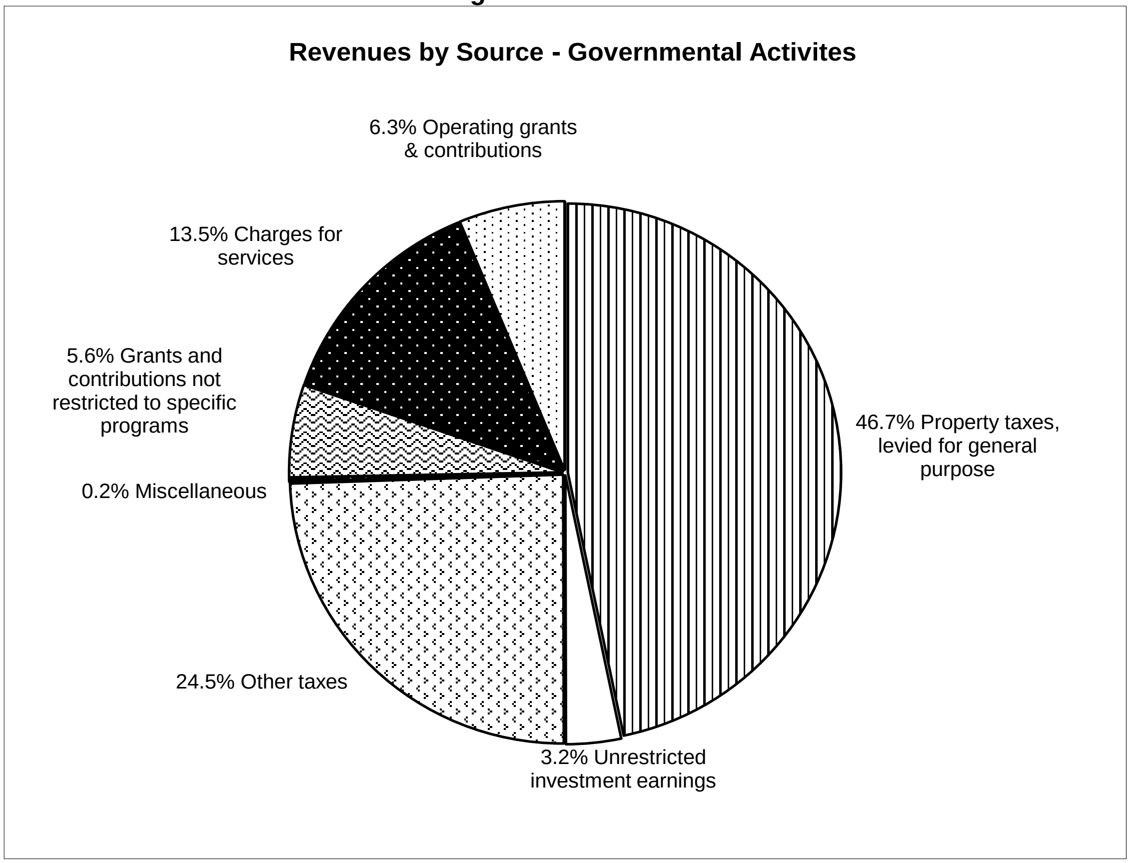


Figure 4 continued



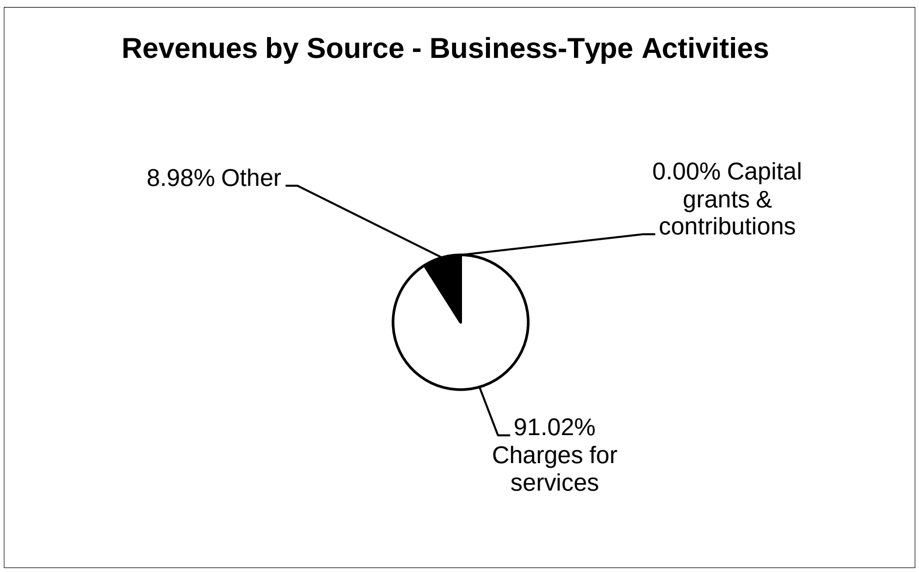
- Ad valorem taxes provided 46.7% of the revenues for governmental activities in the General Fund, with other taxes and licenses providing 24.5% of revenues in the General Fund.
- Expenses for governmental activities increased approximately $7,877,455 in fiscal year 2024 compared to fiscal year 2023. The major contributors to this increase were a 4% cost of living adjustment (COLA) for all non-sworn employees, the police department achieving full staffing level, and increased resurfacing costs because of improved availability of materials and labor post-Covid. Public Safety was the primary contributor to the increase for $6,705,961 when compared to the prior year. Personnel costs including benefits represented 70% of that increase. Public works was the other contributor to the overall increase with street resurfacing/sidewalk construction expenditures increasing $915,155 Principal and interest expenses experienced an increase of $816,196 due to an amplified amount of installment financing due to aging infrastructure and equipment.

Business-type activities

Business-type activities increased the City of Burlington's net position by $9,609,919, accounting for 86.1% of the growth in the government's net position. Key elements of the increase in net position include increases and decreases and are as follows:

- In fiscal year 2023-2024, business-type activities revenue increased 21.6% primarily due to operating reimbursements in the public transportation fund.
- For the Water Resources Fund, the 5.0% rate increase instituted by the City of Burlington for FY23-24 in the Water Resources Fund were offset by decreases in consumption/billings and collections. The rate increase amounted to approximately a 5.0% increase for water and sewer rates for all customers, inside and outside the corporate city limits. Even with this increase, Burlington's rates continue to remain below other cities with similar collection and distribution systems.
- Sales revenue to the City of Greensboro was flat in fiscal year 2024 compared to fiscal year 2023.
- The Water Resources Fund also experienced a $700,000 increase in interest earnings, due to the current climate in the interest rate environment.

Figure 5



- Expenses for business-type activities increased by approximately $6,195,387 from the preceding year. Expenses directly related to personnel saw an approximate increase of $1,281,709. The major contributing factors were as follows: group insurance for current and retired employees increased $807,081, personnel services increased $375,667 due to 4% COLA given to all non-sworn employees, and retirement expense saw an increase of $85,343.
- The Transportation Fund's operating expenses increased $682,362 from 2023 to 2024. This is primarily due to increased operational fees including paratransit services, and for the development plan and transit facility study.
- The federal transit capital fund saw an increase of $5,130,460, 95% of this is related to the replacement of bus fleet vehicles including an upgrade of two electric buses.

- The Stormwater fund operating expenses decreased $736,258. There were two primary contributing factors for the decrease from 2023 to 2024, reduced outfall improvements of $413,983 and a streetsweeper replacement in 2023 for $322,418.
- The Water and Sewer fund reflected a minimal decrease in operating expenses of approximately $23,154.
- The City operates three enterprise funds: the Water Resources Fund that constitutes most of the business-type activities, the Storm Water Fund, and the Transportation Fund. There is a small allocation of the internal service funds included in the business-type activities.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Burlington uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the City of Burlington's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City's financing requirements.

The General Fund is the chief operating fund of the City of Burlington. At the end of fiscal year 2023-2024, the fund balance available in the General Fund was $3,438,787, while total fund balance reached $31,948,940. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 4.0% of total General Fund expenditures.

At June 30, 2024, the governmental funds of the City of Burlington reported a combined fund balance of $58,538,503, a $5,175,043 decrease over last year. Key factors (increases and decreases) in the changes of the fund balances for the governmental funds are noted below:

- The Economic Development Fund had a moderate net increase of $209,674 due to interest income.
- The Capital Reserve Fund had an increase of approximately $58,000 in fund balance. The small increase is attributed to interest earnings.
- The Public Safety Special Revenue Funds had a net increase of fund balances by $301,400 after receiving monies from the COPS grants, Governor's Crime Commission grant approvals, and from receiving the City's share of RICO funds. Funds were spent on drones, supplies and staff paid for by the grants.
- The Rehabilitation Loan Program, the Community Development Block Grant, and the Rental Rehabilitation Loan Programs, when netted together, increased fund balance by $228,925 for grants allocated and used.
- The Old Solid Waste Landfill decreased fund balance by $11,539.
- There was a $1.4 million decrease in fund balance in the General Fund since actual revenues were less than actual expenses. Specifically, property tax collections were up by approximately $1,988,000, sales tax was up approximately $588,000, sanitation fees (recycle fees) were up approximately $52,000, the operating grants were up $66,700, reimbursements from other local governments' fuel purchases were down by $475,000 as the County has switched to a gas card system and is no longer using the City's fuel system, and ABC revenues were down

$201,284, and miscellaneous revenues were up $314,000. The net expenditures for transfers out were approximately $1,600,000 less than last year. This year transfers out were made for the pickle ball courts capital project ($4.6 million); for the Paramount expansion design, for the Health Insurance Fund, Worker's Comp Fund, and for the Transportation Fund. Personnel expenses for public safety, public works, and general government were up approximately $7,465,000 due to significant increases in base pay in public safety, and market adjustments from a job study. Maintenance and repair expenses were up approximately $391,000. Service contracts and professional services/contracts expenses were approximately $806,000 more than the prior year. Capital expenses were up approximately $2.2 million.

General Fund Budgetary Highlights During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments to recognize new funding amounts from external sources, such as federal and state grants; and (3) increases in appropriations that become necessary to maintain services.

Differences between the original budget and the final amended budget were approximately a $20,972,006 increase in appropriations, and the main items can be summarized as follows:

- $5,157,463 for vehicle replacements throughout the city, such as patrol cars, various automated loader trucks, leaf collection trucks, dump trucks, fire ladder truck, fire engine and general car replacements due to age and/or miles
- $4,696,400 for 23 pickleball courts with 17 at City Park and 6 at Fairchild Community Center
- $1,720,979 for projects needing to be addressed quickly, for building maintenance items: generator for police headquarters, HVAC systems at fire headquarters, North Park and Fairchild community centers, roof replacement at May Memorial Library, roof repairs at various recreation centers, along with safety and security enhancements at multiple recreational facilities
- $1,469,910 for information systems computer replacements, network upgrades, video servers, replacement of the storage array and fiber to remote disaster recovery site
- $1,458,950 for police communications radio console upgrade, body worn camera software, taser contract and equipment necessary to outfit the disaster recovery site
- $1,201,670 for the Maynard Aquatic Center conversion due to structural needs
- $1,098,000 for critical repairs to police headquarters, including façade weatherproofing, and window and HVAC replacement
- $876,650 for general administration personnel services, extra retiree contributions and bond insurance
- $857,032 for recreation centers contracts, grants and capital improvements and maintenance of equipment, buildings, and grounds
- $756,780 for mowers, lifts and wheel loaders for public works and recreation departments
- $700,000 for Alamance Foods and Armen Stone economic incentives
- $609,668 for increased police and fire personnel and benefit costs
- $399,760 for building improvements at energy efficiency at City Hall and Annex buildings

Differences between the final amended budget and actual amounts can be briefly summarized as follows:

- Ad valorem tax revenues were greater than final amended budgeted amounts due to a conservative estimate of a 96.0% collection rate rather than the actual 98.76% rate.
- Unrestricted intergovernmental revenues were up by a net of $418,767, the majority of which came from utility franchise tax.
- Building permits and inspection fees receipts were up $735,930 given the influx of development within the area.
- Investment earnings were greater than final amended budgeted amounts due to a conservative estimate of interest rate stability for the fiscal year.
- General government actual expenditures were $1,178,413 below final amended budgeted expenditures. The majority of this was due to lapsed salaries from vacant positions and decreased economic development incentives.
- Expenditures pertaining to public safety were $4,098,790 under final amended budgeted expenditures. Primary factor is delayed capital expenditures within police and fire departments for large equipment purchases and projects due to lack of availability.
- Public works actual expenditures were $910,963 under final amended budgeted expenditures primarily due to lapsed salaries from vacant positions.
- Cultural and recreation actual expenditures were $487,041 under final amended budgeted expenditures. Contributing factor was delayed capital expenditures due to lack of availability offset somewhat with part-time salary increases.

Proprietary funds: The City of Burlington's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Water Resources Fund, Storm Water Fund and Public Transportation Fund combined at the end of the fiscal year amounted to $62,692,376. The total growth in net position was $9,824,661. Other factors concerning the finances of this fund can be found in the discussion of the City of Burlington's business-type activities.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets: The City of Burlington's investment in capital assets for its governmental and business-type activities as of June 30, 2024, totals $245,377,647 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles, among other types of assets. This investment represents an increase of $12,834,863. The capital asset decreases and increases are explained below. The OPEB liability decreased by $443,475. The LEO pension liabilities increased by $275,059. The LGERS pension liability increased by $4,659,813 due to the fluctuation in the interest rates.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

Governmental activities:

Governmental Capital Assets had a net increase of $14.4 million. The changes (outside of depreciation) are explained below:

- Construction in progress had a net increase of $5,839,964. Major contributing factors to this increase come from work on Synthetic Soccer Fields (approximately $3.3 million), Pickleball Courts (approximately $1.4 million), Paramount Theater Improvements (approximately $0.4 million,) Burlington Athletic stadium improvements (approximately $0.9 million) and several smaller projects to be completed in the following years. These amounts were offset with decreases coming from City Network Upgrades ($0.7 million), Graham Hopedale and Mebane Streets Intersection improvement ($0.5 million), and several smaller projects that were completed within the fiscal year.
- Buildings had a net decrease of $209,229. The additions are representative of several small projects such as elevator modernization, boiler upgrades and window sealants for City Hall; along with a new generator for the Annex building, new roof for Police Headquarters and Fire Station 2 building upgrades. These increases were offset by the annual depreciation of $1.6 million.
- Infrastructure had a net increase of $2.3 million. Major contributors to this increase were $2.4 million for the 2024 street resurfacing project, $0.5 million for Graham Hopedale and Mebane Streets Intersection improvement, and $0.4 million in IT upgrades. These costs, along with several other projects and purchases, were offset by annual depreciation in the amount of $1.3 million.
- Equipment had a net increase of $1.7 million. The major increases were $1.2 million for IT equipment purchases to enhance security measures, $170,000 for playground equipment, $0.6 million for new police radio console and $205,166 for a John Deere loader. There were also several smaller equipment purchases. These increases were offset by depreciation of $706,352 and the disposal of equipment no longer in use.
- Vehicles had a net decrease of $243,111. The additions are representative of 20 fleet purchases for police amounting to $813,428 and public works vehicle replacements for $1,075,994 including: a dump truck with plow attachment, leaf collection truck and two automated side loaders. These increases were offset by depreciation of older vehicles, and the disposal or retirement of vehicles that are no longer in use for $2.3 million.
- The right to use assets increased by $4.4 million consisting primarily of: police department radios and laptops leases for $4,624,046. These costs, along with several small new leases, were offset by annual amortization in the amount of $0.8 million.
- IT subscriptions decreased $441,327 mostly related to the end of the Dude Solutions agreements at 6/30/2024.

Business-type activities:

Business-type Capital Assets had a net decrease of $1,566,799. The changes are explained below:

- There were no changes to land from prior year.
- Construction in progress experienced a net increase of $5,789,771 consisting primarily of the purchase of electric buses for $4,813,947 (not in service due to upfits and training needed as of year-end) along with downtown water and sewer lines replacement for $479,813, AMI meter replacement project for $287,303, Contaminants Emerging Concerns for $233,920 and White’s Kennel Road outfall project for $345,685. Offsetting these increases was

$472,056 for the completion of the Burlington Alamance Regional Airport sewer expansion. That project is complete and was activated as capital asset.

- Buildings experienced a decrease of $2,257,196, primarily due to depreciation. Assets added amounted to $615,845, consisting primarily of $235,519 for building repair and upgrades and $179,485 for a sludge basin valve replacement along with a few other replacements. These costs were offset by the $2.9 million in depreciation costs.
- Infrastructure experienced a decrease of $307,549. Assets added were approximately $3,186,145, consisting of approximately $1,660,358 for water and sewer line expansions, $975,000 for belt filter press turnkey installation, $272,445 for additional transit bus shelters, $313,715 for water system improvements, and 199,416 for manhole and resurfacing improvements along with a couple of other small projects. These costs were offset by the depreciation amounts for new and existing assets totaling $3.5 million.
- General equipment experienced a modest net increase of $106,211. Assets added were approximately $556,875, consisting of $124,236 for a Hoffman centrifugal blower, $74,855 for a belt press drop auger, $69,814 for a RAS pump, $61,100 for a clarifier drive, and $226,871 for other machinery. These costs were offset by the depreciation amounts for new and existing assets.
- Vehicles experienced a modest net increase of $48,992. Contributors of this increase were $114,479 for a dump truck and $165,084 for other light cars, vans and trucks. These increases are offset by the depreciation of new and existing assets, as well as the disposal of some vehicles that were sold or are no longer in service.
- No major demolitions were recorded this year.

Figure 6

City of Burlington Capital Assets

(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	$ 8,678,374	$ 8,678,374	$ 8,555,470	$ 8,555,470	$ 17,233,844	$ 17,233,844
Buildings and system	37,174,182	37,383,411	36,702,797	38,959,992	73,876,979	76,343,403
Improvements other than buildings	-	-	81,040,663	81,579,085	81,040,663	81,579,085
Machinery and equipment	5,125,899	3,379,175	3,746,464	3,640,253	8,872,363	7,019,428
Infrastructure	24,361,635	22,027,197	2,425,235	2,194,362	26,786,870	24,221,559
Vehicles and motorized equipment	9,387,334	9,181,473	981,698	1,060,988	10,369,032	10,242,461
Lease buildings	457,052	573,746	-	-	457,052	573,746
Lease equipment	4,797,776	108,881	-	-	4,797,776	108,881
IT Subscriptions	330,972	419,270	-	-	330,972	419,270
Construction in progress	10,654,269	4,814,305	15,776,573	9,986,802	26,430,842	14,801,107
Total	$100,967,493	$ 86,565,832	$149,228,900	$145,976,952	$250,196,393	$ 232,542,784

Additional information on the City's capital assets can be found in note III.4 of the Basic Financial Statements on pages 25-28.

Long-term debt: As of June 30, 2024, the City of Burlington had total bonded debt outstanding of $20,919,000. Of this amount, all is backed by the full faith and credit of the City.

Figure 7

City of Burlington's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	$ 925,000	$ 1,403,000	$ -	$ -	$ 925,000	$ 1,403,000
Installment purchases	10,918,418	8,582,659	-	-	10,918,418	8,582,659
Lease liabilities	5,178,816	699,874	-	-	5,178,816	699,874
IT Subscription liabilities	203,100	248,771	-	-	203,100	248,771
Revenue bonds	-	-	19,994,000	22,079,000	19,994,000	22,079,000
Compensated absences	4,167,636	4,059,565	507,316	477,298	4,674,952	4,536,863
Net pension liability (LGERS)	26,022,081	22,075,219	4,700,565	3,987,614	30,722,646	26,062,833
Total pension liability (LEO)	7,069,538	6,794,479	-	-	7,069,538	6,794,479
OPEB liability	23,346,516	23,722,139	4,217,257	4,285,109	27,563,773	28,007,248
Total	$ 77,831,105	$ 67,585,706	$ 29,419,138	$ 30,829,021	$107,250,243	$ 98,414,727

The City of Burlington's total debt increased by $8,835,516 (9.0%) during the past fiscal year. This increase is a result of the City's Net pension liability or LGERS increasing by $3,946,862 along with a decrease of $375,623 in the OPEB liability. There were also decreases in GO bonds ($478,000) and Revenue bonds ($2,085,000). The City issued $5,755,738 in installment financing, bearing an interest rate of 4.63%, for various vehicles and equipment, to be paid back over a 4-year period.

As mentioned in the financial highlights of this document, the City of Burlington has maintained its bond ratings of Aa2 by Moody's Investor Services in a review in July 2021.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Burlington is $687,347,170. The City has no bonds authorized but un-issued at June 30, 2024.

Additional information regarding the City of Burlington's long-term debt can be found in note III.5, beginning on page 48 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following key economic indicators may explain the environment in which the City conducts its day-to-day business.

- Unemployment rates remained consistent from the previous fiscal year. Alamance County, where the City of Burlington is located, saw an average unemployment rate of 3.47 compared to 3.59 for 2022-2023. The US average for 2023-2024 was 3.81 compared to 3.54 for the prior year and the state average for 2023-2024 was 3.53 compared to 3.58 for fiscal year 2022-2023.
- Interest rates on certificates of deposit, commercial paper, etc. rose an average of 4.81%, a 65% increase over last fiscal year. To keep inflation down the Federal Reserve Board has continued to hold the federal funds rate steady. The last time they raised rates was July 2023.

- Commercial construction permits decreased from 3,935 permits issued in the prior year to 1,147 issued for the fiscal year ending 6/30/24. Residential construction permits increased from 968 to 3,646 during the same period.
- The City's largest taxpayer, Laboratory Corporation of America (LabCorp) remained focused on advancing their strategy as a global leader of innovative and comprehensive laboratory services. They continue to expand their relationship with hospitals, regional healthcare systems and local labs. The company posted net revenue of $3.22 billion for the quarter ending 6/30/24 compared to $3.03 billion for the same quarter last year, an increase of 6%.

BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2025

Governmental activities: General Fund revenues are budgeted for a $6.2 million increase over the prior year's budget. Property taxes are projected at a net $2,744,222 increase. The housing market boom lingering effects continue to result in higher property values and the usual minimal growth in property values (from increases in construction of new properties residential and business) and discoveries. Sales tax has been projected to increase by only $686,000. The amount of sales tax budgeted is based on the history experienced by the City during previous years and the minimal growth in fiscal year 2023-2024. A new fee for FY 2024-2025 is fees from the newly formed Municipal Tourism Development Authority which can be used on promoting the City of Burlington. There is an increase in the animal shelter fees largely due to the reallocation of fees amongst participating local governments in Alamance County. Increases were also budgeted for recreation revenues and inspection fees. The City continues to participate in performance measurement analysis. Specifically looking at indirect costs, measures validate that the dollar amount the General Fund is reimbursed from the Water Resources Fund for administrative charges is reasonable.

Budgeted expenditures, like the revenues, have an increase of $6.2 million when comparing the General Fund expenditures to the prior year. There were increases in personnel costs expenditures ($3.29 million). First, two new positions were approved: a new tourism authority position, and an IT systems engineer. Two positions were converted from part time to full time, a GIS tech and an animal services position. Second, Police and Fire both have their developmental step increase programs. Third, there was an average 2% merit pay increase approved by Council. Fourth, the Local Government Retirement System increased mandatory employer contributions by the City. Fifth, there was a job study done that evaluated all of the full-time positions. Other increases include $663,359 increase in equipment not capitalized, $821,266 increase in professional services and expenses for the City's 23 new pickle ball courts, $424,545 increase in capital purchase, $439,680 increase in maintenance & service contracts, $127,032 increase in utilities, $454,322 increase in lease payments, and the remaining increases are increases in various operational accounts.

Business-type activities: Total revenue is projected to increase by 5% over the previous fiscal year. The majority of the increase is due to a 5% increase in water and sewer rates for fiscal year ending June 30, 2024, over the prior fiscal year ending June 30, 2024. Both water and sewer rates are double the inside rate for customers outside the corporate limits of the City. In addition, the "municipal service rate" remains the same such that the rate is now 110% of the inside sewer rate, thereby assuring that inside City customers would be paying the lesser rate for their sewer service.

Operating expenses are also budgeted to increase by 5.0% over the previous fiscal year. Increases for personnel costs, $727,059, are due to a one-time 2% merit raise approved by Council, a job study done that evaluated all of the full-time positions, an increase in retirement contributions, health insurance, and overtime. Increases for operating expenses include the following: a $50,000 increase in chemicals, a $411,230 maintenance & service contracts, an increase in professional services for $133,000, an increase in capital expenditures from the prior year in the amount of $339,600 and an increase in utilities of $230,632, and the remaining increases are increases in various operational accounts.

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 and its accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Burlington Finance & Risk Management Department, P. O. Box 1358, Burlington, North Carolina 27216-1358.

(THIS PAGE LEFT BLANK INTENTIONALLY)

APPENDIX D

Financial Information

Financial Statements

The financial statements of the City have been audited by certified public accountants for the fiscal years ended June 30, 2024, 2023 and 2022. Copies of these financial statements containing the reports of the independent certified public accountants are available by contacting the office of Peggy Reece, Chief Financial Officer, at P.O. Box 1358, Burlington, NC 27216, or on the City's website at: https://www.burlingtonnc.gov/1441/Budgets-and-Financial-Reports.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the 25th consecutive year, including the fiscal year ended June 30, 2023. To receive this award, the highest form of recognition in governmental financial reporting, a governmental unit must publish a financial report that complies with both generally accepted accounting principles and applicable legal requirements. The City believes that the annual financial report for the year ended June 30, 2024, will continue to meet the requirements under the Certificate of Achievement Program.

The City financial statements present the government-wide financial statements, which are shown on pages D-2 through D-3 of this official statement and include fund and budgetary reporting. The government-wide financial statements are prepared on the full accrual basis of accounting. The government-wide statements report capital assets and all long-term obligations, for both governmental-type and business-type activities. As a result, government officials can demonstrate operational accountability in their stewardship of public funds in the long-term, in addition to demonstrating fiscal accountability in the short-term through the budgetary statements.

Fund reporting is presented to report on the government's most important funds individually as *major* funds instead of reporting all funds in the aggregate by fund type. The General Fund is always a major fund for a unit of government, and other governmental or enterprise funds may qualify as well. Also, in addition to presenting the budget as it stands at fiscal year-end, the budget is presented as originally adopted by the governing board as well. This information will provide readers the opportunity to see what changes have been made to the budget over the course of the fiscal year and to evaluate the City's ability to manage and estimate its resources. See page D-7 for the presentation of the City's budgetary statement.

The following financial statements are the basic financial statements of the City and the notes thereto, lifted from the Annual Comprehensive Financial Report of the City for the fiscal year ended June 30, 2024.

City of Burlington, North Carolina
Statement of Net Position
June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	**Business-type Activities**	**Total**	**Burlington Downtown Corporation**
ASSETS				
Current assets:				
Cash and cash equivalents	$ 51,179,234	$ 97,301,989	$ 148,481,223	$ 108,903
Taxes receivables (net)	944,237	-	944,237	17,054
Accrued interest receivable on taxes	796,422	-	796,422	-
Accounts receivable (net)	21,747,565	15,007,732	36,755,297	-
Lease receivables	160,807		160,807	-
IT Subscription				
Internal balances	2,290,107	(2,290,107)	-	-
Inventories	-	1,625,777	1,625,777	-
Prepaid items	-	3,600	3,600	-
Restricted assets: Cash & cash equivalents	1,825,058	571,721	2,396,779	-
Total current assets	78,943,430	112,220,712	191,164,142	125,957
Non-current assets:				
Leases receivable, non-current	603,546		603,546	
Capital assets (Note 1):				
Land, non-depreciable improvements, and construction in progress	19,332,643	24,190,181	43,522,824	-
Other capital assets, net of depreciation	76,049,049	125,038,719	201,087,768	-
Right to use lease assets, net of amortization	5,254,829	-	5,254,829	-
Right to use subscription assets, net of amortization	330,972	-	330,972	-
Total capital assets	100,967,493	149,228,900	250,196,393	-
Total noncurrent assets	101,571,039	149,228,900	250,799,939	-
Total assets	180,514,469	261,449,612	441,964,081	125,957
DEFFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	17,441,585	2,907,624	20,349,209	-
OPEB deferrals	4,662,850	842,286	5,505,136	-
Total deferred outflows of resources	22,104,435	3,749,910	25,854,345	-
LIABILITIES				
Current liabilities:				
Accounts payable	9,105,986	13,274,205	22,380,191	5,592
Accrued interest payable	343,491	275,481	618,972	-
Net pension liability - LGERS	5,840,899	893,658	6,734,557	
Net pension liability - LEO	296,755	-	296,755	
OPEB liability	2,471,804	378,186	2,849,990	
Customer deposit	-	571,721	571,721	-
Liabilities to be paid from restricted assets	793,368	-	793,368	-
IT subscripLiabilities to be paid from restricted assets	86,868	-	86,868	
Current portion of long-term liabilities	4,058,357	1,591,325	5,649,682	-
Total current liabilities	22,997,528	16,984,576	39,982,104	5,592
Noncurrent liablities:				
Net pension liability - LGERS	20,181,182	3,806,907	23,988,089	-
Net pension liability - LEO	6,772,783	-	6,772,783	-
OPEB liability	20,874,713	3,839,071	24,713,784	-
Liabilities to be paid from restricted assets	4,385,448	-	4,385,448	
IT subscripLiabilities to be paid from restricted assets	116,232	-	116,232	
Due in more than one year	11,952,697	18,909,991	30,862,688	-
Total noncurrent liabilities	64,283,055	26,555,969	90,839,024	-
Total liabilities	87,280,583	43,540,545	130,821,128	5,592
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding	30,747	87,529	118,276	-
Pension deferrals	1,555,312	57,719	1,613,031	-
OPEB deferrals	4,503,001	813,411	5,316,412	-
Deferred Infows - Leases	764,353	-	764,353	-
Total deferred inflows of resources	6,853,413	958,659	7,812,072	-
NET POSITION				
Net Investment in capital assets	89,093,329	129,147,371	218,240,700	-
Restricted for:				
Capital projects	9,523,786	31,150,678	40,674,464	-
General Government	-	-	-	-
Public safety	1,409,987	-	1,409,987	-
Economic development	2,593,655	-	2,593,655	-
Stabilization by State Statute	14,053,322	-	14,053,322	-
Unrestricted	(8,189,171)	60,402,269	52,213,098	120,365
Total net position	$ 108,484,908	$ 220,700,318	$ 329,185,226	$ 120,365

The notes to the financial statements are an integral part of this statement.

City of Burlington, North Carolina
Statement of Activities
For the Year Ended June 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Component Unit**
Primary government:								
Governmental Activities:								
General government	$ 10,507,916	$ 3,499,447	$ 713,313	$ -	$ (6,295,156)	$ -	$ (6,295,156)	$ -
Public safety	43,761,624	1,798,196	1,610,977	-	(40,352,451)	-	(40,352,451)	-
Public works	20,175,844	3,365,676	2,782,181	-	(14,027,987)	-	(14,027,987)	-
Economic and physical development	2,668,548	709,315		-	(1,959,233)	-	(1,959,233)	-
Cultural and recreation	10,412,995	2,765,580	526,000	-	(7,121,415)	-	(7,121,415)	-
Interest on long-term debt	507,959	-	-	-	(507,959)	-	(507,959)	
Total governmental activities (See Note 1)	88,034,886	12,138,214	5,632,471	-	(70,264,201)	-	(70,264,201)	-
Business-type activities:								
Stormwater	916,829	1,792,936	-	-	-	876,107	876,107	-
Public Transportation	2,919,123	574,467	6,234,020	-	-	3,889,364	3,889,364	-
Water and sewer	34,384,134	35,081,572	-	-	-	697,438	697,438	-
Total business-type activities	38,220,086	37,448,975	6,234,020	-	-	5,462,909	5,462,909	-
Total primary government	$ 126,254,972	$ 49,587,189	$ 11,866,491	$ -	$ (70,264,201)	$ 5,462,909	$ (64,801,292)	$ -
Component unit:								
Burlington Downtown Corporation	$ 160,687	$ 149,918	$ 16,822	$ -	$ -	$ -	$ -	6,053
Total component units	$ 160,687	$ 149,918	$ 16,822	$ -	$ -	$ -	$ -	$ 6,053
General revenues:								
Taxes:								
Property taxes, levied for general purpose					42,064,502	-	42,064,502	-
Local options sales tax					21,125,392	-	21,125,392	-
Other taxes and licenses					935,113	-	935,113	-
Grants and contributions not restricted to specific programs					5,006,588	-	5,006,588	-
Unrestricted investment earnings					2,920,734	3,821,221	6,741,955	876
Miscellaneous					211,940	(128,282)	83,658	-
Transfers					(454,071)	454,071	-	-
Total general revenues, special items, and transfers					71,810,198	4,147,010	75,957,208	876
Change in net position					1,545,997	9,609,919	11,155,916	6,929
Total net position previously reported					106,938,911	211,090,399	318,029,310	113,436
Restatement					-	-	-	-
Total net position-beginning					106,938,911	211,090,399	318,029,310	113,436
Net position-ending					$ 108,484,908	$ 220,700,318	$ 329,185,226	$ 120,365

The notes to the financial statements are an intergral part of this statement.

City of Burlington
Balance Sheet
Governmental Funds
June 30, 2024

Exhibit 3

	MAJOR FUND				
	General	HOME Program Project Fund	Econ Dev Fund	Total Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 24,057,390	$ -	$ 8,205,251	$ 13,589,698	$ 45,852,339
Restricted cash	1,825,058	-	-	-	1,825,058
Receivables, net:					
Taxes	881,010	-	-	63,227	944,237
Accounts	13,244,976		-	1,140,874	14,385,850
Housing rehabilitation loans	-	-	-	1,261,985	1,261,985
Accrued interest	-	-	98,401	86,601	185,002
Home incentive loans	-	5,190,972	-	32,000	5,222,972
Leases	764,353	-	-	-	764,353
Total assets	40,772,787	5,190,972	8,303,652	16,174,385	70,441,796
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	5,393,677	-	-	2,583,731	7,977,408
Total liabilities	5,393,677	-	-	2,583,731	7,977,408
Deferred Inflows of Resources					
Property taxes receivable	834,219	-	-	-	834,219
Leases	764,353	-	-	-	764,353
Deferred revenue	-	2,264,212	-	63,101	2,327,313
Total deferred inflows of resources	1,598,572	2,264,212	-	63,101	3,925,885
Fund balances:					
Restricted:					
Stabilization by State Statute	14,053,322	-	-	-	14,053,322
Other Post Employ Benefits	402,000				402,000
911 Public Serv Answering Pnts	523,516				523,516
Historic Books	1,418	-	-	-	1,418
Animal Shelter	158,589	-	-	-	158,589
Camp Greenleaves	8,371	-	-	-	8,371
Daphnes Garden	8,263	-	-		8,263
PEG Support	16,482	-	-		16,482
K.I.N.G. Academy	46,607				46,607
Economic Development	-	2,730,578	8,093,978	2,683,770	13,508,326
Public Safety	-	-	-	132,479	132,479
Committed:	-				
Capital Improvements	-	-	-	9,523,786	9,523,786
Capital Reserve Fund	1,831,598	-	-	-	1,831,598
Assigned	-				
Subsequent Years Expenditures	2,028,285	196,182	-	225,885	2,450,352
General Government	3,066,000	-	-	-	3,066,000
Economic Development	3,000,000	-	-	-	3,000,000
Public Works	2,072,300	-	-	-	2,072,300
Parks and Recreation	125,000	-	-	-	125,000
Public Safety	3,000,000	-	-	-	3,000,000
Unassigned	3,438,787	-	209,674	961,633	4,610,094
Total fund balances	33,780,538	2,926,760	8,303,652	13,527,553	58,538,503
Total liabilities and fund balances	$ 40,772,787	$ 5,190,972	$ 8,303,652	$ 16,174,385	

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Gross capital assets at historical costs - $181,095,069 Accumulated depreciation - ($85,713,376)	95,381,692
Deferred outflows of resources related to pensions are not reported in the funds.	22,104,435
Right to use lease assets, used in governmental activities are not financial resources and	5,585,801
Deferred outflows of resources related to leases are not reported	764,353
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds	796,422
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	2,290,107
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	1,602,135
Deferred inflows of resources related to pensions are not reported in the funds.	(6,058,313)
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.	5,685,116
Net pension liability - LGERS	(26,022,081)
Other long-term debt (post employment benefits) are not due and therefore are not reported in the funds.	(23,346,517)
Net pension liability - LEO	(7,069,538)
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds: General obligation bonds-$925,000 installment purchases-$10,918,418+ Compensated absences-$4,167,636, accrued interest-$343,491 and bond issuance cost $30,746	(16,385,291)
Liabilities payable from restricted assets	(5,381,916)
Net position of governmental activities	$ 108,484,908

The notes to the financial statements are an integral part of this statement.

City of Burlington
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

	MAJOR FUND				
	General Fund	HOME Program Project Fund	Econ Dev Fund	Total Non-Major Funds	Total Governmental Funds
REVENUES					
Ad valorem taxes	$ 41,723,973	$ -	$ -	$ 167,615	$ 41,891,588
Other taxes and licenses	21,129,244	-	-	-	21,129,244
Unrestricted intergovernmental	5,119,767	-	-	151,804	5,271,571
Restricted intergovernmenal	5,055,434	-	-	2,887,175	7,942,609
Permits and fees	2,093,858	-	-	-	2,093,858
Sales and services	7,940,699	-	-	42,157	7,982,856
Investment earnings	2,152,908	-	272,840	158,533	2,584,281
Miscellaneous	318,115	7,700	-	52,171	377,986
Total revenues	85,533,998	7,700	272,840	3,459,455	89,273,993
EXPENDITURES					
Current:					
General government	12,589,440	-	-	-	12,589,440
Public safety	44,120,011	-	-	368,576	44,488,587
Public works	14,342,561	-	-	-	14,342,561
Economic and physical development	-	1,312,664	63,166	1,181,516	2,557,346
Culture and recreation	10,043,428	-	-	168,816	10,212,244
Debt service:					
Principal	3,897,978	-	-	-	3,897,978
Interest and other charges	192,024	-	-	-	192,024
Capital outlay	6,027,412	-	-	9,557,652	15,585,064
Total expenditures	91,212,854	1,312,664	63,166	11,276,560	103,865,244
Excess (deficiency) of revenues over expenditures	(5,678,856)	(1,304,964)	209,674	(7,817,105)	(14,591,251)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	291,774	-	-	5,346,882	5,638,656
Transfers to other funds	(7,571,710)	-	-	(291,774)	(7,863,484)
Sale of properties & materials	210,631	-	-	-	210,631
Issuance of installment purchase	5,755,738	-	-	-	5,755,738
Lease liabilities issued	5,398,668				5,398,668
IT subscription agreement	275,999				275,999
Total other financing sources (uses)	4,361,100	-	-	5,055,108	9,416,208
Net change in fund balance	(1,317,756)	(1,304,964)	209,674	(2,761,997)	(5,175,043)
Fund balances-beginning	35,098,294	4,231,724	8,093,978	16,289,550	63,713,546
Fund balances-ending	$ 33,780,538	$ 2,926,760	$ 8,303,652	$ 13,527,553	$ 58,538,503

The notes to the financial statements are an integral part of this statement.

(continued)

City of Burlington
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds	(5,175,043)
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. This is the amount by which depreciation-($5,286,074) was less than capital outlay- $15,585,064 .	10,298,990
Right to use lease asset capital outlay expenditures $5,398,668 less amortization of right to use lease assets ($825,947)	4,572,721
Right to use IT subscrip asset capital outlay expenditures $295,949 less amortization of right to use lease assets ($384,247)	(88,298)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	5,218,559
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	2,093,618
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred revenue for economic development loans receivable	-
Change in accrued interest receivable	269,535
Change in unavailable revenue for tax revenues	478,891
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 current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Issuance of debt-($5,755,738),principal expenditures- $3,897,978 change in accrued interest payable- ($151,308) and net change amortization $15,373.	(1,691,079)
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.	
Pension expense	(10,935,310)
Net pension obligation LEO	883,871
Compensated absences	(108,071)
Other post employment benefits	375,623
Lease payments	(4,478,942)
IT subscrip Lease payments	45,671
Net revenue of internal service funds determined to be governmental-type.	(214,739)
Total changes in net position of governmental activities	$ 1,545,997

The notes to the financial statements are an integral part of this statement.

Exhibit 5

City of Burlington
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	$ 37,789,334	$ 40,289,334	$ 41,723,973	$ 1,434,639
Other taxes and licenses	21,086,900	21,086,900	21,129,244	42,344
Unrestricted intergovernmental	4,701,000	4,701,000	5,119,767	418,767
Restricted intergovernmenal	4,292,347	5,745,594	5,055,435	(690,159)
Permits and fees	1,796,000	1,796,000	2,531,264	735,264
Sales and services	6,705,019	6,705,019	7,503,292	798,273
Investment earnings	500,000	500,000	2,094,042	1,594,042
Miscellaneous	182,000	207,000	318,115	111,115
Total revenues	77,052,600	81,030,847	85,475,132	4,444,285
Expenditures:				
Current:				
General government	11,014,571	13,769,481	13,790,733	(21,252)
Public safety	38,448,222	46,185,649	46,086,863	98,786
Public works	14,773,996	17,888,239	16,676,633	1,211,606
Cultural and recreation	8,035,900	10,580,662	10,568,623	12,039
Principal retirement	4,054,732	3,898,032	3,897,978	54
Interest and other charges	192,183	192,183	192,024	159
Total expenditures	76,519,604	92,514,246	91,212,854	1,301,392
Revenues over (under) expenditures	532,996	(11,483,399)	(5,737,722)	5,745,677
Other financing sources (uses):				
Transfer to Workers Comp	(565,768)	(565,768)	(565,768)	-
Transfer to Transportation	(443,344)	(554,071)	(554,071)	-
MPO	(88,471)	(88,471)	(88,471)	-
Group Health	(1,142,639)	(1,142,639)	(1,142,639)	-
Dental	(62,350)	(62,350)	(62,350)	-
Dentzel Carousel	-	291,774	291,774	-
Trans Sdwlks & Intersect Imprvmnts	-	(34,820)	(34,820)	-
Recreation-Pickleball	-	(4,696,400)	(4,696,400)	-
Recreation-Paramount Expansion	-	(373,650)	(373,650)	-
Governor's Crime Comm YDDP	-	(53,541)	(53,541)	-
Lease liabilities issued	-	-	5,398,668	5,398,668
IT subscription agreement	-	-	275,999	275,999
Sale of properties and materials	55,000	55,000	210,631	155,631
Proceeds Installment financing	-	5,755,740	5,755,738	(2)
				-
Total other financing sources (uses)	(2,247,572)	(1,469,196)	4,361,100	5,830,296
Revenues and other financing sources over (under) expenditures and other financing uses	(1,714,576)	(12,952,595)	(1,376,622)	$ 11,575,973
Fund balances appropriated	1,714,576	12,952,595		
Fund balances, beginning of year	-	-	33,325,562	
Fund balances, end of year	$ -	$ -	$ 31,948,940	

A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:	
Interest Income	$ 58,866
Transfer from General Fund	-
Transfer from other funds	-
Transfer to other funds	-
Fund balance beginning	1,772,732
Fund Balance Ending (Exhibit 4)	$ 33,780,538

The notes to the financial statements are an integral part of this statement.

Exhibit 6

City of Burlington
Statement of Net Position
Proprietary Funds
June 30, 2024

	Business-Type Activities				
	Major Fund				
	Water and Sewer Fund	Public Transportation Fund	Non-Major Stormwater Fund	Total	Internal Service Funds
ASSETS					
Cash and cash equivalents	$ 83,420,305	$ 6,549,713	$ 7,331,971	$ 97,301,989	$ 5,228,494
Accounts receivable (net) - billed	6,748,848	5,264,520	236,673	12,250,041	179,252
Accounts receivable (net) - unbilled	2,658,167	-	99,524	2,757,691	-
Due from other funds	-	-	-	-	-
Prepaid assets	3,600	-	-	3,600	-
Inventories	1,625,777	-	-	1,625,777	-
Restricted assets:					
Cash and cash equivalents	571,721	-	-	571,721	-
Total current assets	95,028,418	11,814,233	7,668,168	114,510,819	5,407,746
Noncurrent assets:					
Capital assets:					
Land and other non-depreciable assets	19,371,434	4,818,747	-	24,190,181	-
Other capital assets, net of depreciation	121,937,135	1,568,596	1,532,988	125,038,719	-
Right to use lease asset, net of amortization	-		-	-	-
Capital assets (net)	141,308,569	6,387,343	1,532,988	149,228,900	-
Total noncurrent assets	141,308,569	6,387,343	1,532,988	149,228,900	-
Total assets	236,336,987	18,201,576	9,201,156	263,739,719	5,407,746
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferrals	2,878,548	-	29,076	2,907,624	-
OPEB deferrals	842,286	-	-	842,286	
Total deferred outflows of resources	$ 3,720,834	$ -	$ 29,076	$ 3,749,910	$ -
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	1,851,425	11,681,064	17,196	13,549,685	1,460,114
Compensated absences - current	118,132	-	1,193	119,325	-
Net pension liability - LGERS	884,721		8,937	893,658	-
OPEB liability	378,186		-	378,186	-
Revenue bonds payable	1,472,000	-	-	1,472,000	-
Liabilities payable from restricted assets:					
Customer deposits	571,721	-	-	571,721	-
Total current liabilities	5,276,185	11,681,064	27,326	16,984,575	1,460,114
Noncurrent liabilities:					
Other noncurrent liabilities:					
Pension liability	3,768,838	-	38,069	3,806,907	-
OPEB liability	3,839,071	-	-	3,839,071	-
Compensated absences	384,111	-	3,880	387,991	-
Lease Liability	-		-	-	
Revenue bonds payable	18,522,000	-	-	18,522,000	-
Total noncurrent liabilities	26,514,020	-	41,949	26,555,969	-
Total liabilities	31,790,205	11,681,064	69,275	43,540,544	1,460,114
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	57,142	-	577	57,719	-
OPEB deferrals	813,411	-	-	813,411	-
Deferred gain on refunding	87,529	-	-	87,529	-
Total deferred inflows of resources	958,082	-	577	958,659	-
NET POSITION					
Net investment in capital assets	121,227,040	6,387,343	1,532,988	129,147,371	
Restricted for Capital projects	31,150,678	-	-	31,150,678	
Unrestricted	54,931,816	133,168	7,627,392	62,692,376	3,947,632
				-	
Total net position	$ 207,309,534	$ 6,520,511	$ 9,160,380	222,990,425	$ 3,947,632
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(2,290,107)	
Net position of business-type activities				$ 220,700,318	

The notes to the financial statements are an integral part of this statement.

Exhibit 7

City of Burlington
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	Business-Type Activities				Governmental Activities-
	Water and Sewer Fund	Public Transportation Fund	Non-Major Stormwater Fund	Total	Internal Service Funds
OPERATING REVENUES					
Charges for services	$ 33,446,764	$ -	$ 1,792,936	$35,239,700	$ 8,594,126
Other operating revenues	1,634,808	6,808,487	-	8,443,295	-
Total operating revenues	35,081,572	6,808,487	1,792,936	43,682,995	8,594,126
OPERATING EXPENSES					
Building and administrative	4,076,472	-	-	4,076,472	642,231
Customer services	2,240,130	2,872,125	843,232	5,955,487	110,381
Supervision - lines	482,141	-	-	482,141	-
Line maintenance and repairs	1,611,871	-	-	1,611,871	-
Line services and construction	1,084,273	-	-	1,084,273	-
Supervision - treatment	1,055,715	-	-	1,055,715	-
Water source of supply	394,030	-	-	394,030	-
Water plant operations	4,977,906	-	-	4,977,906	-
Sewage treatment plant operations	6,603,126	-	-	6,603,126	-
Laboratories	929,729	-	-	929,729	-
Plants maintenance	1,518,748	-	-	1,518,748	-
Lakes and marinas	561,053	-	-	561,053	-
Depreciation	6,927,374	46,998	73,597	7,047,969	-
Claims paid, excess loss coverage and claims administration	-	-	-	-	10,676,148
Total operating expenses	32,462,568	2,919,123	916,829	36,298,520	11,428,760
Operating income (loss)	2,619,004	3,889,364	876,107	7,384,475	(2,834,634)
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	3,392,166	236,721	192,334	3,821,221	87,140
Interest and other charges	(267,524)	-	-	(267,524)	-
Total nonoperating revenue (expenses)	3,124,642	236,721	192,334	3,553,697	87,140
Income (loss) before contributions and transfers	5,743,646	4,126,085	1,068,441	10,938,172	(2,747,494)
Loss on disposal of capital assets	-	-	(128,282)	(128,282)	-
Transfers to other funds	(1,539,300)	-	-	(1,539,300)	-
Transfers from other funds	-	554,071	-	554,071	3,210,057
Change in net position	4,204,346	4,680,156	940,159	9,824,661	462,563
Total net position - beginning	203,105,188	1,840,355	8,220,221		3,485,069
Total net position - ending	$ 207,309,534	$ 6,520,511	$ 9,160,380		$ 3,947,632
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(214,742)	
Change in net position - business-type activities				$ 9,609,919	

The notes to the financial statements are an integral part of this statement.

Exhibit 8

City of Burlington
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2024

	Enterprise Funds				
	Water and Sewer Fund	**Public Transportation Fund**	**Non-Major Stormwater Fund**	**Total**	**Internal Service Funds**
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 34,468,179	$ 3,945,185	$ 1,762,234	$ 40,175,598	$ 8,593,190
Cash paid for goods and services	(16,639,293)	(2,460,117)	(453,644)	(19,553,054)	(10,520,852)
Cash paid to or on behalf of employees for services	(8,657,644)	(203,262)	(374,149)	(9,235,055)	(642,231)
Net cash provided (used) by operating activities	9,171,242	1,281,806	934,441	11,387,489	(2,569,893)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	554,071	-	554,071	3,210,057
Transfers to other funds	(1,539,300)	-	-	(1,539,300)	-
Total cash flows provided (used) by noncapital financing activities	(1,539,300)	554,071	-	(985,229)	3,210,057
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(4,782,873)	(243,890)	(110,118)	(5,136,881)	-
Principal paid on bond maturities	(2,085,000)	-	-	(2,085,000)	-
Interest and fees paid on debt maturities	(303,876)	-	-	(303,876)	-
Net cash provided (used) by capital and related financing activities	(7,171,749)	(243,890)	(110,118)	(7,525,757)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	3,263,719	236,721	178,214	3,678,654	87,140
Net increase (decrease) in cash and cash equivalents	3,723,912	1,828,708	1,002,537	6,555,157	727,304
Balances-beginning of the year	80,268,114	4,721,005	6,329,434	91,318,553	4,501,190
Balances-end of the year	$ 83,992,026	$ 6,549,713	$ 7,331,971	$ 97,873,710	$ 5,228,494
Reconciliation of Cash and Cash Equivalents:					
Cash and Cash Equivalents - Current	$ 83,420,305	$ 6,549,713	$ 7,331,971	$ 97,301,989	$ 5,228,494
Cash and Cash Equivalents - Restricted	571,721	-	-	571,721	-
Total Cash and Cash Equivalents - June 30, 2023	$ 83,992,026	$ 6,549,713	$ 7,331,971	$ 97,873,710	$ 5,228,494

(continued)

The notes to the financial statements are an integral part of this statement.

Exhibit 8
(continued)

City of Burlington
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2024

	Water and Sewer Fund	Public Transportation Fund	Non-Major Stormwater Fund	Total	Internal Service Fund
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	$ 2,619,004	$ 3,889,364	$ 876,107	$ 7,384,475	$ (2,834,634)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	6,927,374	46,998	73,597	7,047,969	
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(620,076)	(4,205,685)	(30,702)	(4,856,463)	(937)
(Increase) decrease in inventory	(28,694)	-	-	(28,694)	-
(Increase) decrease in deferred outflows of resources pensions	(276,311)	-	(2,791)	(279,102)	-
Increase (decrease) in net pension liablity	705,821	-	7,130	712,951	-
Increase (decrease) in deferred inflows of resources- pensions	(32,577)	-	(329)	(32,906)	-
Increase (decrease) in accounts payable and accrued liabilities	(27,417)	1,551,129	11,129	1,534,841	265,678
Increase (decrease) in accrued vacation pay	29,718		300	30,018	-
(Increase) decrease in deferred outflows of resources- OPEB	99,495			99,495	
Increase in deferred inflows of resources - OPEB	(163,926)	-	-	(163,926)	-
Decrease in OPEB libility	(67,852)	-	-	(67,852)	-
Increase in customer deposits	6,683	-	-	6,683	-
Total adjustments	6,552,238	(2,607,558)	58,334	4,003,014	264,741
Net cash provided (used) by operating activities	$ 9,171,242	$ 1,281,806	$ 934,441	$ 11,387,489	$ (2,569,893)

The notes to the financial statements are an integral part of this statement.

I. Summary of Significant Accounting Policies:

The accounting policies of the City of Burlington and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Burlington is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the City and its component unit, a legally separate entity for which the City is financially accountable. The discretely presented component unit presented below is reported in a separate column in the City's financial statements in order to emphasize that it is legally separate from the City.

Burlington Downtown Corporation

The Burlington Downtown Corporation exists to promote economic and physical development in the downtown area. The Corporation is financed primarily by proceeds of property taxes levied on the Downtown Special Tax District by the City Council of the City of Burlington. The Corporation has a separate board that governs its operations. The City approves the annual budget of the Burlington Downtown Corporation. The Corporation, which has a June 30 year-end, is presented as if it were a governmental fund. Complete financial statements for this component unit may be obtained from the Burlington Downtown Corporation, P.O. Box 761, Burlington, NC 27216.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange 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 the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and 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.

I. <u>Summary of Significant Accounting Policies: (continued)</u>

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary*– are presented. The City has no fiduciary funds to report. 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 non-major funds.

Proprietary 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. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, public works, recreation, and general government services.

HOME Program Project Fund. This fund is used to account for specific revenue sources that are legally restricted to expenditures for the HOME Program.

American Rescue Plan Fund. This fund accounts for the transactions related to the American Rescue Plan Funds.

The City reports the following non-major governmental funds:

Capital Reserve Capital Project Fund. The City has legally adopted a Capital Reserve Fund. Under GASB 54 guidance the Capital Reserve Fund is consolidated in the General Fund. The budgetary comparison for the Capital Reserve Fund has been included in the supplemental information. This fund is used to account for funds reserved for future capital projects.

Special Revenue Funds. The Special Revenue funds account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The City has fourteen Special Revenue Funds: the Community Development Fund, the Rehabilitation Loan Program Fund, the Rental Rehabilitation Loan Program Fund, the Downtown Special Tax District Fund, the RICO Fund, the Edward Byrne Justice Assistance Grant Fund, the Guilford Mackintosh Fund, the Controlled Substance Tax Fund, the MPO Planning Transportation Fund, Bureau of Justice Assistance Community Oriented Policing Grant Fund, the Old City Solid Waste Landfill Fund, the Governor's Crime Commission Youth Diversion Deflection Program Grant Fund, Construction Training Program Fund and the Economic Development Fund.

Capital Projects. The Capital Project Fund is used to account for financial resources to be used for the acquisition and/or construction of major capital facilities (other than those financed in the enterprise fund) and infrastructure. The city has ten projects at this time.

The City reports the following major enterprise fund:

Water Resources Fund. This fund is used to account for the City's operations and maintenance of the water and sewer system, which includes operation of two wastewater treatment facilities and two water treatment plants. This fund also covers acquisition and/or construction of major utility capital facilities and infrastructure projects, sewer projects and utility capital reserve.

The City reports the following non-major enterprise funds:

Public Transportation Fund. This fund is used to account for the City of Burlington's public transportation system. The fund is supported with federal grants, donations, contributions from participating local governments, and contributions from the City of Burlington.

Storm Water Fund. This fund is used to account for the federally mandated program of storm water system management, which is supported by a city-wide storm water fee.

The City reports the following fund type:

Internal Service Fund. The Internal Service Funds account for the general insurance program of the City. The City of Burlington has three Internal Service Funds: the Dental Self-Insurance Fund, the Workers Compensation Self-Insurance Fund, and the Group Health Benefits Self-Insurance Fund.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. 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 liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under leases and IT subscriptions are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable is not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Burlington because the tax is levied by Alamance County and then remitted and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. 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 are 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 categorical block grants, and then by general revenues.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, and the Enterprise Funds. An annual budget is also adopted for the following Special Revenue and Capital Project Funds: Rehabilitation Loan Program Fund, Downtown Special Tax District Fund, Rico Fund, Guilford Mackintosh Fund, Controlled Substance Tax Fund, MPO Planning Transportation Fund, Community Development, and Capital Reserve Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all other Special Revenue and Capital Projects Funds. The City’s Dental Self Insurance Fund, Workers Compensation Self Insurance Fund and Group Health Benefits Self Insurance Fund, intragovernmental service funds, operate under financial plans that were adopted by the governing board at the time the City’s budget ordinance was approved, as is required by the General Statutes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than $2,500. All amendments must be approved by the Council.

I. Summary of Significant Accounting Policies: (continued)

The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, and Deferred Outflows/Inflows of Resources and Fund Equity

1. Deposits and Investments

All deposits of the City and the Burlington Downtown Corporation are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The City and the Burlington Downtown Corporation may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and the Burlington Downtown Corporation may establish time deposit accounts such as money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the City and the Burlington Downtown Corporation to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The City's and the Burlington Downtown Corporation's investments are reported at fair value. The NCCMT-Government Portfolio, a SEC registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

In accordance with State law, the City has invested in securities which are callable, and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Burlington Downtown Corporation considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4

City of Burlington Restricted Cash	
Governmental Activities	
General Fund	$ 1,825,058
Total Governmental Activities	$ 1,825,058
Business-type Activities	
Water Resources Fund	
Customer deposits	$ 571,721
Total Business-type Activities	$ 571,721
Total Restricted Cash	$ 2,396,779

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2022. As allowed by State law, the City has established a schedule of discounts that apply to taxes paid prior to the due date. In the City's General Fund and Downtown Special Tax District Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

7. Inventory and Prepaid Items

The inventories of the City are valued at cost (first-in, first-out), which approximates market. The City's General Fund inventory consists of expendable supplies that are recognized as expenditures when purchased. If significant, the amount of inventory on hand at year end is reported on the balance sheet in the governmental funds. However, in the Government-wide Statement Activities the cost of these inventories is expensed as the items are used.

The inventories of the City's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government wide and fund financial statements and expensed as the items are used.

8. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, $10,000; buildings, improvements, substations, lines and other plant and distribution systems, $15,000; infrastructure, $20,000; furniture and equipment, $5,000; vehicles and motorized equipment, $10,000; and computer equipment, $5,000. Donated capital assets received prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The City's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the City reports a lease (only applies when the City is the lessee) or agreement where the City reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	50
Buildings	40
Improvements	40
Vehicles	7
Furniture and equipment	10
Computer equipment	3

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be reported as an expense or expenditure until then. The City has two items that meet this criterion, contributions made to the pension plan deferrals and OPEB deferrals for in the 2023 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources,* represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category – prepaid taxes, deferred gain on refunding, property taxes receivable, unavailable revenues (reported only on the Balance Sheet of the Governmental Funds), leases and pension and OPEB deferrals.

10. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Compensated Absences

The vacation policy of the City provides for the accumulation of up to forty-eight (48) days earned but unused annual leave, which would be paid to employees upon separation from the City. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

12. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net positions represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statue.

I. Summary of Significant Accounting Policies: (continued)

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Lease Receivable, net – portion of fund balance that is not an available resource because it is not in spendable form. The reported amount is calculated by reducing the lease receivable by the related deferred inflow of resources.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for Streets - Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of unexpended Powell Bill funds.

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for use for public safety purposes.

Restricted for Economic Development - portion of fund balance restricted by revenue source for use for economic development purposes [G.S. Chapter 159, Article 3, Part 2].

Restricted for Historic Books - portion of fund balance that is restricted by donors from the sale of a historical book on the architecture of Burlington and is restricted toward the restoration of the City.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of City of Burlington's City Council (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

.

I. Summary of Significant Accounting Policies: (continued)

Committed for Capital Improvements – portion of fund balance designated by the City of Burlington's City Council for capital improvement projects

Committed for Capital Reserve Fund – portion of fund balance designated by the City of Burlington's City Council for capital improvement projects.

Assigned fund balance – portion of fund balance that the City of Burlington intends to use for specific purposes. The City of Burlington's City Council designated to the City Manager the authority to make assigned fund balance appropriations as part of the City of Burlington's fund balance policy.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Public Works - portion of fund balance that has been budgeted by the board for equipment in public works.

Recreation and Parks - portion of the fund balance that has been budgeted by the board for the carousel, community centers, swim complex, and camp green leaves projects in the recreation department.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned balance amount. All of special revenue funds and capital project funds amounts are restricted by the very nature of the fund itself.

The City of Burlington has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City.

The City of Burlington has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the City in such a manner that available fund balance is at least equal to or greater than 4 months of expenditures which equals 33% of budgeted expenditures. Any portion of the general fund in excess of 33% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the City in a future budget.

13. Defined Benefit Cost-Sharing Plans

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 Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Burlington's employer contributions are recognized when due and the City of Burlington has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions

I. Summary of Significant Accounting Policies: (continued)

to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

II. Stewardship, Compliance, and Accountability

A. Deficit in Fund Balance or Net Position of Individual Funds

For the year ended June 30, 2024, the Old City Solid Waste Landfill Fund had a deficit of $207,439 in fund balance. The grants for the City's expenditures for the project exceeded the grant money received for the year. The City will closely monitor this fund to assure that money is drawn from the grant to cover all expenditures.

For the year ended June 30, 2024, the Willowbrook Arboretum Fund had a deficit of $444,724 in fund balance. The grants for the City's expenditures for the project exceeded the grant money received for the year. The City will closely monitor this fund to assure that money is drawn from the grant to cover all expenditures.

For the year ended June 30, 2024, the Sewer Service Expansion Airport Fund had a deficit of $22,440 in fund balance. The grants for the City's expenditures for the project exceeded the grant money received for the year. The City will closely monitor this fund to assure that money is drawn from the grant to cover all expenditures.

For the year ended June 30, 2024, the NCDEQ Downtown Infrastructure Improvement Project Fund had a deficit of $687,000 in fund balance. The grants for the City's expenditures for the project exceeded the grant money received for the year. The City will closely monitor this fund to assure that money is drawn from the grant to cover all expenditures.

III. Detail Notes on All Funds:

A. Assets

1. Deposits

All the deposits of the City and the Burlington Downtown Corporation are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's and Burlington Downtown Corporation's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the Burlington Downtown Corporation, these deposits are considered to be held by the City's and the Burlington Downtown Corporation's agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City, the Burlington Downtown Corporation, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City and the Burlington Downtown Corporation under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The Burlington Downtown Corporation's deposits are all insured.

At June 30, 2024, the City's deposits had a carrying amount of $11,224,308 and a bank balance of $12,109,782. Of the bank balance, $750,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the Burlington Downtown Corporation was $32,129 and the bank balance was $65,414. All of the bank balance was covered by federal depository insurance. At June 30, 2024, the City's petty cash fund totaled $5,330.

2. Investments

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk. The City has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's internal investment policy limits at least half of the City's investment portfolio to maturities of less than 12 months. Also, the City's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

Credit Risk. The City has no formal policy regarding credit risk but has internal management procedures that limits the City's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The investment in the Federal Home Loan Bank is rated AA+ by Standard and Poor's and AAA-mf by Moody's Investors Service. The City's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard and Poor's and AAA-mf by Moody's Investors Service as of June 30, 2024.

At June 30, 2024, the City's investments were as follows:

III. Detail Notes on All Funds: (continued)

Investment Type	**Valuation Measurement Method**	**Book Value at 6/30/2024**	**Maturity**	**Rating**
US Treasuries	Fair Value Level 1	$ 43,041,894	various	AAA
Government Agency:				
Federal Farm Credit Bank	Fair Value Level 1	22,832,897	various	AA+
Federal National Mortgage Assn	Fair Value Level 1	4,163,278	various	AA+
Federal Home Loan Bank	Fair Value Level 1	20,439,977	various	AA+
Commercial Paper:				
Commercial Paper - Char-Meck Hosp	Fair Value Level 1	1,493,205	various	A1+P1
Commercial Paper – ING	Fair Value Level 1	2,446,334	various	A1/P1
Commercial Paper - Salvation Army	Fair Value Level 1	6,498,208	various	A1/P1
Commercial Paper – Toyota	Fair Value Level 1	7,430,214	various	A1+P1/F1
Commercial Paper – Walnut Energy	Fair Value Level 1	1,480,013	various	A1+/P1
CD	Fair Value	1,516,617	various	A-1
NC capital Management Trust - Cash Portfolio	Fair Value Level 1	19,104,220	N/A	AAAm
NCCLASS	Fair Value Level 1	1,001,479	N/A	AAAm
Total:		$ 131,448,336		

Custodial Credit Risk. For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no formal policy on custodial credit risk, but management procedures are that the City shall utilize a third-party custodial agent for book entry transactions, all of which shall be held in the City's name.

Concentration of Credit Risk. The City's Board places no limit on the amount that the City may invest in any one issuer. Less than 15% percent of the City's investments are in Commercial Paper.

3. Receivables – Allowances for Doubtful Accounts

The amount of taxes receivable presented in the Balance Sheet and the Statement of Net Position includes penalties and interest levied and outstanding in the amount of $37,512.

The amounts presented in Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

Fund	6/30/2024
General Fund:	
Taxes receivable	$ 743,702
Solid Waste receivables	370,931
Special Revenue Funds	
Rehabilitation Loan Program Fund:	
Rehabilitation Loans	81,107
Rental Rehabilitation Loan Program Fund:	
Rehabilitation Loans	17,562
Downtown Special Tax District Fund:	
Taxes Receivable	45,440
Home Program Fund:	
Home Incentive Loans	268,439
Enterprise Fund:	
Water and Sewer Fund:	
Utility Receivables	67,195
Total	$1,594,376

4. Lease Receivable

For the year ended June 30, 2022, and forward, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

As of 06/30/2024, City of Burlington, NC had 10 active leases. The leases have receipts that range from $0 to $41,962 and interest rates that range from 0.7270% to 4.7173%. As of 06/30/2024, the total combined value of the lease receivable is $764,354, the total combined value of the short-term lease receivable is $160,807, and the combined value of the deferred inflow of resources is $764,620. The leases had $0 of Variable Receipts and $295,092 of Other Receipts, not included in the Lease Receivable, within the Fiscal Year.

Inflows of Resources not Previously Included within the Lease Receivable

Governmental Activities

			Inflows of Resources	
Lease	Lease Start Date	Lease End Date	Variable Receipts	Other Receipts
Tower- Lexington Ave Hawkins St	07/01/2021	06/30/2027	-	110,432
Tower- 2748 A South Church St	07/01/2021	11/07/2026	-	81,750
Tower- 3715 A Rural Retreat Rd	07/01/2021	11/14/2026	-	54,089
Tower- 225 Stone Quarry Rd	07/01/2021	05/31/2025	-	48,821

Principal and Interest Expected to Maturity

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	$ 170,353	$ 9,672	$ 180,026
2026	136,635	6,862	143,497
2027	94,616	4,676	99,293
2028	25,684	3,102	28,786
2029	26,268	2,832	29,101
2030 - 2034	149,993	9,587	159,580
2035 - 2039	160,825	2,940	163,765
Total Principal Payments	764,374		
Cumulative Variance as of Fiscal Year-End	20		
Total Remaining Receivable	$ 764,354		

5. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2024, was as follows:

III. Detail Notes on All Funds: (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Government activities:				
Capital assets not being depreciated:				
Land	$ 8,678,374	$ -	$ -	$ 8,678,374
Construction in progress	4,814,305	8,614,534	2,774,570	10,654,269
Total capital assets not being depreciated	13,492,679	8,614,534	2,774,570	19,332,643
Capital assets being depreciated:				
Buldings	66,962,142	1,407,159	-	68,369,301
Streets and sidewalks	45,667,647	3,627,489	-	49,295,136
Equipment	15,540,449	2,453,076	38,936	17,954,589
Vehicles	24,722,620	1,882,536	461,756	26,143,400
Intangible right to use assets:				
Lease buildings	583,471	-	-	583,471
Lease equipment	256,898	5,398,668	175,922	5,479,644
IT Subscriptions	708,137	295,949	353,029	651,057
	154,441,364	**15,064,877**	**1,029,643**	**168,476,598**
Less accumulated depreciation and amortization for:				
Buildings	29,578,731	1,616,388	-	31,195,119
Streets and sidewalks	23,640,450	1,293,051	-	24,933,501
Equipment	12,161,274	706,352	38,936	12,828,690
Vehicles	15,541,147	1,670,283	455,364	16,756,066
Intangible right to use assets:				
Lease buildings	9,725	116,694	-	126,419
Lease equipment	148,017	709,253	175,402	681,868
IT Subscriptions	288,867	384,247	353,029	320,085
Total accumulated depreciation and amortization:	**81,368,211**	**6,496,268**	**1,022,731**	**86,841,748**
Total capital assets being depreciated (net)	**73,073,153**	**8,568,609**	**6,912**	**81,634,850**
Governmental activity capital assets (net)	**$ 86,565,832**	**$ 17,183,143**	**$ 2,781,482**	**$ 100,967,493**

Depreciation expense and amortization was charged to functions/programs of the primary governmental activities as follows:

General government	$ 992,719
Public safety	2,038,339
Public works	2,236,883
Cultural and recreational	1,228,327
Total depreciation expense	$ 6,496,268

III. Detail Notes on All Funds: (continued)

Business-type activities:				
Public Transportation Fund				
Construction in progress	$ -	$ 5,091,195	$ 272,448	$ 4,818,747
Total capital assets not being depreciated	-	5,091,195	272,448	4,818,747
Capital assets being depreciated:				
Building	28,153	0	-	28,153
Infrastructure	1,341,772	272,448	-	1,614,220
Vehicle	1,253,154	39,265	339,260	953,159
Total capital assets being depreciated	**2,623,079**	**311,713**	**339,260**	**2,595,532**
Less accumulated depreciation for:				
Building	9,973	1,407	-	11,380
Infrastructure	67,070	38,845	-	105,915
Vehicle	1,242,155	6,746	339,260	909,641
Total accumulated depreciation	**1,319,198**	**46,998**	**339,260**	**1,026,936**
Total capital assets being depreciated (net)	**1,303,881**	**264,715**	**-**	**1,568,596**
Public Transportation fund capital assets (net)	**$ 1,303,881**	**$ 5,355,910**	**$ 272,448**	**$ 6,387,343**
Storm Water Fund				
Capital assets not being depreciated:				
Construction in progress	$ 87,252	$ 54,610	$ -	$ 141,862
Total capital assets not being depreciated	**87,252.00**	**54,610**	**-**	**141,862**
Capital assets being depreciated:				
Building	239,270	-	-	239,270
Infrastructure	979,621	9,794	-	989,415
General Equipment	230,561	-	-	230,561
Vehicle	633,637	35,714	262,396	406,955
Total capital assets being depreciated	**2,083,089**	**45,508**	**262,396**	**1,866,201**
Less accumulated depreciation for:				
Building	78,780	21,893	-	100,673
Infrastructure	59,961	12,524	-	72,485
General equipment	218,656	1,045	-	219,701
Vehicle	178,195	38,135	134,114	82,216
Total accumulated depreciation	**535,592**	**73,597**	**134,114**	**475,075**
Total capital assets being depreciated (net)	**1,547,497**	**(28,089)**	**128,282.00**	**1,391,126**
Storm water fund capital assets (net)	**$ 1,634,749**	**$ 26,521**	**$ 128,282**	**$ 1,532,988**

Water and Sewer Fund				
Capital assets not being depreciated:				
Land	$ 8,555,470	$ -	$ -	$ 8,555,470
Construction in progress	9,899,550	2,828,388	1,911,974	10,815,964
Total capital assets not being depreciated	**18,455,020**	**2,828,388**	**1,911,974**	**19,371,434**
Capital assets being depreciated:				
Water lines	59,257,680	1,861,317	-	61,118,997
Sewer lines	90,202,903	1,042,586	-	91,245,489
Buildings, plants, & pumping equipment				
Water	60,102,025	476,457	-	60,578,482
Sewer	69,364,462	139,389	-	69,503,851
General equipment	7,082,430	556,875	-	7,639,305
Vehicles	3,484,286	204,583	135,686	3,553,183
Total capital assets being depreciated	**289,493,786**	**4,281,207**	**135,686**	**293,639,307**
Less accumulated depreciation for:				
Water lines	32,227,866	1,380,843	-	33,608,709
Sewer lines	35,653,632	2,061,482	-	37,715,114
Buildings, plants, & pumping equipment				
Water	40,089,255	1,327,106	-	41,416,361
Sewer	50,595,910	1,522,635	-	52,118,545
General equipment	3,454,082	449,619		3,903,701
Vehicles	2,889,739	185,689	135,686	2,939,742
Total accumulated depreciation	**164,910,484**	**6,927,374**	**135,686**	**171,702,172**
Total capital assets being depreciated (net)	**124,583,302**	**(2,646,167)**	**-**	**121,937,135**
Water and Sewer fund capital assets (net)	**143,038,322**	**182,221**	**1,911,974**	**141,308,569**
Business-type activity capital assets (net)	**$ 145,976,952**	**$ 5,564,652**	**$ 2,312,704**	**$ 149,228,900**

6. Construction Commitments

The government has active construction projects as of June 30, 2024. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Little Alamance Creek/Faucette Lane	$ 327,180	$ 3,998,820
AMI Replacement	8,892,391	907,610
BAF Entertainment Venue	2,926,814	0
Synthetic Soccer Fields - Springwood	3,345,422	137,358
Pickle Ball Courts	1,386,756	3,577,444
Tennis Court Covers	41,195	-
Paramount	410,367	563,283
MAC Conversion	353,126	-
Downtown Water Replacement	283,250	3,645,500
Downtown Sewer Replacement	403,750	6,071,250
Downtown Street Scape	214,651	767,349
White's Kennel Road Outfall	372,644	71,856
Contaminats Emerging Concerns	233,820	3,034,180
Electric Buses	4,813,947	0
Traffic Signal Upgrades	785,452	391,248
Total	**$ 24,790,763**	**$ 23,165,898**

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The City of Burlington is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and the State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Burlington employees are required to contribute 6% of their compensation. Employer contributions are actuarily determined and set annually by the LGERS Board of Trustees. The City of Burlington's contractually required contribution rate for the year ended June 30, 2024, was 14.04% of compensation for law enforcement officers and 12.90% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Burlington were $5,840,899. The contributions come from the City's General Fund and the City's Water Resources Enterprise Fund.

Refunds of Contributions – City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service must include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions, or any other benefit provided by LGERS.

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

At June 30, 2024, the City reported a liability of $30,722,646 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023 (measurement date), the City's proportion was 0.46387%, which was an increase of 0.00188% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized pension expense of $8,461,436. At June 30, 2024, the City 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	$ 3,423,412	$ 73,700
Changes of assumptions	1,305,535	-
Net difference between projected and actual earnings on pension plan investments	8,222,725	-
Changes in proportion and differences between contributions and proportionate share of contributions	211,511	303,547
City contributions subsequent to the measurement date	5,840,899	-
Total	$ 19,004,082	$ 377,247

The $5,840,899 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease (reduction) of the net pension liability in the subsequent fiscal period (for the year ended June 30, 2024). Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	$4,555,981
2026	2,341,655
2027	5,540,600
2028	347,700
2029	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e., general, law enforcement officer) and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of an actuarial experience study for the period January 1, 2011, through December 31, 2015.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. 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 and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan 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 City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	**Discount Rate (6.50%)**	**1% Increase (7.50%)**
City's proportionate share of the net pension liability (asset)	$ 53,225,777	$ 30,772,646	$ 12,195,960

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

b. Law Enforcement Officers Special Separation Allowance

1. ***Plan Description.***

The City of Burlington administers a public employee retirement system (the Separation Allowance), a single employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2021, the valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	26
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	115
Total	141

2. ***Summary of Significant Accounting Policies*.**

Basis of Accounting. The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 73.

3. ***Actuarial Assumptions.***

The entry age actuarial cost method was used in the December 31, 2021, valuation. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	3.77 percent

The discount rate is based on the yield of the Fidelity Municipal Bond 20 Year High Grade Rate Index as of December 31, 2023.

Mortality rates are based on the MP-2019 Mortality tables projected generationally with adjustments for mortality improvements.

Year ended June 30:	**Deferred Outflows of Resources (b)**	**Deferred Inflows of Resources (b)**
2024	$475,070	$358,963
2025	$431,917	$332,153
2026	$345,193	$332,153
2027	$16,955	$327,897
2028	$0	$243,581
Thereafter	$0	$0

4. ***Contributions.***

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid $565,952 as benefits came due for the reporting period.

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

At June 30, 2024, the City reported a total pension liability of $7,069,538. The total pension liability was measured as of December 31, 2023, based on a December 31, 2021, actuarial valuation date. The total pension liability was then rolled forward to the measurement date of December 31, 2023, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the City recognized pension expense of $696,917.

	Outflows of Resources	**Inflows of Resources**
Differences between expected and actual experience	$ 112,609	$ 311,116
Changes of assumptions	935,764	924,668
Benefit payments and plan administrative expense made subsequent to the measurement date	296,755	-
Total	$ 1,345,128	$ 1,235,784

$296,755 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

III. Detail Notes on All Funds: (continued)

Year ended June 30:	Deferred Outflows of Resources (b)	Deferred Inflows of Resources (b)
2025	$ 484,898	$ 332,153
2026	398,174	332,153
2027	69,936	327,897
2029	52,981	243,581
2029	42,384	-
Thereafter	-	-

$296,755 paid as benefits came due and $2,121 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 3.77 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77 percent) or 1-percentage-point higher (4.77 percent) than the current rate:

	1% Decrease (2.77%)	Current Discount Rate (3.77%)	1% Increase (4.77%)
Total Pension Liability	$ 7,662,799	$ 7,069,538	$ 6,531,900

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

	2024
Beginning balance as of December 31, 2022	$ 6,794,479
Service cost	246,177
Interest on the total pension liability	280,809
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	817
Changes of assumptions or other inputs	306,472
Benefit payments	(559,216)
Other changes	-
Net changes	$ 275,059
Ending balance of the total pension liability as of December 31, 2023	$ 7,069,538

The plan currently uses mortality tables that vary by age, and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2021, valuation was based on the results of an actuarial experience study for the period January 1, 2015, through December 31, 2019.

Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources of Related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension Expense	$ 8,461,436	$ 696,917	$ 9,158,353
Pension Liability	30,722,646	7,069,538	37,792,184
Proportionate share of the net pension liability	0.464%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	3,423,412	112,609	3,536,021
Changes of assumptions	1,305,535	935,764	2,241,299
Net difference between projected and actual earnings on plan investments	8,222,725	-	8,222,725
Changes in proportion and differences between contributions and proportionate share of contributions	211,511	-	211,511
Benefit payments and administrative costs paid subsequent to the measurement date	5,840,899	296,755	6,137,654
Deferred of Inflows of Resources			
Differences between expected and actual experience	73,700	311,116	384,816
Changes of assumptions	-	924,668	924,668
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	303,547	-	303,547

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410 or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2024, were $991,642 which consisted of $570,255 from the City and $421,387 from the law enforcement officers. The City has elected to contribute to the Supplemental Retirement Income Plan for general employees as well as for law enforcement officers. Contributions for the year ended June 30, 2024, for general employees were $2,686,877, which consisted of $1,535,136 from the City and $1,151,741 from the general employees.

III. Detail Notes on All Funds: (continued)

d. Firefighter's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the City of Burlington, to the Firefighter's and Rescue Squad Workers' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The FRSWPF provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighter's and Rescue Squad Workers' Pension Fund is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for the Firefighter's and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at www.osc.nc.gov.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is $170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefits will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute $10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2024, the state contributed $19,702,208 to the plan. The City of Burlington's proportionate share of the State's contribution is $47,356.

Refunds of Contributions – Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions, or any other benefit provided by FRSWPF.

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

At June 30, 2024, the City reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the City through its appropriations to the FRSWPF. The total portion of the net pension asset that was associated with the City and supported by the State was $47,356. The net pension asset was measured as of June 30, 2023. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension asset was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the City is not projected to make any future contributions to the plan, its proportionate share at June 30, 2024, and at June 30, 2023, was 0%.

For the year ended June 30, 2024, the City recognized pension expense of $47,356 and revenue of $47,356 for support provided by the State. At June 30, 2024, the City reported no deferred outflows of resources, and no deferred inflows of resources related to pensions.

Actuarial Assumptions. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. 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 and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan 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.

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

e. Other Post employment Benefits

1. Healthcare Benefits

In addition to the pension benefits described in Note 1, the City provides post-employment health care benefits as a single employer defined benefit plan to retirees who were hired prior to July 1, 2011, and City Council members of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the City. The City Council has the authority to establish and amend the benefit terms and financing requirements. The City pays the full cost of coverage for employees who retire with 25 or more years of creditable service; 75% of the cost of coverage for retirees with 20 – 24 years of creditable service; 50% of the cost of coverage for retirees with 15-19 years of creditable service; and 25% of the cost of coverage for retirees with 10-14 years of creditable service. The City pays the full cost of coverage for City Council members with 16 or more years of service; 75% of the cost for City Council members with 12-15 years of service; 50% of the cost of coverage for City Council members with 8-11 years of service; and 25% of the cost of coverage for City Council members with 4-7 years of service. The City's contribution will cease when the retiree reaches age 65. At this point in time, some City retirees are eligible for Medicare supplement reimbursement. The retiree must have been covered under the City's health plan immediately before reaching age 65. The Medicare supplement reimbursement is also based on years of service. The City pays up to $159 per month of the Medicare supplement for employees who retire with 25 or more years of creditable service; up to 75% of this amount of Medicare supplement for employees who retire with 20-24 years of creditable service, up to 50% of this amount of the Medicare supplement for employees who retire with 15-19 years of creditable service; and up to 25% of this amount of the Medicare supplement for employees who retire with 10-14 years of creditable service. Also, the City's retirees can purchase coverage for their dependents at the

City's group rates. Currently, 111 retirees are eligible for post-employment health benefits. For the fiscal year ended June 30, 2024, the city made payments for post-employment health benefit premiums of $1,280,782. The City obtains healthcare coverage through private insurers. There is not a GASB compliant trust established for the plan, as the City has chosen to fund the plan on a on a pay as you go basis with monies from the General Fund and the Water Resources Fund.

Retired Employees' Years of Creditable Service	Date Hired	
	Pre-July 1, 2011	On or after July 1, 2011
Less than 10 years	Not eligible for coverage	Not eligible for coverage
10 - 14 years	25% coverage paid for by City	Not eligible for coverage
15 - 19 years	50% coverage paid for by City	Not eligible for coverage
20 - 24 years	75% coverage paid for by City	Not eligible for coverage
25+ years	Full coverage paid for by City	Not eligible for coverage

The City also provides dental coverage to retirees of the City. The City will pay 100% of the dental premium for employees who retire with 25 or more years of service, 75% for employees who retire with 20-24 years of service, 50% for employees who retire with 15–19 years of service, and 25% for employees with 10-14 years of service. When a retired employee reaches age 65, the employee is responsible for 100% of the cost of the premium for dental coverage. The dental coverage ceases at age 70.

Membership of the Plan consisted of the following at June 30, 2024, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Inactive retirees and dependents receiving benefits	140	0
Active plan members	227	40
	367	40

Total OPEB Liability

The City's total OPEB liability of $27,563,774 was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 %
Salary increases	3.25 – 8.41%, average, including inflation
Discount rate	3.86 %
Healthcare cost trend rates	7.00% decreasing to an ultimate rate of 3.5% by 2032

The discount rate is based on the yield of the Fidelity Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

Changes in the Total OPEB Liability

Schedule of Changes in Total OPEB Liability

	2024
Beginning balance as of June, 30 2022	$ 28,007,248
Service cost	722,159
Interest on the total pension liability	968,679
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	645,235
Changes of assumptions or other inputs	(847,418)
Net Benefit payments	(1,932,130)
Other changes	-
Net changes	$ (443,475)
Ending balance OPEB liability as of June 30, 2023	$ 27,563,773

Change*s in assumptions and other inputs reflect a change in the discount rate from 3.54% to 3.86%.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale RP-2019.

The actuarial assumptions used in the June 30, 2022; valuation were based on the results of an actuarial experience study for the period January 2015 through December 2019.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current discount rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total OPEB Liability	$ 30,516,736	$ 27,563,774	$ 24,994,582

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB Liability	$ 25,426,286	$ 27,563,774	$ 30,003,306

III. Detail Notes on All Funds: (continued)

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 OPEB expense of $1,278,251. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 737,544	$ 2,611,689
Changes of assumptions	2,295,788	2,704,722
Benefit payments and administrative costs made subsequent to the measurement date	2,471,804	-
Total	$ 5,505,136	$ 5,316,411

The $2,471,804 reported as deferred outflows of resources related to pensions resulting from City contributions made after the measurement date of the net pension/OPEB liability but before the end of the City's reporting period will be recognized as a reduction of the net pension/OPEB liability in the subsequent fiscal year, June 30, 2024. Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	$ (371,326)
2025	(296,833)
2026	(589,225)
2027	(1,236,099)
2028	0
Thereafter	0

2. Other Employment Benefits

The City has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed $50,000 or be less than $25,000. All death benefit payments are made from the Death Benefit Plan and not by the City and the City does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

The Local Government Employees Retirement System provides group-term life insurance to City employees ranging from $25,000 up to $50,000 depending on their salary. The City also provides group-term life insurance equal to one and a half times the employee's salary up to a maximum of $150,000. Any amount of the two coverages combined that exceeds $50,000 is taxed as an employee fringe benefit and included on the employee's annual W-2.

3. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City partially self-insures workers compensation coverage, with commercial insurance providing coverage for workers compensation claims in excess of $850,000 per claim occurrence. The commercial insurance provides $1,000,000 in coverage for claims in excess of the City's assumed aggregate risk of $2,131,329 annually. At June 30, 2024, the Workers Compensation Self Insurance Fund had recorded a liability of $186,497 for estimated unpaid claims.

The City provides its employees with dental coverage through a choice of self-insurance plans. Covered claims are limited to a maximum of $2,000 per employee annually. At June 30, 2024, the Dental Self Insurance Fund had recorded a liability of $52,881 for estimated unpaid claims.

On July 1, 1999, the City began to partially self-insure group health benefits, with commercial insurance providing coverage for health benefit claims in excess of $175,000 per claim. The commercial coverage provides unlimited reimbursement in coverage for claims in excess of the City's assumed claim risk of $175,000 per member. The City also has commercial coverage for claims exceeding approximately $9,044,328 in aggregate annually. At June 30, 2024, the Group Health Benefits Fund had a recorded liability of $1,094,000 for estimated unpaid claims.

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the prior year and settled claims have not exceeded insurance coverage in any of the past three fiscal years. The City has obtained flood insurance coverage through Travelers Property Casualty Company of America; the City has purchased coverage of $1,000,000 per occurrence.

In accordance with G.S. 159-29, the City's employees that have access to $100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for $1,000,000 and the tax collector is bonded for $100,000. The remaining employees that have access to funds are bonded under a blanket bond for $50,000.

The Burlington Downtown Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Burlington Downtown Corporation has property and general liability. Claims have not exceeded coverage in any of the past three fiscal years and there has been no significant reduction in insurance coverage in the prior year.

4. Claims, Judgments, and Contingent Liabilities

At June 30, 2024, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

5. Long-Term Obligations

a. Leases

For the year ending June 30, 2022, and forward, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

The City has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

As of 06/30/2024, City of Burlington, NC had 12 active leases. The leases have payments that range from $2,433 to $468,616 and interest rates that range from 0.4260% to 2.7857%. As of 06/30/2024, the total combined value of the lease liability is $5,180,040, the total combined value of the short-term lease liability is $794,593. The combined value of the right to use asset, as of 06/30/2024 is $6,070,500 with accumulated amortization of $814,275 is included within the Lease Class activities table found below. The leases had $0 of Variable Payments and $0 of Other Payments, not included in the Lease Liability, within the Fiscal Year.

Amount of Lease Assets by Major Classes of Underlying Asset

	As of Fiscal Year-end	
Asset Class	Lease Asset Value	Accumulated Amortization
Equipment	$ 4,198,954	$ 435,745
Other	-	-
Vehicles	623,271	72,158
Buildings	583,471	126,419
Computer Equipment	664,804	179,953
Total Leases	$ 6,070,500	$ 814,275

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024, were as follows:

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	$ 793,368	$ 135,968	$ 929,336
2026	762,429	115,924	878,353
2027	769,653	95,759	865,411
2028	610,714	75,434	686,148
2029	490,716	60,632	551,348
2030 - 2033	1,751,934	122,529	1,874,463
Total Principal Payments	5,178,815		
Cumulative Variance as of Fiscal Year-End	-		
Total Remaining Liability	$ 5,178,815		

b. Installment Purchase

On August 25, 2020, the City entered into a direct placement installment purchase contract to purchase various pieces of equipment and complete renovation projects in the City. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires 14 annual payments in varying amounts from $497,094 to $1,178,292 beginning September 1, 2020, with an interest rate of 1.85%. On August 17, 2022, the City entered into a direct placement installment purchase contract to purchase various pieces of equipment. The property is pledged as collateral for the debt while the debt is outstanding.

III. Detail Notes on All Funds: (continued)

The financing contract requires three annual payments of $756,349 beginning August 17, 2022, with interest rate of 2.82%. On July 25, 2023, the City entered into a direct placement installment purchase contract to purchase various pieces of equipment. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires four annual payments of $1,538,047 beginning July 25, 2023, with interest rate of 4.63%.

Annual debt service principal and interest payments of the installment purchases as of June 30, 2024, are as follows:

	Governmental Activities	
Year Ending June 30	Principal	Interest
2025	$ 2,575,466	$ 326,378
2026	1,902,031	234,268
2027	1,967,081	160,023
2028	497,094	82,766
2029-2033	2,485,468	275,887
2034-2037	1,491,279	55,177
Present value of the minimim lease payments	$10,918,419	
Total interest payments		$1,134,499

c. General Obligation Indebtedness

The City's general obligation bonds serviced by the governmental funds were issued for the acquisition of public safety equipment. Those general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water Resources Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the City. In the event of a default, the City agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the City under the related agreements. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2024, are comprised of the following individual issues:

General Obligation Bonds

Serviced by the General Fund:

$5,321,000 of direct placement 2013 refinanced General Obligation Bonds due in annual installments ranging from $74,000 to $543,000 through June 1, 2026, interest at 1.85% annum.	$ 925,000
Serviced by the Water Resources Fund:	
There is no General Obligation debt serviced by Water Resources Fund as of June 30, 2024.	-
	$ 925,000

At June 30, 2024, the City of Burlington had a legal debt margin of $687,347,170.

III. Detail Notes on All Funds: (continued)

Annual debt service requirements to maturity for long-term obligations are as follows:

	Governmental Activities		Business-Type Activities	
Ending June 30	Principal	Interest	Principal	Interest
2025	$ 468,000	$ 17,113	-	-
2026	457,000	8,455	-	-
Totals	$ 925,000	$ 25,568	$ -	$ -

d. Revenue Bonds

$11,871,000 of direct placement Combined Enterprise System Revenue bonds, Series 2021A Interest is payable semiannually on February 1st and August 1st at a fixed rate of 1.33%. Principal amounts will be due on February 1st beginning in 2022 and maturing in 2036.

Year ending June 30	Principal	Interest
2025	$ 627,000	$ 106,972
2026	633,000	98,633
2027	641,000	90,214
2028	649,000	81,689
2029	660,000	73,057
2030-2034	3,411,000	231,766
2035-2037	1,422,000	28,435
	$ 8,043,000	$ 710,765

On February 18, 2021, the City issued Combined Enterprise System Revenue Bond Series 2021A to finance the cost of currently refunding the City's outstanding Combined Enterprise System Revenue Bonds, Series 2010A&B, dated as of December 29, 2010, and pay the costs of issuance associated with the transaction. A portion of the proceeds from Series 2010A&B refunding resulted in interest savings of $2,893,736 over the next 16 years resulting in an economic gain (difference between the present values of debt service payments on the old and new debt) of $2,627,420. This amount will be amortized as a component of interest expense in future years.

$13,753,000 of direct placement Combined Enterprise System Taxable Revenue bonds, Series 2021B Interest is payable semiannually on February 1st and August 1st at a fixed rate of 1.41%. Principal amounts will be due on February 1st beginning in 2022 and maturing in 2037.

The future payments of the revenue bonds are as follows:

Year ending June 30	Principal	Interest
2025	$ 845,000	$ 168,509
2026	857,000	156,595
2027	869,000	144,511
2028	879,000	132,258
2029	893,000	119,864
2030-2034	4,651,000	406,968
2035-2037	2,957,000	83,740
	$ 11,951,000	$ 1,212,445

On March 18, 2021, the City issued Combined Taxable/Tax-Exempt Cinderella Financing Enterprise System Revenue Bond Series 2021B to finance the cost of currently refunding the City's outstanding Combined Enterprise System Revenue Bonds, Series 2011, dated as of October 1, 2011, and pay the costs of issuance associated with the transaction. A portion of the proceeds from Series 2011 refunding resulted in interest savings of $2,800,097 over the next 16 years resulting in an economic gain (difference between the present values of debt service payments on the old and new debt) of $2,436,602. This amount will be amortized as a component of interest expense in future years.

On February 1, 2022, the City exercised its option of the forward purchase agreement (entered into on March 18, 2021), to refund the 2021B taxable revenue bonds with tax exempt revenue bonds, Series 2022. A portion of the proceeds from Series 2021B refunding resulted in interest savings of $359,584 over the next 15 years resulting in an economic gain (difference between the present values of debt service payments on the old and new debt) of $333,243.

The City is in compliance with the covenants as to rates, fees, rentals, and charges in Section 704 of the Bond Order, authorizing the issuance of the Water and Sewer Bonds, Series 2021A and 2022 since its adoption. The City has pledged future water and sewer customer revenues, net of specified operating expenses, for repayment of $19,994,000 in water and sewer system revenue bonds issue 2021A and 2022. Proceeds from the bonds provided financing for various upgrades and repairs to the city's dams, water, and sewer plants. The bonds are payable solely from water and sewer customer net revenues and are payable through 2037. The total principal and interest remaining to be paid on all outstanding series of revenue bonds was $21,917,210 as of June 30, 2024. Certain financial covenants are combined in the revenue bond order, including a covenant to budget and collect revenues in the combined enterprise system sufficient enough to pay the principal and interest requirements and maintain unrestricted net position at a level that provides that 15% of unrestricted net position on the last day of the fiscal year added to Income Available for Debt Service will not be less than 120% of the long-term debt service requirement for parity indebtedness for such fiscal year.

Pledged unrestricted net position at June 30, 2024, were $8,239,772 to provide a coverage ratio of 888%. The long-term debt service coverage ratio calculation for the year ended June 30, 2024, is as follows:

Operating revenues	$ 35,081,572
Operating expenses*	25,535,194
Operating income	9,546,378
Nonoperating revenues (expenses)**	3,428,518
Income available for debt service	12,974,896
Debt service, principal and interest paid	
(Revenue bond only)	$ 2,388,876
Debt service coverage ratio	543%

*Per rate covenants, this does not include the depreciation expense of $6,927,374
** Per rate covenants, this does not include revenue bond interest paid of $303,876

The City also has $0 of System GO Indebtedness outstanding that is associated with the bonds.

e. Subscriptions

For the year ended June 30, 2023, and forward, the financial statement include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (Subscriptions). The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this statement, an organization is required to recognize a subscription liability and an intangible right to use subscription asset. For additional information, refer to the disclosures below.

As of June 30, 2024, the City had seventeen active subscriptions. The subscriptions have payments that range from $0 to $87,442 and interest rates that range from 1.7100% to 3.0590%. As of 06/30/2024, the total combined value of the subscription liability is $203,102, and the total combined value of the short-term subscription liability is $81,311. The combined value of the right to use asset, as of 6/30/2024, of $651,059 with accumulated amortization of $320,087 is included within the Subscription Class activities table found below. The subscriptions had $0 of Variable Payments and $0 of Other Payments, not included in the Subscription Liability, within the Fiscal Year.

Amount of Subscription Assets by Major Classes of Underlying Asset

	As of Fiscal Year-end	
Asset Class	Subscription Asset Value	Accumulated Amortization
Software	$ 651,059	$ 320,087
Total Subscriptions	$ 651,059	$ 320,087

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2024, were as follows:

Principal and Interest Requirements to Maturity

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	$ 86,868	$ 5,553	$ 92,421
2026	116,234	3,299	119,534
Total Principal Payments	203,102		
Cumulative Variance as of Fiscal Year-End	-		
Total Remaining Liability	$ 203,102		

III. Detail Notes on All Funds: (continued)

f. Changes in Long-Term Liabilities

	Beginning Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024	Current Portion of Balance
Governmental activities:					
General Obligation bonds	$ 1,403,000	$ -	$ 478,000	$ 925,000	$ 468,000
Add: Bond premium	-			$ -	
Total General Obligation bonds	$ 1,403,000	$ -	$ 478,000	$ 925,000	$ 468,000
Installment purchase	$ 8,582,659	$ 5,755,738	$ 3,419,979	$ 10,918,418	$ 2,575,466
Lease liabilities	699,874	5,397,795	918,853	5,178,816	793,368
IT Subscription liabilities	248,771	275,999	321,670	203,100	86,868
Compensated absences	4,059,565	3,840,892	3,732,821	4,167,636	1,014,891
Net pension liability (LGERS)	22,075,219	3,946,862	-	26,022,081	4,947,241
Total pension liability (LEO)	6,794,479	275,059	-	7,069,538	296,755
OPEB liability-General Fund	23,722,139	-	375,623	23,346,516	2,093,618
Governmental activity long-term liabilities	$ 67,585,706	$ 19,492,345	$ 9,246,946	$ 77,831,105	$ 12,276,207
Business-type activities:					
General obligation bonds	$ -	$ -	$ -	$ -	$ -
Revenue Bonds	$ 22,079,000		$ 2,085,000	$ 19,994,000	$ 1,472,000
Total Revenue Bonds	$ 22,079,000			$ 19,994,000	$ 1,472,000
Lease liabilities	-	-	-	-	
IT Subscription liabilities	-	-	-	-	
Compensated absences	477,298	500,697	470,679	507,316	119,325
Net pension liability (LGERS)	3,987,614	712,951		4,700,565	893,658
OPEB liability	4,285,109	-	67,852	4,217,257	378,186
Business-type activity long-term liabilities	$ 30,829,021	$ 1,213,648	$ 538,531	$ 29,419,138	$ 2,863,169

Compensated absences for governmental activities have typically been liquidated in the General Fund.

C. Interfund Balances and Activity

Due to/Due From between the Governmental and Proprietary funds is due to the internal service fund being blended into the Governmental fund of $1,929,275.

Transfers to/from other funds at June 30, 2024, consist of the following:

III. Detail Notes on All Funds: (continued)

A summary of interfund transfers follows:

From Fund	To Fund	Amount	Total
General Fund Transfers			
General Fund	MPO Planning Transportation	$ (88,471)	
General Fund	Public Transportation	(554,071)	
General Fund	Dental Benefits	(62,350)	
General Fund	Group Health Benefits	(1,142,639)	
General Fund	Worker's Compensation	(565,768)	
General Fund	Dentzel Carousel	291,774	
General Fund	Transportation Sidewlk & Intersect	(34,820)	
General Fund	Recreation Capital Projects	(5,070,050)	
General Fund	Gov's Crime Com-Youth Deflect	(53,541)	
Subtotal			**$ (7,279,936)**
NonMajor Governmental Fund Transfers			
General Fund	MPO Planning Transportation	88,471	
General Fund	Dentzel Carousel	(291,774)	
General Fund	Transportation Sidewlk & Intersect	34,820	
General Fund	Recreation Capital Projects	5,070,050	
General Fund	Gov's Crime Com-Youth Deflect	53,541	
Water Resources	ERP System Fund	100,000	
Subtotal			**5,055,108**
Enterprise Fund Transfers			
Water Resources	Water Capital Reserve	(296,959)	
Water Resources	Sewer Capital Reserve	(296,959)	
Water Resources	Dental Benefits	(15,400)	
Water Resources	Group Health Benefits	(1,043,398)	
Water Resources	Worker's Compensation	(380,502)	
Water Resources	ERP System Fund	(100,000)	
Subtotal			**(2,133,218)**
NonMajor Enterprise Fund Transfers			
General Fund	Public Transportation	554,071	
Sewer Capital Reserve	Sewer Service Expansion/Airport	(84)	
Public Transportation	Transit Capital	(1,887,595)	
Sewer Capital Reserve	Water/Sewer Capital Projects	500,000	
Water Capital Reserve	Water/Sewer Capital Projects	1,218,000	
Subtotal			**384,392**
Water Resources	Water Capital Reserve	296,959	
Water Resources	Sewer Capital Reserve	296,959	
Sewer Capital Reserve	Sewer Service Expansion/Airport	84	
Public Transportation	Transit Capital	1,887,595	
Sewer Capital Reserve	Water/Sewer Capital Projects	(500,000)	
Water Capital Reserve	Water/Sewer Capital Projects	(1,218,000)	
Subtotal			**763,597**
Internal Service Fund Transfers			
General Fund	Internal Service Funds	1,770,757	
Water Resources	Internal Service Funds	1,439,300	
Subtotal			**3,210,057**
Grand Total		**$ -**	**$ -**

III. Detail Notes on All Funds: (continued)

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts providing matching funds for various grant programs.

D. On-Behalf Payments for Fringe Benefits and Salaries

The City has recognized as a revenue and an expenditure on-behalf payments for fringe benefits and salaries of $47,356 for the salary supplement and stipend benefits paid to eligible firefighters by the local board of trustees of the Firefighter's Relief Fund during the fiscal year ended June 30, 2024. Under State law the local board of trustees for the Fund receives an amount each year, which the board may use at its own discretion for eligible firefighters or their departments.

E. Net Investment in Capital Assets

The table below shows the net investment in capital assets.

	6/30/2023		6/30/2024	
	Governmental	Business-type	Governmental	Business-type
Capital Assets	$86,565,832	$145,976,952	$100,967,493	$149,228,900
Less: Long-term debt	9,985,659	22,079,000	11,843,418	19,994,000
Deferred gain on refunding	46,119	95,486	30,747	87,529
Add: unexpended debt proceeds	-	-	-	-
Net investments in Capital Assets	$76,534,054	$123,802,466	$89,093,328	$129,147,371

F. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total fund balance – General Fund	$	33,780,538
Less:		
Stabilization by State Statute		14,053,322
Historic Books		1,418
Animal Shelter		158,589
Daphnes Garden		8,263
PEG Support		16,482
Camp Greenleaves		8,371
Capital Reserve Fund		1,831,598
Appropriated Fund Balance in 2024 budget		2,028,285
General Government		3,066,000
Economic Development		3,000,000
Public Works		2,072,300
Parks and Recreation		125,208
Public Safety:		
Police		1,300,000
Fire		1,200,000
Disaster Management		500,000
Working Capital/Fund Balance Policy		3,438,787

IV. Jointly Governed Organization

The City, in conjunction with six counties and thirty-two other municipalities, established the Piedmont Triad Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of $12,261 to the Council during the fiscal year ended June 30, 2024.

V. Joint Ventures

The City, in conjunction with the City of Graham, participates in the Burlington-Graham Board of Alcoholic Control. Each participating government appoints two members to the five-member board. The two governments jointly appoint one member to the Board. The ABC Board is a joint venture established to facilitate control over alcoholic beverages within the two cities. The City of Burlington and the City of Graham are legally obligated under the intergovernmental agreement that created the ABC Board to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The two cities were not required to contribute to the ABC Board during the fiscal year ended June 30, 2024. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2024. Complete financial statements for the ABC Board can be obtained from the administrative offices at 603 W. Harden Street, City of Graham, NC 27253.

VI. Related Organization

The members of the governing board of the Burlington Housing Authority are appointed by the City but the City has no authority in selecting the management of the Authority. The City is not responsible for financing any deficits of the Authority nor is it entitled to any surpluses. The Authority does operate within the geographical boundaries of the City and is for the benefit of the residents of the City. The City exercises no financial or budgetary control over the Authority.

VII. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The City has received proceeds from federal and State grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

VIII. Restatement

There were no prior period adjustments.

See independent auditor’s report.

The following financial statements have been compiled from the audited financial statements of the City for the fiscal years ended June 30, 2024, 2023, and 2022.

City of Burlington, North Carolina

General Fund

Balance Sheet

As of June 30, 2024, 2023, and 2022

	2024	2023	2022
Assets			
Cash and cash equivalents	$ 24,057,390	$ 27,789,270	$ 35,079,677
Cash and cash equivalents, restricted	1,825,058	1,766,487	5,315,785
Receivables, net:			
Taxes	881,010	794,217	905,331
Accounts	13,244,976	9,345,614	8,477,803
Leases	764,353	417,060	417,060
Total assets	$ 40,772,787	$ 40,112,648	$ 50,195,656
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable and accrued liabilities	$ 5,393,677	$ 3,900,562	$ 4,200,944
Total liabilities	5,393,677	3,900,562	4,200,944
Deferred Inflows of Resources			
Property taxes receivable	834,219	696,732	831,686
Leases	764,353	417,060	417,060
Total deferred inflows of resources	1,598,572	1,113,792	1,248,746
Fund balances			
Restricted:			
Stabilization by State Statute	14,053,322	10,174,315	9,295,127
OPEB	402,000	-	-
911 public service answering	523,516	-	-
Historic books	1,418	1,418	1,418
Animal shelter	158,589	99,086	57,415
Daphnes Garden	8,263	17,543	21,585
PEG support	16,482	16,482	16,482
Camp Greenleaves	8,371	8,371	-
KING Academy	46,607	-	-
Committed:			
Capital reserve	1,831,598	1,772,732	5,315,807
Assigned:			
Subsequent year's expenditures	2,028,285	1,714,576	1,636,986
General government	3,066,000	4,226,000	4,234,000
Parks and recreation	125,000	2,366,208	2,735,163
Public safety	3,000,000	4,120,551	5,620,551
Economic development	3,000,000	4,000,000	4,500,000
Public works	2,072,300	3,172,300	4,172,300
Unassigned	3,438,787	3,408,712	7,139,132
Total fund balances	33,780,538	35,098,294	44,745,966
Total liabilities, deferred inflows of resources and fund balances	$ 40,772,787	$ 40,112,648	$ 50,195,656

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

City of Burlington, North Carolina

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2024, 2023 and 2022

	2024	2023	2022
Revenues			
Ad valorem taxes	$ 41,723,973	$ 33,793,864	$ 32,307,744
Other taxes and licenses	21,129,244	20,502,175	19,250,683
Unrestricted intergovernmental	5,119,767	5,529,468	5,421,724
Restricted intergovernmental	5,055,434	3,972,841	4,071,345
Permits and fees	2,093,858	1,776,771	2,071,350
Sales and services	7,940,699	7,305,474	5,303,370
Investment earnings	2,152,908	1,662,713	72,069
Miscellaneous	318,115	673,495	404,563
Total revenues	85,533,998	75,216,801	68,902,848
Expenditures			
General government	12,589,440	10,474,990	9,379,815
Public safety	44,120,011	34,693,580	30,212,258
Public works	14,342,561	14,238,573	12,414,260
Culture and recreation	10,043,428	8,530,007	8,567,515
Capital outlay	6,027,412	3,552,684	142,475
Debt service:			
Principal	3,897,978	3,086,341	2,984,790
Interest and other charges	192,024	187,465	210,605
Total expenditures	91,212,854	74,763,640	63,911,718
Revenues over (under) expenditures	(5,678,856)	453,161	4,991,130
Other financing sources (uses)			
Issuance of debt	5,755,738	2,207,383	2,008,272
Sale of properties and materials	210,631	326,992	56,868
Lease liabilities issued	5,398,668	-	-
IT subscription agreement	275,999	-	-
Transfers from other funds:			
Special revenue funds	-	10,000,000	1,522,872
Capital projects funds	291,774	-	-
Transfers to other funds:			
Special revenue funds	(142,012)	(10,074,854)	(883,751)
Capital projects funds	(5,104,870)	(11,459,760)	(3,593,290)
Enterprise funds	(554,071)	(480,995)	-
Internal service funds	(1,770,757)	(619,599)	(818,702)
Total other financing sources (uses)	4,361,100	(10,100,833)	(1,707,731)
Net change in fund balances	(1,317,756)	(9,647,672)	3,283,399
Fund balance, beginning of year	35,098,294	44,745,966	41,462,567
Fund balance, end of year	$ 33,780,538	$ 35,098,294	$ 44,745,966

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

The following budget statements have been compiled from the budget ordinances and related amendments of the City for the fiscal years ending June 30, 2025, and June 30, 2026.

City of Burlington, North Carolina

Compiled Budget - General Fund

For the Fiscal Year Ending June 30, 2025

As of April 30, 2025

	General Fund
Estimated Revenues	
Ad valorem taxes	$ 40,533,556
Other taxes and licenses	21,772,900
Unrestricted intergovernmental	4,650,000
Restricted intergovernmental	5,716,824
Permits and fees	2,095,500
Sales and services	7,704,504
Investment earnings	750,000
Miscellaneous	182,000
Total estimated revenues	83,405,284
Appropriations	
General government	14,289,502
Public safety	47,435,623
Public works	18,492,502
Culture and recreation	10,475,566
Debt service:	
Principal	3,965,646
Interest and fees	343,491
Total appropriations	95,002,330
Estimated revenues under appropriations	(11,597,046)
Other financing sources (uses)	
Sales of properties and materials	105,000
Issuance of debt	3,293,356
Transfers to other funds:	
Enterprise funds	(289,087)
Internal service funds	(565,768)
Appropriated fund balances	9,053,545
Total other financing sources	11,597,046
Estimated revenues and other sources over appropriations and other uses	$ -

*Compiled by the staff of the Finance Department of the City of Burlington.

City of Burlington, North Carolina

Compiled Budget - General Fund

For the Fiscal Year Ending June 30, 2026

As of July 1, 2025

	General Fund
Estimated Revenues	
Ad valorem taxes	$ 42,168,806
Other taxes and licenses	22,413,100
Unrestricted intergovernmental	4,650,000
Restricted intergovernmental	5,193,547
Permits and fees	2,215,500
Sales and services	9,975,292
Investment earnings	1,100,000
Miscellaneous	182,000
Total estimated revenues	87,898,245
Appropriations	
General government	13,333,535
Public safety	42,521,904
Public works	17,105,524
Culture and recreation	9,523,305
Debt service:	
Principal	4,523,208
Interest and fees	1,115,873
Total appropriations	88,123,349
Estimated revenues under appropriations	(225,104)
Other financing sources (uses)	
Sales of properties and materials	105,000
Transfers to other funds:	
Special revenue funds	(79,959)
Enterprise funds	(579,753)
Internal service funds	(1,770,757)
Appropriated fund balances	2,550,573
Total other financing sources	225,104
Estimated revenues and other sources over appropriations and other uses	$ -

*Compiled by the staff of the Finance Department of the City of Burlington.

APPENDIX E

CERTAIN CONSTITUTIONAL, STATUTORY AND ADMINISTRATIVE PROVISIONS GOVERNING OR RELEVANT TO THE INCURRENCE OF GENERAL OBLIGATION BONDED INDEBTEDNESS BY UNITS OF LOCAL GOVERNMENT OF THE STATE OF NORTH CAROLINA

Constitutional Provisions

The North Carolina Constitution (the "Constitution") requires the General Assembly to enact general laws relating to the borrowing of money secured by a pledge of the faith and credit and the contracting of other debts by counties, cities and towns, special districts and other units, authorities and agencies of local government and prohibits enactment of special or local acts on this subject. These general laws may be enacted for classes defined by population or other criteria.

The General Assembly has no power under the Constitution to authorize any unit of local government to contract debts secured by a pledge of its faith and credit unless approved by a majority of the qualified voters of the unit who vote thereon, except for the following purposes:

(a) to fund or refund a valid existing debt;

(b) to supply an unforeseen deficiency in the revenue;

(c) to borrow in anticipation of the collection of taxes due and payable within the current fiscal year to an amount not exceeding 50% of such taxes;

(d) to suppress riots or insurrections;

(e) to meet emergencies immediately threatening the public health or safety, as conclusively determined in writing by the Governor; and

(f) for purposes authorized by general laws uniformly applicable throughout the State, to the extent of two-thirds of the amount by which the issuing unit's outstanding indebtedness was reduced during the next preceding fiscal year.

The Constitution requires that the power of taxation be exercised in a just and equitable manner, for public purposes only, and never be surrendered, suspended or contracted away. Since general obligation bonded indebtedness pledges the taxing power, it may therefore be incurred only for "public purposes." The North Carolina Supreme Court determines what is and is not a public purpose within the meaning of the Constitution.

The Constitution requires voter approval for any unit of local government to give or lend its credit in aid of any person, association or corporation, and such lending of credit must be for public purposes as authorized by general law. A loan of credit is defined by the Constitution as occurring when a unit of local government exchanges its obligations with or in any way guarantees the debts of an individual, association or private corporation.

The Constitution does not impose a limit on the total indebtedness of a unit of local government.

Of the sources of revenue available to units of local government, only the property tax is subject to special Constitutional regulation. The Constitution does not mandate a general property tax; rather, it authorizes the General Assembly to classify property for taxation under two conditions: (1) each class of property selected for taxation must be taxed by uniform rule and (2) every classification must be made by general law uniformly applicable to every unit of local government. No class of property is accorded exemption from ad valorem taxation by the Constitution except property belonging to the State, counties and municipal corporations. The General Assembly may exempt cemeteries and property held for educational, scientific, literary, cultural, charitable or religious purposes and, to a value not exceeding $300, any personal property. The General Assembly may also exempt from taxation not exceeding $1,000 in value of property used as the place of residence of the owner. Property of the United States is exempt by virtue of the supremacy clause of the United States Constitution.

The Constitution requires that any property tax must be levied for purposes authorized by general law uniformly applicable throughout the State, unless approved by a majority of the qualified voters of the unit of local government who vote thereon.

Under the Constitution, property taxes levied for unit-wide purposes must be levied uniformly throughout the territorial jurisdiction of the taxing unit, but the General Assembly may enact general laws authorizing the governing body of any county, city or town to define territorial areas and to levy taxes within those areas in order to finance, provide or maintain services, facilities and functions in addition to or to a greater extent than those financed, provided or maintained for the entire county, city or town.

The Local Government Bond Act

No unit of local government has authority to incur general obligation bonded indebtedness otherwise than in accordance with the limitations and procedures prescribed in The Local Government Bond Act, G.S. Ch. 159, Art. 4 (the "Act") and G.S. Ch. 159, Art. 7 or to issue short-term general obligation notes otherwise than in accordance with G.S. Ch. 159, Art. 9.

By statute, the faith and credit of the issuing unit are pledged for the payment of the principal of and interest on all bonds issued under the Act according to their terms, and the power and obligation of the issuing unit to levy taxes and raise other revenues for the prompt payment of installments of principal and interest or for the maintenance of sinking funds is unrestricted as to rate or amount.

The revenues of each utility or public service enterprise owned or leased by a unit of local government are required by statute to be applied in accordance with the following priorities: (1) to pay the operating, maintenance and capital outlay expenses of the utility or enterprise; (2) to pay when due the interest on and principal of outstanding bonds issued for capital projects that are or were a part of the utility or enterprise; and (3) for any other lawful purpose. In its discretion, an issuing unit may pledge the revenues (or any portion thereof) of a utility or enterprise for the payment of the interest on and principal of bonds issued under the Act to finance capital projects that are to become a part of the utility or enterprise.

Bonds may be issued only for purposes specifically authorized by the Act.

No bonds may be issued under the Act without the approval of the Local Government Commission. The criteria for approval have been summarized in the description of the powers of the Commission in Appendix B to this Official Statement.

The Act provides that, subject to certain exceptions, no bond order may be adopted by the governing body of a unit of local government unless it appears from a sworn statement of debt filed in connection therewith that the net debt of the unit does not exceed 8% of the assessed value of property subject to taxation by the issuing unit. Under current law, the mandated assessment ratio is 100% of appraised value. This limitation does not apply to funding and refunding bonds, bonds issued for water, gas or electric power purposes, or two or more of such purposes, certain sanitary sewer, sewage disposal or sewage purification plant bonds, bonds or notes issued for erosion control purposes or bonds or notes issued for the purposes of erecting jetties or other protective works to prevent encroachment by certain bodies of water.

"Net debt" is defined as gross debt less certain statutory exclusions and deductions. Gross debt, excluding therefrom debt incurred or to be incurred in anticipation of tax or other revenue collections or in anticipation of the sale of bonds other than funding or refunding bonds, is the sum of (i) outstanding debt evidenced by bonds, (ii) bonds authorized by orders introduced but not yet adopted, (iii) unissued bonds authorized by adopted orders and (iv) outstanding debt not evidenced by bonds. From gross debt are deducted (a) funding and refunding bonds (both those authorized by orders introduced but not yet adopted and those authorized but not yet issued), (b) the amount of money held in sinking funds or otherwise for the payment of any part of the principal of gross debt other than debt incurred for the purposes set forth in clause (e) below, (e) the amount of bonded debt included in gross debt and incurred, or to be incurred, for water, gas or electric light or power purposes, or two or more of such purposes, and certain bonded debt for sanitary sewer purposes, and (d) the amount of uncollected special assessments theretofore levied or estimated to be levied for local improvements for which any part of the gross debt (that is not otherwise deducted) was or is to be incurred, to the extent that the special assessments, when collected, will be applied to the payment of any part of the gross debt. Revenue bond indebtedness is not included in, nor deducted from, gross debt.

Bonds may be issued under an approved bond order at any time within seven years after the bond order takes effect. The effective date of the bond order is the date of formal passage of the bond order in the case of bonds that do not require voter approval and the date of voter approval in all other cases. If the issuance of bonds is prevented or prohibited by any order of any court or certain litigation, the period of time is extended by the length of time elapsing between the date of institution of the action or litigation and the date of its final disposition. The General Assembly may, prior to the expiration of the maximum period, also extend such period. In addition, such period may be extended from seven to ten years by the governing body of a unit of local government under certain circumstances with approval by the Commission. In any such case, no further voter approval is required.

The Commission has by regulation established the maximum useful lives of capital projects that may be financed by bonds. The maturity dates of any bonds issued for any project may not exceed the maximum useful life of the project, measured from the date of the bonds.

All bonds must mature in annual installments, the first of which must be payable not more than three years after the date of the bonds and the last of which must be payable within the maximum useful life of the project. Payment of an installment of principal may be provided for by the maturity of a bond, mandatory redemption of principal prior to maturity, a sinking fund, a credit facility or any other means satisfactory to the Commission. In addition, the Act prohibits "balloon installments" in that it requires that no installment of any issue may be greater than four times as large in amount as the smallest prior installment of the same issue. Bonds authorized by two or more bond orders may be consolidated into a single issue, and bonds of each issue may be issued from time to time in series with different provisions for each series. Each series is deemed a separate issue for the purposes of the limitations discussed in this paragraph. Bonds may be made payable from time to time on demand or tender for purchase as provided in the Act, and bonds may be made subject to redemption prior to maturity, with or without premium. The requirement that the bonds must mature in annual installments and the prohibition against balloon installments as described above does not apply to (a) refunding bonds, (b) bonds purchased by a State or federal agency or (c) bonds the interest on which is or may be includable in gross income for purposes of federal income tax, provided that the dates on which such bonds are stated to mature are approved by the Commission and the Commission may require that payment of all or any part of the principal of and interest and any premium on such bond be provided for by mandatory sinking fund redemption.

Short-Term Obligations

Bond Anticipation Notes - Units of local government are authorized to issue short term notes in anticipation of the sale of bonds validly authorized for issuance within the maximum authorized amount of the bonds. General obligation bond anticipation notes must be payable not later than seven years after the effective date of the bond order and shall not be renewed or extended beyond that time unless the period of time within which the bonds may be issued has been extended as mentioned above. The faith and credit of the issuing unit are pledged for the payment of general obligation bond anticipation notes, and the power and obligation of the issuing unit to levy taxes and raise other revenues for the prompt payment of such notes is unrestricted as to rate or amount. The proceeds of each general obligation bond issue are also pledged for the payment of any notes issued in anticipation of the sale thereof, and any such notes shall be retired from the proceeds of the bonds as a first priority.

Tax Anticipation Notes - Units of local government having the power to levy taxes are authorized to borrow money for the purpose of paying appropriations made for the current fiscal year in anticipation of the collection of taxes due and payable within the current fiscal year, and to issue negotiable notes in evidence thereof. Any tax anticipation note must mature not later than 30 days after the close of the fiscal year in which it is issued and may not be renewed beyond that time. No tax anticipation note shall be issued by the unit of local government if the amount thereof, together with the amount of all authorized or outstanding tax anticipation notes on the date the note is authorized, would exceed 50% of the amount of taxes uncollected as of the date of the proposed note authorization. The faith and credit of the issuing unit are pledged for the payment of tax anticipation notes, and the power and obligation of the issuing unit to levy taxes and raise other revenues for the prompt payment of such notes is unrestricted as to rate or amount.

Revenue Anticipation Notes - Units of local government are authorized to borrow money for the purpose of paying appropriations made for the current fiscal year in anticipation of the receipt of the revenues, other than taxes, estimated in their budgets to be realized in cash during such fiscal year, and to issue negotiable notes in evidence thereof. Any revenue anticipation note must mature not later than 30 days after the close of the fiscal year in which it is issued and may not be renewed beyond that time. No revenue anticipation note shall be issued if the amount thereof, together with the amount of all revenue anticipation notes authorized or outstanding on the date the note is authorized, would exceed 80% of the revenues of the issuing unit, other than taxes, estimated in its budget to be realized in cash during such fiscal year. Revenue anticipation notes are special obligations of the issuing unit, and neither the credit nor the taxing power of the issuing unit may be pledged for the payment of revenue anticipation notes.

Grant Anticipation Notes - Units of local government are authorized to borrow money for the purpose of paying appropriations made for capital projects in anticipation of the receipt of moneys from grant commitments for such capital projects from the State or the United States or any agencies of either, and to issue negotiable notes in evidence thereof. Grant anticipation notes must mature not later than 12 months after the estimated completion date of such capital project and may be renewed from time to time, but no such renewal shall mature later than 12 months after the estimated completion date of such capital project. No grant anticipation note may be issued if the amount thereof, together with the amount of all other notes authorized or issued in anticipation of the same grant commitment, exceeds 90% of the unpaid amount of said grant commitment. Grant anticipation notes are special obligations of the issuing unit, and neither the credit nor the taxing power of the issuing unit may be pledged for the payment of grant anticipation notes.

The Local Government Budget and Fiscal Control Act

The Local Government Budget and Fiscal Control Act, G.S. Ch. 159, Art. 3 (the "Fiscal Control Act"), sets forth procedures for the adoption and administration of budgets of units of local government. The Fiscal Control Act also prescribes certain accounting and auditing requirements. The Fiscal Control Act attempts to achieve close conformity with the accounting principles contained in the American Institute of Certified Public Accountants' Industry Audit Guide, Audits of State and Local Government Units.

Budget - The Fiscal Control Act requires the adoption of an annual balanced budget, which includes all appropriations required for debt service and for eliminating any deficit. Any deficit is required to be eliminated by the imposition of a property tax at a rate which will produce the revenue necessary to balance revenues and appropriations in the budget. The Secretary of the Commission is required to notify each local government unit by May 1 of each year of its debt service obligations for the coming fiscal year, including sums to be paid into sinking funds. At least 30 days prior to the due date of each installment of principal or interest on outstanding debt, the Secretary must notify each unit of the payment due, the due date, the place which the payments should be sent, and a summary of the legal penalties for failing to meet debt service obligations.

The Fiscal Control Act directs that the budget ordinance be adopted by the governing board of the unit of local government by July 1 of the fiscal year to which it applies. There is no penalty for failure to meet this deadline. The fiscal year begins July 1 and ends the following June 30. The governing board is required to hold a public hearing concerning the budget prior to its adoption. A project ordinance authorizing all appropriations necessary for the completion of a capital project or a grant project may be adopted in lieu of annual appropriations for each project and need not be readopted in any subsequent fiscal year.

Fiscal Control – The Fiscal Control Act sets forth certain fiscal control requirements concerning the duties of the finance officer; the system of accounting; budgetary accounting for appropriations; investment of idle funds; semiannual reports of financial information to the Commission; and an annual independent audit.

Except as otherwise provided by regulation of the Commission, the Fiscal Control Act requires a unit of local government to use the modified accrual basis of accounting in recording transactions. The Commission is empowered to prescribe regulations as to (a) features of accounting systems; (b) bases of accounting, including identifying in detail the characteristics of a modified accrual basis, identifying what revenues are susceptible to accrual, and permitting or requiring the use of a basis other than modified accrual in a fund that does not account for the receipt of a tax; and (c) definitions of terms not clearly defined in the Fiscal Control Act.

The Fiscal Control Act requires each unit of local government to have its accounts audited annually by an independent certified public accountant or by an independent accountant certified by the Commission as qualified to audit local government accounts. The audit must be conducted pursuant to a written contract containing the form, terms and fees for the audit. The Secretary of the Commission must approve this contract before the audit may begin and must approve invoices for the audit fee. Approval of final payment is not given until the audit report is rendered in accordance with the requirements of the contract. All audits are to be performed in conformity with generally accepted auditing standards.

Major General Fund Revenue Sources

Ad Valorem Tax - Each unit of local government having authority to incur general obligation bonded indebtedness also has authority to levy ad valorem taxes on property having a situs within the unit. The ad valorem tax is levied on classes of property selected for taxation by the General Assembly through laws that are uniform throughout the State. The statute governing the listing, appraisal and assessment of property for taxation and the collection of taxes levied is the Machinery Act, G.S. Ch. 105, Subchapter II.

Tax Base - The basic class of property selected for taxation comprises all real and tangible personal property. Thus, unless a class of property is specifically excluded from the property tax base, exempted from taxation or specifically accorded some kind of preferential tax treatment, it must be taxed by each unit of local government exercising its authority to levy property taxes. Several classes of property have been selected for exclusion from the property tax base, exemption from taxation or taxation at reduced valuation or for special appraisal standards. The most significant of these classes are:

(1) Tangible household personal property is excluded from the property tax base.

(2) Stocks and bonds, accounts receivable and certain other types of intangible personal property are excluded from the property tax base.

(3) Property belonging to certain qualified owners and used wholly and exclusively for religious, educational, charitable, cultural, fraternal or civic purposes is wholly exempted from taxation. Property belonging to the United States, the State and units of local government is also exempt from taxation.

(4) Real and personal property owned by certain nonprofit homes for the aged, sick or infirm are excluded from property taxation, provided such homes are exempt from the State income tax.

(5) Certain kinds of tangible personal property held for business purposes are excluded from taxation, the most important of which are:

    (a) Manufacturers' inventories (raw materials, goods in process, finished goods, materials or supplies consumed in processing, crops, livestock, poultry, feed used in production of livestock and poultry, and other agricultural or horticultural products held for sale) and inventories of retail and wholesale merchants (tangible personal property held for sale and not manufactured, processed or produced by the merchant).

    (b) Property imported through a North Carolina seaport terminal and stored at such terminal for less than 12 months awaiting further shipment.

    (c) Certain pollution abatement and resource recovery equipment.

    (d) "Bill and hold" goods manufactured in North Carolina and held by the manufacturer for shipment to a nonresident customer.

    (e) Nuclear materials held for or in the process of manufacture or processing or held by the manufacturer for delivery.

    (f) Motor vehicle frames that belong to nonresidents and enter the State temporarily for the purpose of having a body mounted thereon.

(6) A homestead exemption of the greater of $25,000 or 50% of the appraised value of the residence is allowed if the property owner is a North Carolina resident, has income for the

preceding calendar year of not more than the eligibility limit, and is at least 65 years of age or totally and permanently disabled.

(7) Certain agricultural, horticultural and forest land is eligible for taxation at its value for agricultural, horticultural or forest use

Appraisal Standard - All property must be appraised at its true value in money, except agricultural, horticultural and forest land eligible for appraisal at its present-use value. Property must be assessed for taxation at 100% of its appraised value.

Frequency of Appraisal - Real property must be appraised at least once in every eight years. The requirement of octennial real property revaluations has been enforced since 1965, and no taxing unit has been permitted to postpone a scheduled revaluation since that time. Many units revalue real property more frequently than every eight years. Personal property is appraised annually.

Tax Day - All real and tangible personal property (other than most motor vehicles) subject to ad valorem taxation must be listed for taxation as of January 1 each year. Motor vehicles, with certain exceptions, must be listed annually in the name of the record owner on the day on which the current vehicle registration is renewed or the day on which the application is submitted for a new vehicle registration.

Tax Levy - Property taxes are levied in conjunction with the adoption of a budget which covers a July 1 to June 30 fiscal year. The property tax levy must be sufficient to raise during the fiscal year a sum of money equal to the difference between total appropriations and the total estimated receipts of all other revenues. In estimating the percentage of the levy that will be collected during the fiscal year, the taxing unit is prohibited from estimating a greater collection percentage than that of the prior fiscal year.

The tax rate may not exceed $1.50 per $100 assessed valuation unless the voters approve a higher rate. Tax levies by counties for the following purposes are not counted against the rate limit: courts, debt service, deficits, elections, jails, schools, mandated social services programs and joint undertakings with any other taxing unit with respect to any of these. Tax levies by cities for the following purposes are not counted against the rate limit: debt service, deficits and civil disorders.

Tax Collection - The taxing unit has a lien by operation of law on all real property within its jurisdiction that attaches as of January 1 for all taxes levied for the fiscal year beginning on the following July 1. Taxes levied on a parcel of real property are a lien on that parcel but not on other real property owned by the taxpayer. Taxes levied on personal property are a lien on all real property owned by the taxpayer within the taxing unit. The tax lien enjoys absolute priority against all other liens and claims whatsoever except, in limited circumstances, federal tax liens and certain other prior liens and perfected security interests.

Except for motor vehicles, taxes fall due on September 1 following the date of levy and are payable at par until January 6. For the period January 6 to February 1, interest accrues at the rate of 2%, and for the period February 1 until the principal amount of the taxes, the accrued interest, and any penalties are paid, interest accrues at the rate of 3/4% per month or fraction thereof. Each taxing unit may enforce collection of its tax levy by (a) foreclosure of the lien on real property, (b) levy and sale of tangible personal property and (c) garnishment and attachment of intangible personal property. There is no right of redemption of real property sold in a tax foreclosure action.

Discounts for early payment of property taxes are allowed by some taxing units. To allow such discounts, the unit must adopt a discount schedule which must then be approved by the Ad Valorem Tax Division of the Department of Revenue.

No taxing unit has authority to release or refund any valid tax claim. The members of any governing board voting to make an unlawful release or refund of property taxes are personally liable for the amount unlawfully released or refunded.

The Commission periodically publishes statistics on the percentage of property tax levies collected before the close of the fiscal year for which levied. These statistics are available upon request.

Although the State has not levied a general property tax in more than forty years, it does continue general oversight of property tax administration by units of local government through the Ad Valorem Tax Division of the Department of Revenue. The Division has three main functions: (1) it appraises the property of electric power, gas, telephone and telegraph companies, the rolling stock of bus companies and motor freight carriers and the flight equipment of airlines; (2) it oversees local property tax administration; and (3) it provides staff assistance to the Property Tax Commission, an administrative appellate agency hearing listing and valuation appeals from local taxing units.

Local Government Sales and Use Taxes

The one percent local sales and use tax authorized by the Local Government Sales and Use Tax Act is levied by 99 of the 100 counties of the State (Mecklenburg County levies a virtually identical tax under a 1967 local act). The local sales tax base is the same as the State general sales tax base excluding exempt food sales, except that for goods sold to out-of-county purchasers for delivery out-of-county and sales of certain utility services. The situs of a transaction is the location of the retailer's place of business. Sales of tangible personal property delivered to out-of-county purchasers will be subject to sales tax in the county in which the retailer's place of business is located and will not be subject to the use tax of the destination county. The tax is collected by the State on behalf of local government, and the net proceeds, after deduction of the cost of collection and administration, are returned to the county of collection. The county governing board selects one of two formulas for allocation of the tax among the county and the municipalities therein. One formula calls for allocation on the basis of population and the other on the basis of ad valorem tax levy.

Counties are also authorized under the Supplemental Local Government Sales and Use Tax Act to levy a one-half percent sales tax. This sales tax is collected by the State, allocated to counties on a per capita basis and divided among each county and the municipalities located therein in accordance with the method by which the one percent sales and use taxes are distributed. An adjustment factor is applied to the per capita allocation for each county. All 100 counties levy this one-half percent supplemental sales tax.

Counties are also authorized under the Additional Supplemental Local Government Sales and Use Tax Act to levy an additional one-half percent sales tax. This additional supplemental sales tax is collected and distributed based on a point-of-origin allocation. During the first 16 fiscal years in which this tax is in effect, 60% of the revenue derived by counties from this tax is required to be used for public school capital outlay purposes or to retire any indebtedness incurred by the county for these purposes during the period beginning five years prior to the date the taxes took effect. Counties may be relieved of the percentage restriction if it can demonstrate to the satisfaction of the Local Government Commission that it is able to meet the aforementioned capital outlay needs without resorting to proceeds of such tax. All 100 counties levy this additional supplemental one-half percent sales tax.

Alcoholic Beverage Control Store Profits

The sale of liquor in the State is a government monopoly. Stores are operated by counties and municipalities that have been authorized and have chosen to establish them. The net profits of these stores are distributed to the units of local government in which they operate. The General Assembly has enacted numerous local acts prescribing different formulas for the distribution of profits. Local elections are authorized to permit sales of liquor by the drink by qualified restaurants and clubs. An additional tax of $20 per four liters is levied on liquor purchased by restaurants or clubs for resale as mixed beverages, and $10 of the $20 is paid to the State's General Fund.

Intragovernmental Shared Revenues

The net amount of excise taxes collected by the State on beer, fortified and unfortified wine is shared with counties and municipalities in which the sale of these beverages is lawful. Counties and municipalities where beer and wine are sold receive on a per capita basis an annual distribution equal to the following percentages of the net amount of excise taxes collected on the sale of beer and wine during the 12-month period ending March 31 each year: 20.47 percent of malt beverage tax revenue, 49.44 percent of unfortified wine tax revenue and 18 percent of fortified wine tax revenue. A municipality or a county is eligible to share in both beer and wine excise tax revenues if beer and wine may legally be sold within its boundaries. If only one beverage may be sold at retail in a municipality located in a county in which the sale of such beverage is otherwise prohibited, only the municipality receives a portion of the amount distributed.

The State levies a tax on the gross receipts derived from the sale of electricity at the combined general rate prescribed by statute. The State distributes 44 percent of the net proceeds of such tax to municipalities, less certain administration costs. Each municipalities' share is calculated pursuant to a formula provided by statute.

The State levies a sales tax on the gross receipts derived from providing telecommunications and ancillary services at the statutorily prescribed combined general rate. Each quarter, the State distributes to municipalities 18.7 percent of the net proceeds from that quarter, minus $2,620,948.

The State levies a tax on the gross receipts derived from the sale of piped natural gas at the combined general rate. The State distributes quarterly 20 percent of the net proceeds of such tax to municipalities, less certain administration costs. Each municipalities' share is calculated pursuant to a formula provided by statute, with certain "gas cities" eligible for an increase to their shares provided that certain requirements are met.

All cities and counties receive shares of three State sales taxes on video programming service and telecommunications service revenues pursuant to a formula provided by statute. The revenue to be distributed includes 7.7 percent of the net proceeds of taxes collected on telecommunications and ancillary services, 23.6 percent of the net proceeds of taxes collected on video programming services (other than direct-to-home satellite service), and 37.1 percent of the net proceeds of taxes collected on direct-to-home satellite services. Before the distribution of such net proceeds is made, certain cities or counties may receive supplemental public, educational or governmental access channel ("PEG Channel") support funds from such net proceeds, provided that certain requirements are met.

State and Local Fiscal Relations

The State finances from State revenues (primarily individual income taxes, corporate income taxes and sales taxes) several governmental programs that are largely financed from local revenues in other states, thus decreasing reliance on local property taxes for these purposes. The major programs of this nature are as follows:

Public Schools and Community Colleges - The State provides approximately 70% of the funds required for current operating costs of the public school and community college systems, while county government finances the greater portion of the capital costs of these systems. North Carolina school administrative units do not have independent tax-levying authority. The local share of the costs of the public school and community college systems are raised primarily by county government from its general revenues including the local sales tax revenue.

Court System - The State finances virtually all of the current operating costs of the General Court of Justice. County government is required to provide courthouses, certain jails and related judicial facilities.

Correctional System - The State finances all of the cost of correctional facilities used for confinement of convicted felons and long-term (more than 30 days) misdemeanants. Counties and some municipalities furnish jails for short-term misdemeanants and prisoners awaiting trial.

Highway System - The State finances the entire cost of public roads and highways outside the corporate limits of cities and towns. Counties may voluntarily participate in improvements to public roads and highways. Within cities and towns, the State finances the cost of major thoroughfares and streets connecting elements of the State highway system. Cities share responsibility with the State for State-maintained roads inside city limits and take full responsibility for the remaining public streets within city limits.

womblebonddickinson.com

Womble Bond Dickinson (US) LLP

555 Fayetteville Street
Suite 1100
Raleigh, NC 27601

t: 919.755.2100
f: 919.755.2150

APPENDIX F

[Proposed Form of Opinion of Bond Counsel]

August __, 2025

City Council of the
City of Burlington, North Carolina

We have examined, as bond counsel to the City of Burlington, North Carolina (the "City"), existing law, certified copies of such legal proceedings and such other proofs as we have deemed necessary to deliver this opinion, relative to $11,000,000 General Obligation Public Improvement Bonds, Series 2025B, dated their date of delivery (the "Bonds"), of the City.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on such examination we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the sale and issuance of the Bonds pursuant to The Local Government Finance Act, Chapter 159, as amended, of the General Statutes of North Carolina.

2. The Bonds constitute valid and binding general obligations of the City, for the payment of the principal of and interest on which all taxable real and tangible personal property within the City is subject to the levy of ad valorem taxes, without limitation as to rate or amount.

3. Assuming continuing compliance by the City with certain covenants to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), regarding, among other matters, use, expenditure and investment of Bond proceeds, and the timely payment of certain investment earnings to the United States Treasury, interest on the Bonds is not includable in the gross income of the

owners thereof for purposes of federal income taxation. Interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax imposed by the Code; however, interest on the Bonds held by certain corporations is included in the computation of "adjusted financial statement income" for purposes of the federal alternative minimum tax imposed on such corporations.

4. Interest on the Bonds is exempt from all State of North Carolina income taxes.

The Code and other laws of taxation, including the laws of taxation of the State of North Carolina, of other states and of local jurisdictions, may contain other provisions that could result in tax consequences, upon which we render no opinion, as a result of the ownership or transfer of the Bonds or the inclusion in certain computations of interest that is excluded from gross income for purposes of federal and North Carolina income taxation.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore and hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

BOOK-ENTRY ONLY SYSTEM

Beneficial ownership interests in the Bonds will be available only in a book-entry system. The actual purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in such Bonds purchased. So long as The Depository Trust Company (the "DTC"), a New York corporation, or its nominee is the registered owner of the Bonds, references in this Official Statement to the registered owners of the Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners of the Bonds.

The following description of DTC, of procedures and record keeping on beneficial ownership interests in the Bonds, payment of interest and other payments with respect to the Bonds to DTC Participants or to Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and of other transactions by and between DTC, DTC Participants, and Beneficial Owners are based on information furnished by DTC.

DTC will act as a securities depository for the Bonds. The Bonds will be issued as fully-registered bonds 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 bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and 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 (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of the Bonds. Direct Participants include both 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 (the "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 both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard & Poor's rating of AA+. 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each 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 purchases. Beneficial Owners are, however, 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 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 physical certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual identities of the Beneficial Owners of the Bonds; DTC's records reflect only the identities of the Direct Participants to whose accounts the Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants are 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 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's 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 and voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest and redemption premiums, if any, on the 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 detailed information from the City, on each payable date in accordance with their respective holdings shown on DTC's records. 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 (nor its nominee), the City or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest, and redemption premiums, if any, is the City's responsibility, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as a securities depository with respect to the Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The Commission or the City may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from DTC, and the City takes no responsibility for the accuracy thereof.

The City cannot and does not give any assurances that DTC, Direct Participants, or Indirect Participants will distribute to the Beneficial Owners of the Bonds (a) payments of principal of, premium, if any, and interest on the Bonds, (b) confirmations of their ownership interests in the Bonds or (c) redemption or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

THE CITY HAS NO RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OR ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OR ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF, PREMIUM, IF ANY OR INTEREST ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OF THE BONDS UNDER THE TERMS OF THE RESOLUTION AUTHORIZING THE ISSUANCE OF THE BONDS; AND (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER.