

# **CITY OF BURLINGTON NORTH CAROLINA**

*Connecting the Triad & Triangle*



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2016**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

## **CITY OF BURLINGTON**

FISCAL YEAR ENDED JUNE 30, 2016



### **CITY COUNCIL**

IAN T. BALTUTIS, MAYOR  
CELO I. FAUCETTE, JR., MAYOR PRO TEM  
ROBERT M. WARD, COUNCILMEMBER  
JAMES B. BUTLER, COUNCILMEMBER  
KATHRYN O. HYKES, COUNCILMEMBER

CITY MANAGER  
F. HARDIN WATKINS, JR.

DIRECTOR OF FINANCE AND RISK MANAGEMENT  
PEGGY B. REECE, CPA

Prepared by the City of Burlington Finance Department

CITY OF BURLINGTON, NORTH CAROLINA

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# CITY OF BURLINGTON

P.O. Box 1358~ Burlington~ North Carolina 27216~1358

FINANCE DEPARTMENT

Phone (336) 222-5060

November 18, 2016

The Honorable Mayor, Members of the City Council, and Citizens of the City of Burlington, North Carolina:

The **Comprehensive Annual Financial Report** of the City of Burlington, North Carolina, for the year ended June 30, 2016, is submitted for your review. This report was prepared by the City's Finance Department and it is the comprehensive publication of the City's financial position and results of operations for the fiscal year ended June 30, 2016, for all funds and the component unit of the City. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with city management. To provide a reasonable basis for making these representations, we have established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Burlington's financial statements in conformity with generally accepted accounting principles (GAAP). Because the costs of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we believe the data, as presented, are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and component unit of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City is required by North Carolina General Statutes Section 159-34 to have an annual independent audit. A compliance audit on federal and state financial assistance programs is also required under the Federal Single Audit Act of 1984 and the U. S. Office of Management and Budget's Circular A-133, Audits of States, Local Governments, and Non-profit Organizations, and the State Single Audit Implementation Act. The City of Burlington's financial statements have been audited by Stout, Stuart, McGowen & King, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Burlington for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Burlington's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is included in the financial section of this report. In addition, the auditor's report, required as part of a single audit, is found in the Single Audit Section of this report. This report focuses not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements involving the administration of state and federal awards.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Burlington's MD&A can be found immediately following the report of the independent auditor.

### **CITY PROFILE**

The City of Burlington, incorporated on February 14, 1893, is located in the Piedmont Region of Central North Carolina along Interstate Highways 85/40. The City is the largest municipality in Alamance County, with a land area of 34.76 square miles and a population of 52,472. 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 manufacturer's, retailer's and wholesaler's inventory located therein. The City is also empowered by statute to extend its corporate limits by annexation. Since January 1980, the City has annexed 18.07 square miles. These annexations represent industrial and institutional properties. The City generally annexes on a voluntary basis. There were no additions to land area in fiscal year 2015-2016.

The City of Burlington operates under the 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, approval and amendment of all general and technical ordinances, including budgetary appropriations and construction and zoning ordinances, approval of all contracts, and the appointments of the City Manager and 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.

The City Manager is responsible for carrying out the policies and ordinances of the Council and administering the daily operations and programs of the City through appointed department heads and their staff members.

The City of Burlington provides a full range of services to its citizens, including police and fire protection, construction and maintenance of streets and other infrastructure, traffic control, recreational activities, cultural events, and sanitation in the form of solid waste collection. The City also owns and operates a cemetery and a golf course. In addition, the City operates a water treatment and distribution system, a sewer treatment and collection system, and a storm water fund.

The annual budget serves as the foundation for the City of Burlington's financial planning and control. The North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1 of each year for all funds for which an annual budget is required. Activities of the General Fund, Special Revenue Funds (except for Grant Project Funds), and Proprietary Funds are included in the annual appropriated budget. Project-length financial plans are adopted for Grant and Capital Project Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by the department level within the funds. Any increase or decrease in the original budget as adopted must be approved by City Council. The City also maintains an encumbrance accounting system as one technique to accomplish budgetary control. Encumbered amounts lapse at year end; however, outstanding encumbrances generally are re-appropriated as part of the following year's budget. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund the budgetary comparison is presented in Exhibit 5, page 7, as part of

the Basic Financial Statements pertaining to the governmental funds. For other governmental funds with annual and project-length budgets, detailed budget to actual comparisons are presented in the supplementary information subsection of this report, which starts on page 81.

#### **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Burlington, North Carolina operates.

##### ***Local Economy***

For the prior fiscal year, the City of Burlington's economy continued to improve. There continues to be opening and closing of some small retail stores and businesses throughout the area. There have been no significant losses of businesses. The year ended June 30, 2016, has seen a minimal increase in the water and sewer revenues. Of interest to note, according to projections recently released by the American City Business Journals, Alamance County is expected to see the greatest growth of any area of the Triad, with the population of Burlington and surrounding communities expected to grow by 15.4 percent by the year 2040. Below you will find noted some of the more significant economic activity occurring in the area.

Downtown Burlington has been working with a marketing firm, and in February of 2016 launched a new theme, "Get in the mix - Burlington." The Burlington Downtown Corporation is using this theme and is currently working on a wayfinding program to encourage citizens to come to downtown to shop and explore the businesses. This is in addition to events that are scheduled for each month throughout the year that bring patrons to the downtown area during the evening/weekend hours. Currently, a building renovation is taking place on an old structure that will house a brewery and a restaurant.

The Burlington-Alamance Regional Airport has become an integral economic development provider to the region. Including the aircraft jet engine manufacturer Honda Aero, more than 230 people are employed with in the numerous aviation related businesses. Construction of a new 12,000 square foot hangar was completed in early 2016. With this new hangar came a "new to the field" large corporate aircraft.

Alamance Foods, a local privately owned business that has been in Burlington for over 100 years, is expanding once again with the construction of a new manufacturing/distribution facility to be located on a 43.98 acre tract of land. The new, 500,000 square-foot center represents a \$16 million investment in the community and will bring new jobs to the community.

CS Carolina, Inc. manufactures, sells, and distributes synthetic nylon and polyester filament yarn. This company has been in Burlington since 2014 and has chosen to expand their current operations with a \$9.8 million investment at the current manufacturing facility, which will create 42 new jobs.

There are several other companies who have made commitments to build distribution and manufacturing centers, all within a 10 mile radius of the City limits of Burlington. Walmart's distribution center opened in July 2016, creating 450 new jobs. Morinaga Foods opened their manufacturing facility in May of 2016, currently employing 87 individuals. Other future investments from Lidl, Lotus Bakeries, and Prescient Company, total \$195.6 million as well as approximately 465 new jobs to be created. Again, while these centers are not within the City limits of Burlington, they will still have an impact on the economy for the City.

Shown below are the ten largest employers within the City of Burlington.

**City of Burlington, North Carolina  
Principal Employers  
June 30, 2016**

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Alamance-Burlington School Sys	Public Education	3,329
LabCorp, Inc.	Medical supplies, services & facilities	2,903
Alamance Regional Medical Ctr	Health Care	2,240
Elon University	Higher Education	1,403
Wal-Mart Stores, Inc.	Retail Sales	1,000
Alamance County Offices	Local Government	956
City of Burlington	Local Government	806
GKN Driveline North America	Automotive Equipment	800
Alamance Community College	Higher Education	652
Honda Power Equipment	Equipment	671

Alamance County's unemployment rate is heading down after the peak reached in January of 2010 as evidenced in the following table.

	% Unemployment (Alamance County)											
	<u>05</u>	<u>06</u>	<u>07</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>
Jan	6.1	5.5	5.7	5.4	10.8	12.4	10.4	9.1	8.6	6.0	5.5	5.3
Feb	6.5	5.7	5.4	5.4	11.2	12.3	10.0	9.0	8.0	6.1	5.3	5.3
Mar	5.9	5.2	4.9	5.2	11.2	11.7	9.5	8.5	7.5	6.0	5.1	5.0
Apr	5.7	5.1	4.8	5.1	11.5	11.1	9.3	8.1	7.2	5.2	5.0	4.7
May	6.0	5.5	4.9	5.6	11.5	11.0	9.5	8.4	7.5	5.8	5.6	4.4
Jun	6.3	6.0	5.4	6.2	12.0	11.0	10.3	9.1	8.1	5.9	5.8	5.0
Jul	6.4	6.2	5.4	6.5	12.3	10.9	10.2	9.3	7.7	6.3	6.0	4.8
Aug	6.2	5.9	5.1	6.7	12.0	10.5	10.1	8.9	7.2	6.2	5.6	4.8
Sept	5.9	5.3	4.7	6.2	11.8	9.8	9.4	8.0	6.5	5.3	5.0	
Oct	5.8	5.0	4.7	6.3	11.8	9.7	9.3	8.1	6.5	5.2	5.1	
Nov	5.9	5.3	4.7	8.3	11.8	10.2	8.8	8.0	6.2	5.1	5.1	
Dec	5.2	4.8	5.0	9.4	12.2	9.8	8.7	8.1	5.8	4.9	4.9	

Source: Bureau of Labor Statistics

The following is a comparison of average annual unemployment rates (%) for the County, State and United States. The average unemployment rate in Alamance County and the nation for the seven months calendar year-to-date is 5.3%. The state's rate for this same time period is a little higher at 5.8%.

Comparison of average annual unemployment rates (%) for the County, State & US

Year	County	State	US	Year	County	State	US
1998	2.9	3.5	4.5	2008	6.4	6.1	5.8
1999	2.4	3.2	4.2	2009	11.7	10.6	9.3
2000	3.1	3.7	4.0	2010	10.9	10.9	9.6
2001	5.5	5.5	4.7	2011	9.6	10.2	8.9
2002	7.2	6.6	5.8	2012	8.5	9.2	8.1
2003	7.1	6.4	6.0	2013	7.3	7.9	7.4
2004	6.2	5.5	5.5	2014	5.6	6.1	6.2
2005	6.0	5.2	5.1	2015	5.3	5.7	5.3
2006	5.5	4.7	4.6	2016	4.9	5.2	4.9
2007	5.1	4.7	4.6				

\*Through August 2016

Source: Bureau of Labor Statistics

The City has maintained a stable financial condition for another year. Unemployment is at its lowest rate in years and sales tax revenues have increased. The number of building permits issued remains consistent with the numbers issued in the previous year. All of these are indications of the economy improving, a steady climb in a positive direction for the City of Burlington.

Located on the Interstate Highways 85/40, between the larger cities of Greensboro (to the west) and Raleigh (to the east), the City of Burlington remains in an ideal position for growth. Some have predicted that the Burlington area will experience some of the highest growth in the state in the next 25 years. In addition, the Burlington Downtown Corporation, a component unit, has initiated a master plan for redevelopment of the downtown area. Currently, another building is undergoing renovation with plans for a restaurant and brewery.

Another major milestone for the City of Burlington was the successful launch of the mass transit system to the City. Gibsonville and Alamance County are the only local governments that chose to participate with the City of Burlington. The bus system has been named the "LINK Transit System" and an advisory board has been established by the respective governing boards. The buses began rolling in June 2016 of this year.

Looking to the future, the City Council has put major emphasis on economic growth and chosen to hire a Director of Economic development. This person will begin at the end of November 2016. The City Council believes that economic growth and job growth are essential to the City of Burlington's future.

***Long-term Financial Planning***

(1) Water and Sewer Resources Issues/Stormwater Issues

The City (Engineering) has continued to administer construction contracts for the replacement of deteriorating two-inch water lines. This is an ongoing process for the water and sewer distribution systems.

Work on the second phase of the Haw River Interceptor during the 2015-2016 fiscal year has resulted in this line being 75% complete. Of the remaining line to be replaced, the final phase is expected to be completed during the 2016-2017 fiscal year.

- (2) A study begun in the prior year is being continued this year on the Ed Thomas Water plant to determine what kind of upgrades, if any, are required. Since the study is not complete, it is unknown how extensive the upgrades may be, and likewise, the costs for such upgrades.

- (3) ERP

Enterprise Resource Planning (ERP) is a financial and business computer system that integrates all departments and functions across the City with one single, powerful, yet easy to use, computer system. Due to constant changes in the computer/information technology field, as well as changes in federal and state laws, there will always be updates to our existing software that need to be implemented. The City had a successful launch of its general ledger, accounts payable, and purchasing modules on July 1, 2016. Currently, the City is in the middle of converting its payroll module that will go live January 1, 2017. The final module to be installed is the utility billing/payments module that will take place in 2017.

The City's citizens have made strong use of all three of the new payment methods put in place last year. The first one was for customers to be able to pay their property taxes online. The second was a system updating its online payment capabilities for water and sewer bills. The third system was for the City to use purchasing cards that will enable to City to take advantage of rebates earned from using said cards.

- (4) Transportation

The new transportation system, LINK, began on June 1, 2016. There are federal monies available to help with the capital purchases (80% match from federal grants) and the operations (50% match from federal grants) of a transportation system. The first couple of months have seen strong ridership numbers, especially with the routes going to the shopping centers and to Alamance Community College.

- (5) Fire Station

The new fire station officially opened October 6, 2016. This station will provide better service to the western sections of the City of Burlington by reducing response times, simply due to location.

- (6) Capital Improvements

Outside of Community Development Block Grant (CDBG) funds, the Council has approved improvements to be made to North Park Recreation facility and surrounding area, part to be completed in the current fiscal year and the remainder to be completed in the next fiscal year. No other specific plans for capital projects have been decided by Council.

Community Development Block Grant (CDBG) funds were used during the year for several projects meeting the requirements for use of those funds.

Housing Projects: The Housing Rehabilitation Program provided funds to correct Minimum Housing Code violations, to reduce lead-based paint hazards and to improve the energy efficiency in single-family dwellings occupied by low- and moderate-income households.

As of June 30, 2016, the City completed the rehabilitation of ten (10) owner-occupied houses. As a further strategy to create opportunities for homeownership for low and moderate-income households, the City supported the activities of non-profits to develop affordable housing. The City assisted Alamance County Community Services Agency (ACCSA) and Habitat for Humanity, both Community Housing Development Organizations (CHDOs), and continued endeavors to develop homes at the Apple Tree Village subdivision on city-owned lots. During the program year 2015 ACCSA completed one home and Habitat five homes. Habitat and ACCSA will continue to work jointly through an approved City partnership to finish the development of the Apple Tree Subdivision.

Public Facilities: In the five-year strategic plan, CDBG proposed to undertake one new public facility or infrastructure improvement project per year to ensure new or improved availability/access to a suitable living environment for low- and moderate-income area residents. During the program year, the City launched several projects that include a sidewalk project on Hatch St.; installed new gym flooring at Fairchild Park Community Center; and completed a kitchen renovation project for clients served at Allied Churches.

Public Services: In the five-year strategic plan, the City planned to fund activities under the public service category of the Community Development Block Grant (CDBG) program. The City assisted in funding for materials and books at the North Park Library which served 5,376 patrons; assisted Allied Churches in the Coordinated Assessment process and served 412 people in the community; and assisted Burlington Development Corporation with match funding for two housing programs served by 6 people in the community.

The CDBG Division also established multiple projects for the upcoming fiscal year 2016-17.

(7) Plans For Debt Issuance

There are plans to continue the annual installment purchase agreement that provides funding for approximately \$1 million to \$1.5 million in capital equipment in the General Fund that the City purchases each fiscal year. This policy allows for ongoing purchases of equipment without causing major fluctuations in each annual budget.

***Awards and Acknowledgements***

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Burlington for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the seventeenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

this opportunity to express gratitude to all members of the department for their efforts. In addition, it is also important to express appreciation to the City Department Heads who supply information regarding the numerous projects with which they are involved.

Finally, credit must be given to the Mayor and City Council members for their unfailing support and for maintaining the highest standards of professionalism and fiduciary responsibility in the management of the City of Burlington's finances.

Respectfully submitted,



Hardin Watkins  
City Manager



Peggy B. Reece, CPA  
Director of Finance & Risk Management



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

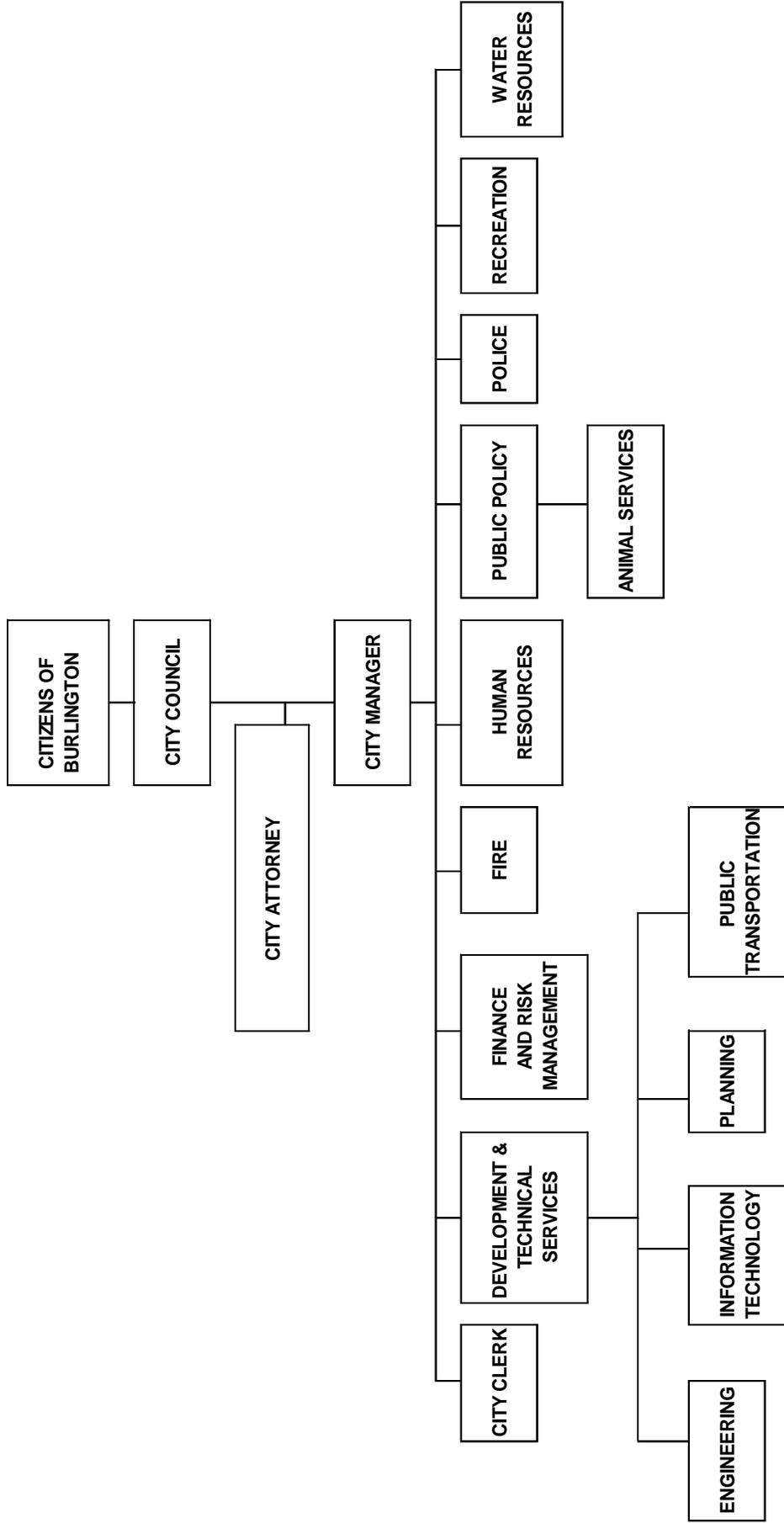
**City of Burlington  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

CITY OF BURLINGTON, NORTH CAROLINA  
ORGANIZATIONAL CHART



# CITY OF BURLINGTON

## List of Principal Officials For the Fiscal Year Ended June 30, 2016

City Manager	F. Hardin Watkins Jr.
City Attorney	David R. Huffman
Animal Services Director	Jess Arias
City Clerk	Renee Ward
City Engineer	Albert L. Rhew
Director of Development & Technical Services	Nolan P. Kirkman
Director of Finance and Risk Management	Peggy B. Reece, CPA
Director of Public Policy	Rachel Kelly
Fire Chief	Jay A. Smith
Human Resources Director	Aaron P. Noble, Jr.
Information Technology Director	Rodger Burden
Planning & Community Development Director	Amy L. Nelson
Police Chief	J. Jeffrey Smythe
Recreation & Parks Director	Anthony G. Laws
Transportation Director	Mike Nunn
Water Resources Director	Robert Patterson, Jr.





**STOUT  
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& KING LLP**

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Public  
Accountants*

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Management*

*Member of PCPS,  
the AICPA Alliance  
For CPA Firms*

*Mailing Address:  
P.O. Box 1440  
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1233 South Church Street  
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e-mail: ssmk@ssmkllp.com*

**INDEPENDENT AUDITOR'S REPORT**

To The Honorable Mayor and  
Members of the City Council  
City of Burlington  
Burlington, North Carolina

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Burlington, North Carolina as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of Burlington Downtown Corporation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Burlington, North Carolina as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions on pages 50 and 51 and 52 and 53 respectively, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 54 and 55, respectively, and the Firefighter's and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability on page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards general accepted in the United State of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Burlington's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section as well as the accompanying schedule of expenditures of federal and state awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, and the combining and individual fund financial statements, budgetary schedules, other schedules and the

schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016 on our consideration of the City of Burlington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Burlington's internal control over financial reporting and compliance.

STOUT STUART MCGOWEN & KINGS LLP

November 18, 2016

**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, 2016. 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 \$299,794,860 (net position). Of this amount, \$91,193,813 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$8,691,807 (2.99%) compared to fiscal year 2015. The governmental net position increased by \$533,444(.44%), and the business-type net position increased by \$8,158,363 (4.83%).
- During the year, the City's governmental expenses were \$56,666,677, an increase of \$4,264,005, while expenses in the business-type activities were \$23,422,928, an decrease of \$766,905.
- At the end of the current fiscal year, the City of Burlington's governmental funds reported combined ending fund balances of \$57,422,918, a decrease of \$3,945,671 in comparison with the prior year. Approximately \$11,212,212 (or 19.5%) is available for spending, with \$35,906,985 designated for specific purposes.
- At the end of the year unassigned fund balance for the General Fund was \$10,193,085, or 18.8% of total General Fund expenditures of \$54,191,969.
- The General Fund budget for fiscal year ending 6/30/16 was adopted with a \$.58 per \$100 assessed valuation tax rate, which is the same as fiscal year 2013-2014.
- The City of Burlington's total long-term debt decreased \$583,378. There was an increase of \$1,880,099 in the governmental activities and a decrease of \$2,463,477 in the business-type activities.

The City has maintained its GO bond rating with both Standard & Poor's Corporation at AA and Moody's at Aa2. Moody's most recent review of the City's GO Bonds occurred in July 2016 and the rating was confirmed at Aa2. The City has also maintained the same ratings on its 2011 and 2010 Revenue Bonds. The 2010 and 2011 Revenue Bonds were rated AA by Standard & Poor's Corporation.

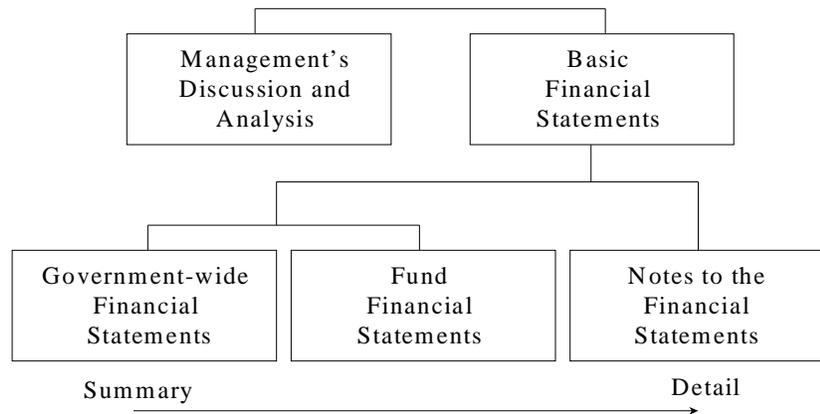
In October 2015, Moody's reviewed the City's Revenue bonds and the rating was upgraded from Aa3 to Aa2.

#### 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 also can 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 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 of 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 less 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 or not 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 4-7 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. City of Burlington uses the enterprise funds to account for its water and sewer activity and for the storm water 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 and the Storm Water Fund, the only two enterprise fund operations of the City of Burlington.

The basic proprietary fund financial statements can be found on pages 8-11 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 12-49 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 50 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 \$299,794,860 as of June 30, 2016. The City's net position increased by \$8,691,807 for the fiscal year ended June 30, 2016. The majority of the increase, (74%) is due to the increase in capital assets which comes from primarily 3 items: the new fire station, the fire trucks for the new fire station and the splash pad park. The remainder of the increase is attributed to increases in restricted and unrestricted fund balances. The largest portion of the total net position (58.3%) 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 (27.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$91,193,813 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 \$10,193,085 as found on Exhibit 3.

At the end of the current fiscal year, the City of Burlington is able to report positive balances in all three categories of net position, both for the government as a whole, as well as 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	
	2016	2015	2016	2015	2016	2015
<b>ASSETS</b>						
Current and other assets	\$ 76,451,057	\$ 79,748,698	\$ 65,434,963	\$ 59,052,513	\$ 141,886,020	\$ 138,801,211
Capital assets	66,097,677	64,219,125	153,224,420	155,040,844	219,322,097	219,259,969
Deferred outflows of resources	1,709,201	1,822,997	301,622	158,521	2,010,823	1,981,518
<b>Total assets and deferred outflows of resources</b>	<b>144,257,935</b>	<b>145,790,820</b>	<b>218,961,005</b>	<b>214,251,878</b>	<b>363,218,940</b>	<b>360,042,698</b>
<b>LIABILITIES</b>						
Current and other liabilities	7,206,378	5,835,113	5,570,721	6,284,982	12,777,099	12,120,095
Noncurrent liabilities	13,198,426	11,195,894	35,906,438	38,343,379	49,104,864	49,539,273
Deferred inflows of resources	1,259,292	6,699,417	282,825	580,859	1,542,117	7,280,276
<b>Total liabilities and deferred inflows of resources</b>	<b>21,664,096</b>	<b>23,730,424</b>	<b>41,759,984</b>	<b>45,209,220</b>	<b>63,424,080</b>	<b>68,939,644</b>
<b>NET POSITION</b>						
Net investment in capital assets	58,866,501	53,722,717	115,837,458	114,539,725	174,703,959	168,262,442
Restricted	13,429,638	14,069,943	21,486,577	19,469,499	34,916,215	33,539,442
Unrestricted	50,297,700	54,267,735	39,876,986	35,033,434	90,174,686	89,301,169
<b>Total net position</b>	<b>\$ 122,593,839</b>	<b>\$ 122,060,395</b>	<b>\$ 177,201,021</b>	<b>\$ 169,042,658</b>	<b>\$ 299,794,860</b>	<b>\$ 291,103,053</b>

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

- The property tax rate remained the same at \$0.58 per \$100 assessed valuation, while the property tax base increased 2.1% due to the overall increase in the tax base value of the original tax base and minimal annexation. This resulted in a respective similar increase in the total amount of revenues collected for property taxes.
- In 2014 the State changed the collection method for vehicle property taxes from being collected by the counties to being collected by the Division of Motor Vehicles when individuals renew their tag for their vehicle. This method of collecting property taxes has proven to be very effective as individuals must now first pay their property taxes before receiving their new or renewed license tag. The City of Burlington has seen a steady growth in the amount of vehicle taxes collected, with 16% more collected in 2016 versus 2015.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.47%, which is comparable to the statewide average of 98.87%.
- Sales tax revenues increased by 8.3%, continuing a trend from last year. This is attributed to the improvement in consumer confidence and also the lower unemployment rate, which translates into more consumer spendable dollars which leads to increased consumer spending. Tanger Outlet continues to bring purchasing traffic from outside the area, as

opposed to just moving the sales traffic from one store to another within the county.

The Capital Reserve Fund's Restricted Net Assets decreased by \$565,896. There was \$1,325,000 transferred out to capital projects as the expenses for this fund in the year ending June 30, 2016. There were revenues to offset these capital expenditures. The revenue was from two sources, one being interest income earned and the second being a transfer from the General Fund for \$686,261.

**Figure 3**

**City of Burlington's Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for services	\$ 8,352,154	\$ 9,067,531	\$ 30,737,029	\$ 27,926,883	\$ 39,089,183	\$ 36,994,414
Operating grants & contributions	2,837,797	7,184,961			2,837,797	7,184,961
Capital grants & contributions			1,078,696	363,481	1,078,696	363,481
General Revenues:					-	-
Property taxes, levied for general purpose	27,967,844	26,338,400			27,967,844	26,338,400
Other taxes	12,434,490	11,566,861			12,434,490	11,566,861
Grants and contributions not restricted to specific programs	4,810,731	4,413,873			4,810,731	4,413,873
Other	966,209	416,946	566,184	452,279	1,532,393	869,225
Total Revenues	57,369,225	58,988,572	32,381,909	28,742,643	89,751,134	87,731,215
Expenses:						
General government	8,929,272	8,483,588			8,929,272	8,483,588
Public safety	26,462,848	25,860,337			26,462,848	25,860,337
Public works	10,183,802	8,334,201			10,183,802	8,334,201
Economic and physical development	3,007,984	1,880,541			3,007,984	1,880,541
Cultural and recreation	8,014,310	7,512,715			8,014,310	7,512,715
Interest on long-term debt	68,461	331,290			68,461	331,290
Water and sewer			23,422,928	24,189,833	23,422,928	24,189,833
Total Expenses	56,666,677	52,402,672	23,422,928	24,189,833	80,089,605	76,592,505
Change in Net Position before transfers	702,548	6,585,900	8,958,981	4,552,810	9,661,529	11,138,710
Transfers	-	-	-	-	-	-
Increase in net position	702,548	6,585,900	8,958,981	4,552,810	9,661,529	11,138,710
Net position-beginning	122,060,395	119,304,051	169,042,658	164,822,852	291,103,053	284,126,903
Prior Period Adjustments	(169,104)	(3,829,556)	(800,618)	(333,004)	(969,722)	(4,162,560)
Net position-beginning (re-stated)	121,891,291	115,474,495	168,242,040	164,489,848	290,133,331	279,964,343
Net position-ending	122,593,839	122,060,395	177,201,021	169,042,658	299,794,860	291,103,053

*Governmental activities*

Governmental activities increased the City's net position by \$533,444, thereby accounting for 6.1% of the total growth in the net position of the City of Burlington. The increases came from the following funds:

growth and property values as well as the new collection method for vehicle taxes changed from being collected by the county to being collected by the division of motor vehicles at the time vehicle tags are renewed. This collection method started in 2014 by the state continues to prove to have a positive effect on the increase in the collection of property taxes.

- Contributing to the net decrease in net position is the increase in expenditures for the new fire department by approximately \$3,030,509.

Offsetting these increases are the following decreases in revenues and increases in expenses:

- For all of the internal service funds, which are the Dental Self Insurance Fund, Workers Compensation Self Insurance Fund, and Group Health Self Insurance Fund, claims were more than expected and resulted in approximately \$1,117,257 decrease in net position.
- Charges for services decreased by \$715,377 in the Governmental Activities. The primary area affecting this decrease is that the Governmental Fund did not receive the privilege license income, a decrease in fuel purchases income and a decrease in the income from Alamance Burlington School System. The remaining decreases are due to various decreases in both the Cultural and Recreational divisions and Economic and Physical Development.
- A transfer of \$900,000 into the General Fund from the Capital Reserve Fund was made for equipment for the fire station.
- One other accrual increased from the prior year as well, the OPEB liability went up approximately \$573,703.
- The LGERS now became a liability with an increase of 1,903,292.

**Figure  
4**

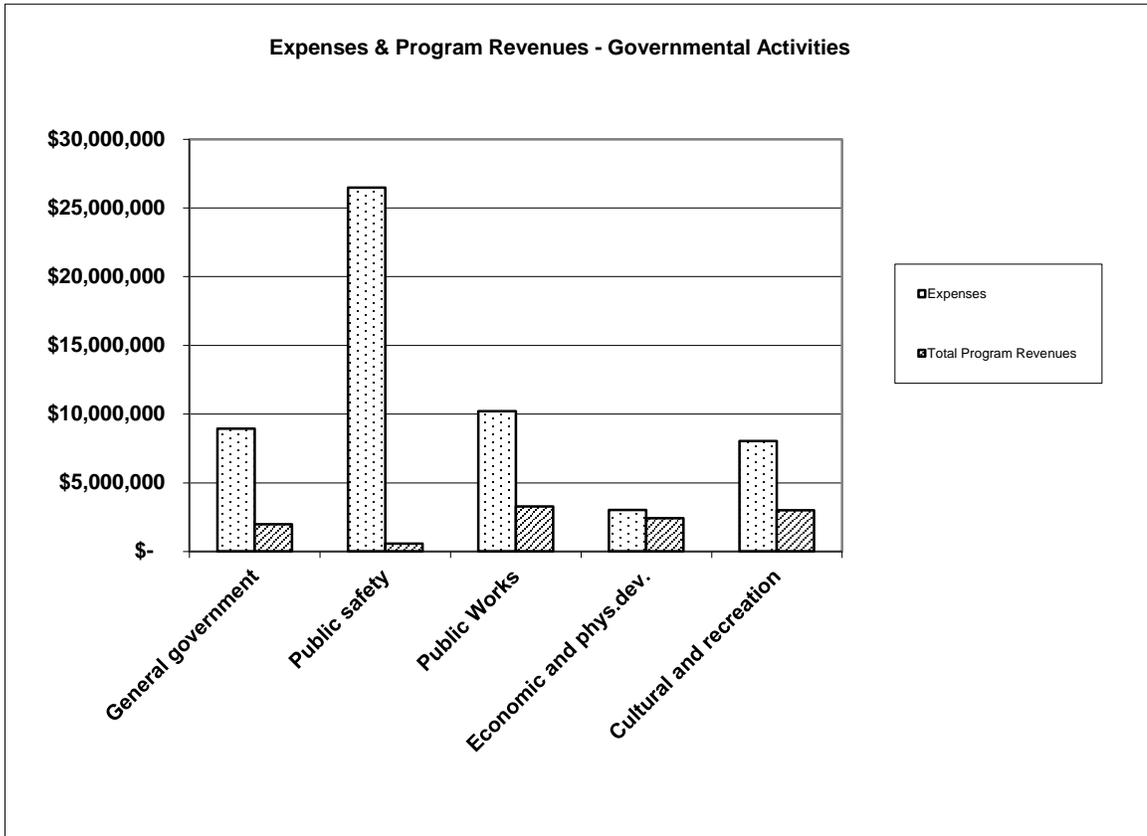
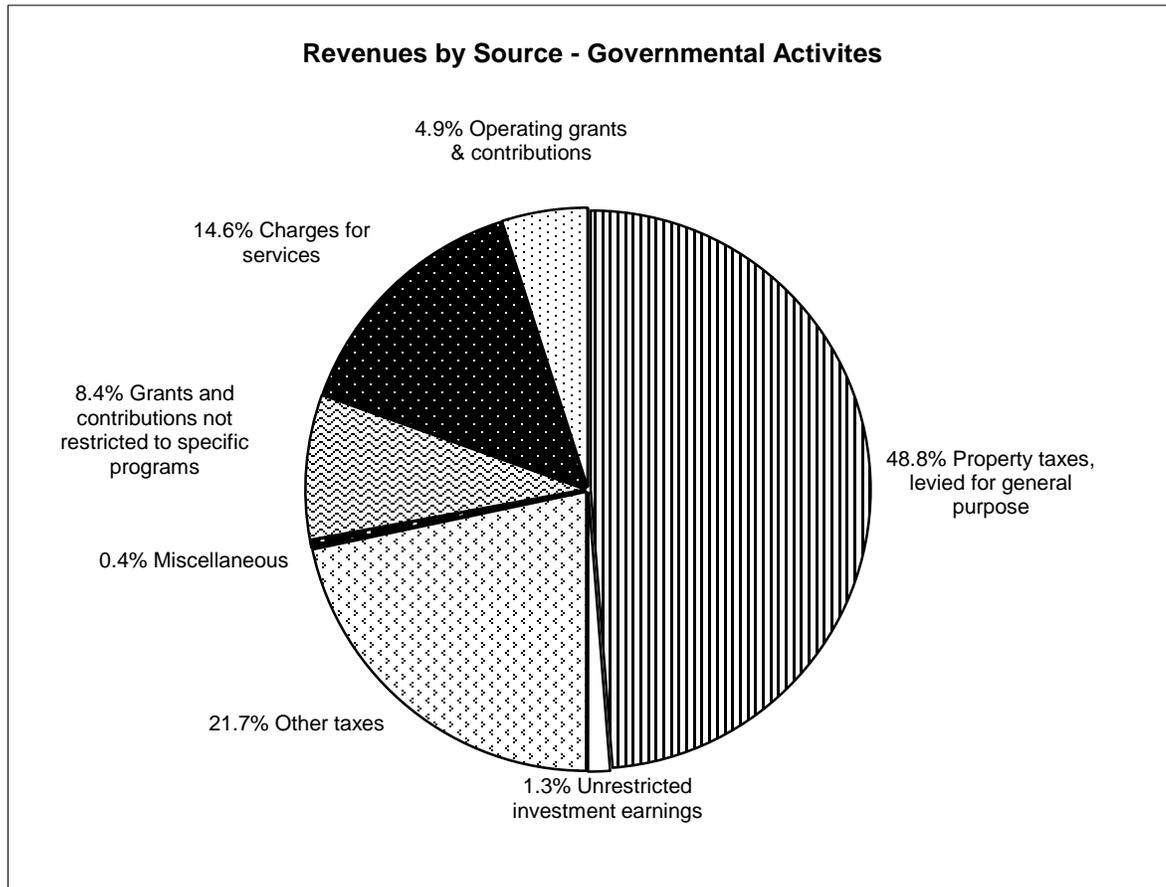


Figure 4 continued



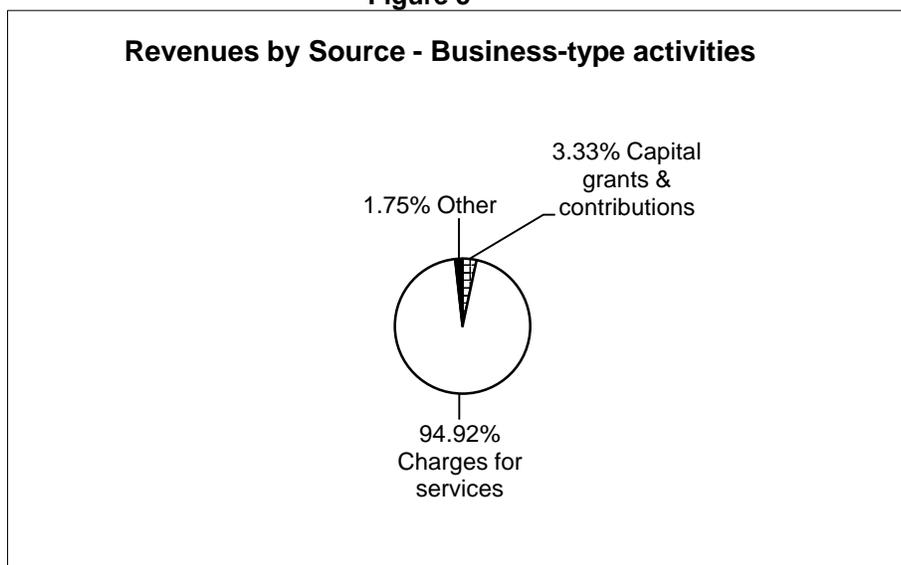
- Ad valorem taxes provided 51.3% of the revenues for governmental activities in the General Fund, with other taxes and licenses providing 23.3% of revenues in the General Fund also.
- Total expenses increased approximately \$3,495,175 or .08%. With revenues decreasing approximately \$9,119,347 million or 18.3%, the total net position decrease was 89.3%. Expenses are up due to the Public Transportation fund and the necessary expenses \$1,338,843 needed to get the program off the ground. Also expenses were up due to the fact the majority of work was performed during the 2015-16 year on the new fire station \$3,020,000 that is expected to be completed in the 2016-17 year. Although expenses are up, compared to years past this figure is extremely low and shows how management continues to do a remarkable job finding ways to save money in the long-run.

*Business-type activities*

Business-type activities increased the City of Burlington's net position by \$8,158,363, accounting for 93.9% of the total growth in the government's net position. Key elements of the increase in net position include some increases and decreases and are as follows:

- In fiscal year 2015-2016, business type activities revenues increased 9.7% for the Water Resources Fund. The first factor was due to a 3.0% rate increase instituted by the City of Burlington for the 2015-2016 fiscal year in the Water Resources Fund. The rate increase amounted to approximately a 3.0% 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.
- Interest expense decreased by \$85,711. This is from the normal attrition of interest being reduced as principal is paid down.
- Offsetting the decrease in interest expense is an increase in the OPEB liability of \$101,243.

**Figure 5**



- Another factor in the increase in revenues was due to an overall increase in consumption. Sales to the City of Greensboro increased also due to consumption.
- Expenses decreased 3.2% or \$766,905 overall. Operational expenditures were approximately \$612,705 more than in the prior year. Building and administrative services net increase was \$315,802 which includes \$25,525 in payroll, \$11,500 in departmental supplies, \$100,000 for administration cost, and \$265,200 for insurance on buildings and vehicles. Offsetting these increases were decreases in professional services \$78,175 and postage \$5,800. Customer services are down \$233,167. This was due to a decrease of \$68,900 in payroll, \$125,350 for treating Greensboro sewer, water purchase for resale \$56,850, and automotive expenses \$14,200. Offsetting these decreases are increases in maintenance and repairs of equipment \$123,300, and professional fees \$21,830. Water & Sewer line maintenance and repairs is \$60,290 lower than last year which is due to \$20,830 in payroll, \$27,900 in outfall rehab, valve replacements \$24,200 automotive expense \$22,555 and \$9,000 in various repairs throughout the city. Offsetting these decreases were increases in maintenance and repairs to equipment \$17,600, consultant services \$6,900 and \$10,000 in maintenance and service contracts. Line supervision is up \$36,977 due to payroll \$9,200, professional

services \$7,400 and permits and certifications \$17,500. Treatment supervision is up \$77,515 due to \$44,830 in payroll, consulting services \$21,460 and equipment not capitalized \$5,100. Water source protection is down \$40,912 included in this decrease are watershed maintenance \$6,500 maintenance and repairs on equipment \$20,144 and \$21,340 for contracted services. Utilities were up \$8,400 offsetting these decreases. Water plant operations is up \$60,164 from which \$53,500 is from payroll, \$44,700 from maintenance and repairs on equipment, \$12,700 maintenance and repairs on buildings, and maintenance and service contracts \$86,000, decreases came from \$14,700 in utilities, consulting services \$47,000, chemicals \$82,200. Sewer treatment plant operations are up \$261,349 mainly due to maintenance and service contracts \$176,250, equipment repairs \$72,775, chemicals \$81,000. Offsetting these increases are decreases in payroll \$20,670, utilities \$8,000 and maintenance and repairs on buildings \$29,100. Laboratories are up \$137,414 partially due to payroll \$9,750, chemicals \$65,400 maintenance and repairs to equipment \$6,000 and service contracts \$20,375. Plants maintenance net operations are down \$10,263 from the previous year due to utilities \$21,600, department and safety supplies \$17,675. Offsetting these decreases are increases in payroll \$17,600, maintenance and repairs on pump stations \$10,240 Lakes and marinas are up \$17,193 due to an increase in payroll \$29,750, with decreases in utilities \$3,800, maintenance and repairs on buildings \$2,150, equipment repairs \$2,200, automotive expenses \$4,600 and department supplies \$1,500. Overall depreciation expenses were \$390,033 higher than in the prior year. Depreciation increased partially due to finishing up a outfall replacement for our waste water treatment plants, nearly a \$6,100,000 project. Offsetting these increases in operational expenses was a decrease in interest expense of \$74,342.

- The City operates two enterprise funds, the Water Resources Fund that constitutes most of the business-type activities, and the Storm Water 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 the current fiscal year, fund balance available in the General Fund was \$11,212,212, while total fund balance reached \$37,534,745. 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 20.7% of total General Fund expenditures.

At June 30, 2016, the governmental funds of the City of Burlington reported a combined fund balance of \$57,422,918, a \$3,945,671 decrease over last year. Key factors (increases and decreases) in the changes of the fund balances for the governmental funds are noted below:

- The capital reserve fund had a net decrease \$565,896, due to transfers to the General Fund for street improvements and for Fire Station #6 for the construction of the new fire department and the Transportation Fund.
- The Home Program, the Community Development Block Grant, and the Rental Rehabilitation Loan Programs when netted altogether, used and thus decreased fund balance by \$248,237.
- The RICO fund had a decrease in fund balance by \$81,073 after receiving monies from prior drug raids, and expending the money on purchases in the current year.
- The 318,078 decrease in fund balance in the General Fund is primarily due to Police and Fire with a fire truck being purchased in the current year and previous unfilled positions in the Police department being filled in the current year. Also the project of the Splash Park Pad was completed in the 2015-16 year in the Cultural and Recreation. Revenues did see increases in property taxes, sales taxes and permits. The increase in property taxes is primarily due to the changes in the collection method for vehicle property taxes. Vehicle property taxes are now collected through the NC State Division of Motor Vehicles along with the vehicle tag. As mentioned above, sales taxes is up due in part to consumer confidence as well as a variety of shopping centers such as Alamance Crossing, Tanger Outlet, and various boutiques across the county. Building permits are up, representative of interest rates remaining relatively low to help boost the construction industry.

*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 \$5,124,718 million increase in appropriations, and the main items can be briefly summarized as follows:

- \$2,044,630 capital equipment financed consisting of new PC's for employees, 6 unmarked police vehicles, equipment for 10 vehicles, office furniture, 10 radar units, 24 Port Switches, 2 Laptops and a Snowplow as well as various other equipment.
- \$2,150,860 for projects carried forwards from the prior year (the main project carried forward was the acquisition of equipment for the new fire department (\$1,179,820).
- \$4,046,313 in year-end adjustments, the largest portion attributable to the purchasing of equipment for Police and the fulfillment of unfilled positions in Police.
- Other adjustments include \$110,000 for medical services, \$192,000 for an increase in consulting for a unified development plan, \$750,000 for an increase in transfer to capital reserves, \$100,000 for fire uniforms and safety apparel, \$600,000 for fuel purchases.

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 95% collection rate rather than the actual 98.59% rate.
- Vehicle property tax collection experienced a significant increase due to the change in the collection method. Instead of being collected by the county, vehicle property taxes are now collected by the NC State Division of Motor Vehicles. Individuals cannot get a tag for their vehicle without first paying the owed property taxes.
- Sales taxes were up \$919,218 primarily due to the steady increase in consumer spending.
- State shared, hold harmless, and privilege licenses were down by \$626,409, due to the decrease in privilege license due to a change in the NC State statutes no longer allowing the collection of privilege license fees.
- Unrestricted intergovernmental fees were down by \$204,179 (4.7%), partly due to the decrease in the Utility tax received from the state.
- Permits and fees were \$387,431 (39.6%) over final amended budget primarily due to the increase in both residential and commercial construction being greater than anticipated.
- Investment interest actual earnings were \$133,345 (40.0%) above final amended budgeted revenues due to the continued the increase interest rate environment.
- General government actual expenditures were,\$905,536 (10.0%) under final amended budgeted expenditures due to budgeted expenses that were not incurred. Legal expenses were \$233,161 were down due to a full time attorney being hired and no longer contracting out legal. The Transportation Tech Services department had a decrease of \$72,096 expenditures for the general fund were down \$905,536 due in part to management being more conservative with spending.
- Public Works actual expenditures were \$654,584(7.3%) under final amended budgeted expenditures primarily due to the maintenance of city streets was in process by an outside contractor. Contracted debris removal was also under budget due to the fact there were no major storms in the current year.

*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 and Storm Water Fund combined at the end of the fiscal year amounted to \$40,093,417. The total growth in net position was \$8,374,794. Other factors concerning the finances of this fund have already been addressed 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, 2016, totals \$219,322,097(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 \$62,128. The capital asset increases are explained under further down in this section. Also, in accordance with GASB 68, the Pension liabilities were added to the government wide statements which is \$2,239,168.

Due to the implementation of new accounting software the City took the opportunity to write off assets that under the previous capitalization policy, would never have been recorded as a fixed asset in the first place. Most of these assets were fully depreciated. 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 \$4,582,115. The changes (outside of depreciation) are explained below:

- Infrastructure had a net increase of \$532,254. This increase consisted of a stadium bleacher renovations \$226,725, a replacement golf course cart crossing for \$110,785, a new splash park parking lot for \$56,745, an intersection upgrade for \$15,528, 12 tennis courts resurfacing project for \$33,840, pool electrical grounding system for \$39,000, and playgrounds renovations throughout the city for \$52,000.
- Construction in progress had a net increase \$3,098,994. The majority of this increase is due to the finishing of building the new Fire Station number 6 for \$2,991,439, the finishing of the Splash pad added \$760,939, Street resurfacing/patching and widening projects for \$122,197, Customizing 5 Police vehicles for \$203,987, Police server/switches upgrade for \$41,238, and Downtown Wi-Fi project for \$13,067. Offsetting these increase were decreases of various completed projects, the Parks and Recreation Splash Pad for \$864,050, the completion of the 3D crime scene scanner software for \$85,186, the completion of the street and sidewalk projects \$96,413.
- Buildings had a net increase of \$1,161,375. This represents new and remodeling of various building projects as follows: new Splash Park \$864,050, Fairchild Gym Renovation \$181,303, various Recreation building upgrades \$134,986, and painting at multiple fire stations \$23,389. Offsetting these increases were various write offs totaling \$82,180.
- Equipment had a net decrease of \$139,362. \$1,011,676 was used to purchase equipment like computer hardware and software, police and fire radios and cameras, lawn mowers, turf equipment, and tractors. Offsetting these increases were the write offs of approximately \$1,151,038 representing miscellaneous assets that were on the books but were obsolete items and that had a purchase value of less than five thousand dollars. This change incurred due to the upgrade of new accounting software system and to agree with the City's current capitalization policy of only capitalizing items with a value of greater than \$5,000.
- Vehicles net increase \$1,956,071. The increase in vehicles is due to the purchase of: 2 firetrucks with accessories for \$1,205,383, 14 police vehicles for \$484,825, 3 sanitation trucks for \$339,982, 3 street department trucks for \$198,100, 2 emergency response vehicles for \$106,462, 2 garage service trucks for \$86,654, engineering department vehicle for \$29,557, and 1 vehicle for parks and recreation \$29,935. The \$524,831 decrease in vehicles represents the typical activity of disposals of used and worn out vehicles.

Business-type activities:

Business-type Capital Assets had a net decrease of \$1,581,332. The changes are explained below:

- Infrastructure increased \$3,849,173. This is a result of the completion of the second phase of the Haw River outfall line at one of our waste water treatment plants \$6,790,654 less depreciation expense for infrastructure in the amount of \$2,943,902.
- Other smaller projects include 16" water line replacement \$515,579, and \$566,569 for general maintenance and repairs on

- water and sewer lines throughout the city. Decreases of \$20,000. to these increases are due to normal disposal of obsolete assets.
- The net decrease in buildings is \$2,307,792, primarily due to depreciation. Assets added were approximately \$295,365, consisting of \$51,634 for a chlorine tank conversion to hypochlorite system, \$49,500 for a launder cover for secondary clarifier, \$44,356 for a window replacement at one of the water treatment plants, \$37,762 for a carbon contact clarifier drive and catwalk, \$28,153 for 2 transit hub stations, and \$116,795 for various other general maintenance and repairs to buildings. Other decreases of \$32,836 were due to normal disposal of obsolete building items.
  - General equipment had a net decrease \$47,310. Increases consisted of purchases of: a tractor for \$77,391, a boat for \$35,602, a refrigerated incubator for \$5,300, security system upgrades for \$10,900, and a GPS mapping system for \$14,000. Depreciation in the amount of \$206,067 nets against the previously mentioned increases. There was a decrease of approximately \$468,000 to equipment and to the corresponding equipment depreciation which were due to the normal disposal of obsolete equipment as well as the write offs of equipment with a purchase price of less than five thousand dollars. This is due to the previously mentioned changing of accounting software systems.
  - Vehicles had a net increase of \$1,299,178. This increase consists of 7 transit buses \$1,187,410, 2 vehicles for water resources \$140,403, and 1 sweeper truck for storm water \$262,396. The decreases of \$157,448 represent the typical activity of disposals of vehicles from year to year as well as depreciation.
  - Construction in progress had a net decrease \$4,374,581. The majority of the decrease was due to the finishing of the sewer outfall replacement project in the amount of \$5,708,504. Other items completed are the finishing of a water main replacement for \$515,579, and \$274,883 for viewing and cleaning sewer lines. Offsetting these decreases were the starting of a water and sewer building upgrade for \$33,665, a new water line project \$1,609,368, the finishing costs for the sewer outfall project for \$278,765, the replacement of 3 flocculators at one of our waste water treatment plants for \$103,632, conversion of sodium chloride system to a sodium hypochlorite system for \$127,300, and a sewer lift station upgrade for \$19,000.
  - No major demolitions were recorded this year.

**Figure 6**  
**City of Burlington Capital Assets**  
**(net of depreciation)**

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Land	\$ 8,628,374	\$ 8,628,374	\$ 6,945,444	\$ 6,945,444	\$ 15,573,818	\$ 15,573,818
Buildings and system	24,562,449	24,441,915	49,181,371	51,489,163	73,743,820	75,931,078
Improvements other than buildings			90,661,652	86,812,479	90,661,652	86,812,479
Machinery and equipment	3,302,738	3,047,105	1,458,998	1,506,308	4,761,736	4,553,413
Infrastructure	18,571,699	18,919,020	79,367	79,367	18,651,066	18,998,387
Vehicles and motorized equipment	6,993,290	5,539,015	2,437,430	1,138,252	9,430,720	6,677,267
Construction in progress	4,039,128	940,134	2,460,158	6,834,739	6,499,286	7,774,873
<b>Total</b>	<b>\$ 66,097,678</b>	<b>\$ 61,515,563</b>	<b>\$ 153,224,420</b>	<b>\$ 154,805,752</b>	<b>\$ 219,322,098</b>	<b>\$ 216,321,315</b>

Additional information on the City's capital assets can be found in note III.4 of the Basic Financial Statements on pages 24-25.

*Long-term debt.* As of June 30, 2016, the City of Burlington had total bonded debt outstanding of \$42,459,822. Of this amount, all is backed by the full faith and credit of the City.

**Figure 7**  
**City of Burlington's Outstanding Debt**

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 5,072,860	\$ 5,651,978	\$ 2,785,000	\$ 4,047,000	\$ 7,857,860	\$ 9,698,978
Installment purchases	2,158,285	2,140,876	-	-	2,158,285	2,140,876
Revenue bonds**	-	-	34,601,962	36,219,027	34,601,962	36,219,027
<b>Total</b>	<b>\$ 7,231,145</b>	<b>\$ 7,792,854</b>	<b>\$ 37,386,962</b>	<b>\$ 40,266,027</b>	<b>\$ 44,618,107</b>	<b>\$ 48,058,881</b>

The City of Burlington's total debt decreased by \$583,378 (1.1%) during the past fiscal year. The City issued \$2,044,621 in installment financings, bearing an interest rate of 1.144%, to acquire certain vehicles and other equipment for general government uses, to be paid back over a 3 year period. The decrease in debt for the governmental activities represents the normal shrinkage in debt due to payments made throughout the year.

As mentioned in the financial highlights of this document, the City of Burlington has maintained its bond ratings of AA for Standard & Poor's Corporation, and had the rating on the City's Revenue Bonds rise to a Aa2 by Moody's Investor Services in a prior year review in October 2015.

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 \$371,635,779. The City has no bonds authorized but un-issued at June 30, 2016.

Additional information regarding the City of Burlington's long-term debt can be found in note III.6, beginning on page 44-45 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.

- Continued improvements in the unemployment rate. From last year's average of 5.44%, the rate has fallen to 5.12% in Alamance County, where the City of Burlington is located. This rate is slightly above the US average of 4.99 and below the state average of 5.44%.
- Interest rates on certificates of deposit, commercial paper, etc. averaged 0.43%, a 61% increase over last fiscal year. The economy is continuing its slow growth pattern.
- Commercial construction permits increased significantly from the prior year, from 148 permits issued in the prior year to 1,192 issued for the

fiscal year ending 6/30/16. Residential construction permits increased from 357 in the prior year to 2,981.

- The City's largest taxpayer, Laboratory Corporation of America (LabCorp) continues to grow despite the economy. The company posted net revenue of \$2.38 billion for the quarter ending 6/30/16, up 8% over last year.
- Company Shops, a cooperative grocery/health foods store is still a viable anchor in the downtown area. They are very active in the community and continue to bring residents to downtown. In addition to the Co-op there are several businesses like Bella's House, The Glass Angel, and The Treasure House that continue to have a loyal customer base.
- New businesses have opened in the downtown area including a comic book store, a coffee house, a maker's space, a wellness center and eventually a brew pub. The businesses are enhanced by the introduction of the City of Burlington's new Link Transit System which began its routes in June of 2016.

#### ***BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2016***

*Governmental activities.* General Fund revenues are budgeted for a \$1.48 million increase over the prior year's budget. Property taxes are projected at a net \$884,895 increase (60% of total revenue increase). The increase in property taxes stems from growth in property values (from increase in values as well as construction of new properties residential and business) and discoveries. Sales tax has been projected to increase by another \$290,000 or (19.5% of total revenue increase). The amount of sales tax budgeted, even though increased, is still slightly below actual sales tax received in the prior year. If job numbers continue to come in as they have in past few months, and GDP remains steady, then economists are projecting that these and other factors are strong indicators that the Feds could raise the interest rate again in December, thus interest earnings are projected to increase minimally. An economic development director and department is a new program that has been budgeted for in the new 2016-2017 year. Plans are to have the economic director hired by the end of November 2016. 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.

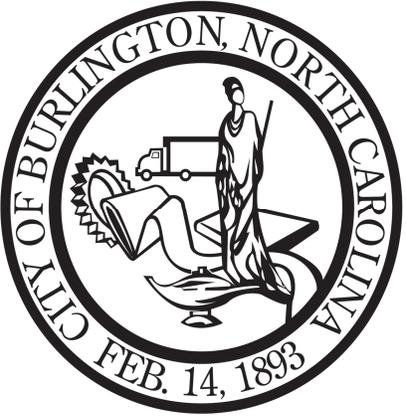
Budgeted expenditures, like the revenues, have an increase of \$1.48 million when comparing the General Fund expenditures to the prior year. The largest portion of the increase (\$1,074,408) is due to personnel costs and is for three reasons. First, 15 new positions were approved, to staff the new fire station being built to serve the southern and western sections of the City. Second, there was an average 2% merit approved by Council. Third, Council chose to keep the police merit based pay plan for continuity in the police department. Other increases in the budget are as follows: \$287,000 increase in health care insurance, \$207,189 increase in police operations, \$102,000 increase in planning consulting in order to finish the UDO, \$70,000 for a pay classification study, to review one third of the positions. Offsetting these increases is a \$100,000 decrease in fire annexation payments and a \$280,000 decrease in fuel prices.

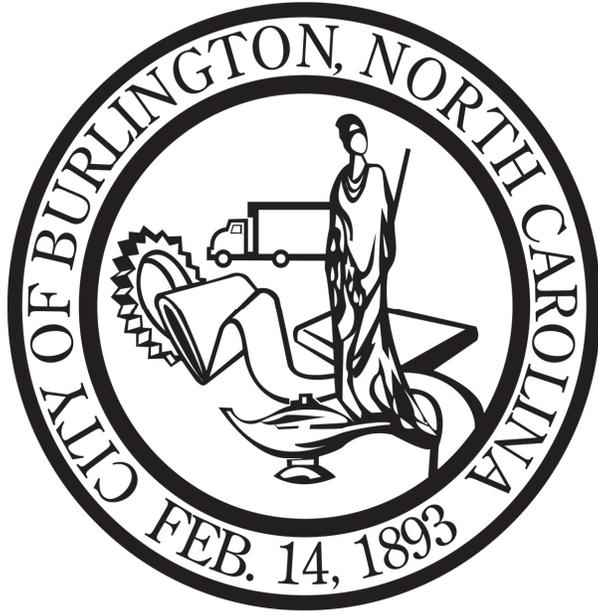
*Business-type activities.* Total revenue is projected to increase by 2.8% over the previous fiscal year. The majority of the increase is due to a 3% increase in both water and sewer rates for Fiscal year ending June 30, 2017 over the prior fiscal year ending June 30, 2016. Both water and sewer rates 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 2.8% over the previous fiscal year. One increase is due to an expansion in capital expenditures by \$436,700. In the next year's budget, there are the costs to replace the final third of the Haw River Interceptor (Phase 3). Other increases are personnel costs due to an average 2% merit approved by Council by \$122,900, an increase in health insurance costs of \$75,000, a decrease in transfers to the water capital reserve fund and the sewer capital reserve fund by \$55,667, and another increase of \$50,000 for which the City of Burlington pays another municipality to treat sewage for an area closer to their service area.

***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.





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**BASIC  
FINANCIAL STATEMENTS**

City of Burlington, North Carolina  
Statement of Net Position  
June 30, 2016

Exhibit 1

1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Burlington Downtown Corporation
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 52,940,076	\$ 58,538,557	\$ 111,478,633	\$ 213,724
Taxes receivables (net)	907,734	-	907,734	16,642
Accrued interest receivable on taxes	701,561	-	701,561	-
Accounts receivable (net)	21,216,109	5,580,682	26,796,791	7
Internal balances	216,431	(216,431)	-	-
Inventories	-	1,005,821	1,005,821	-
Prepaid items	-	3,600	3,600	-
Prepaid pension obligations	469,146	-	469,146	-
Restricted assets:				
Cash and cash equivalents	-	522,734	522,734	-
<b>Total current assets</b>	<b>76,451,057</b>	<b>65,434,963</b>	<b>141,886,020</b>	<b>230,373</b>
Capital assets (Note 1):				
Land, non-depreciable improvements, and construction in progress	12,667,501	9,405,602	22,073,103	-
Other capital assets, net of depreciation	53,430,176	143,818,818	197,248,994	-
<b>Total noncurrent assets</b>	<b>66,097,677</b>	<b>153,224,420</b>	<b>219,322,097</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 142,548,734</b>	<b>\$ 218,659,383</b>	<b>\$ 361,208,117</b>	<b>\$ 230,373</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Contribution to pension plan in current fiscal year	\$ 1,709,201	\$ 301,622	\$ 2,010,823	
<b>Total deferred outflows of resources</b>	<b>\$ 1,709,201</b>	<b>\$ 301,622</b>	<b>\$ 2,010,823</b>	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 4,440,659	\$ 2,014,597	\$ 6,455,256	\$ 1,802
Accrued interest payable	120,952	75,997	196,949	-
Customer deposit	-	522,734	522,734	-
Payable from restricted assets	-	-	-	-
Current portion of long-term liabilities	2,644,767	2,957,393	5,602,160	-
<b>Total current liabilities</b>	<b>7,206,378</b>	<b>5,570,721</b>	<b>12,777,099</b>	<b>1,802</b>
Noncurrent liabilities:				
Net pension liability	1,903,292	335,876	2,239,168	
Other postemployment benefits	4,208,790	742,728	4,951,518	
Due in more than one year	7,086,344	34,827,834	41,914,178	-
<b>Total noncurrent liabilities</b>	<b>13,198,426</b>	<b>35,906,438</b>	<b>49,104,864</b>	<b>-</b>
<b>Total liabilities</b>	<b>20,404,804</b>	<b>41,477,159</b>	<b>61,881,963</b>	<b>1,802</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on refunding	153,731	90,939	244,670	
Pension deferrals	1,087,363	191,886	1,279,249	
Prepaid taxes	18,198	-	18,198	-
<b>Total deferred inflows of resources</b>	<b>1,259,292</b>	<b>282,825</b>	<b>1,542,117</b>	<b>-</b>
<b>NET POSITION</b>				
Net Investment in capital assets	58,866,501	115,837,458	174,703,959	-
Restricted for:				
Capital projects	2,043,887	21,486,577	23,530,464	-
Public safety	527,470	-	527,470	-
Economic development	3,429,053	-	3,429,053	-
Stabilization by State Statute	7,429,228	-	7,429,228	-
Unrestricted	50,297,700	39,876,986	90,174,686	228,571
<b>Total net position</b>	<b>\$ 122,593,839</b>	<b>\$ 177,201,021</b>	<b>\$ 299,794,860</b>	<b>\$ 228,571</b>

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

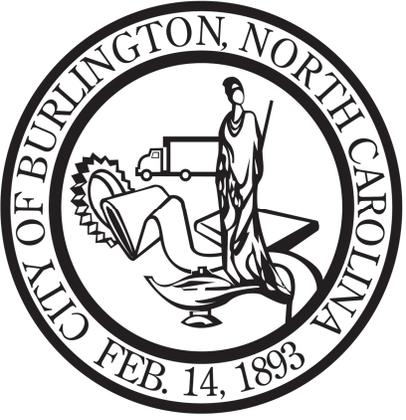
**City of Burlington, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental Activities:				
General government	\$ 8,929,272	\$ 1,869,455	\$ 107,702	\$ -
Public safety	26,462,848	340,368	210,903	-
Public works	10,183,802	1,387,986	1,886,047	-
Economic and physical development	3,007,984	1,765,852	633,145	-
Cultural and recreation	8,014,310	2,988,493	-	-
Interest on long-term debt	68,461	-	-	-
Total governmental activities (See Note 1)	56,666,677	8,352,154	2,837,797	-
Business-type activities:				
Storm water	433,571	1,098,704	-	-
Water and sewer	22,989,357	29,638,325	-	1,078,696
Total business-type activities	23,422,928	30,737,029	-	1,078,696
Total primary government	\$ 80,089,605	\$ 39,089,183	\$ 2,837,797	\$ 1,078,696
Component unit:				
Burlington Downtown Corporation	\$ 286,866	\$ 124,948	\$ 141,440	-
Total component units	\$ 286,866	\$ 124,948	\$ 141,440	\$ -
General revenues:				
Taxes:				
Property taxes, levied for general purpose				
Local options sales tax				
Other taxes and licenses				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues, special items, and transfers				
Change in net position				
Total net position previously reported				
Restatement				
Total net position-restated				
Net position-ending				

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

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (6,952,115)		\$ (6,952,115)	\$ -
(25,911,577)		(25,911,577)	-
(6,909,769)		(6,909,769)	-
(608,987)		(608,987)	-
(5,025,817)		(5,025,817)	-
(68,461)		(68,461)	-
<u>(45,476,726)</u>	<u>-</u>	<u>(45,476,726)</u>	<u>-</u>
-	665,133	665,133	
-	7,727,664	7,727,664	
-	8,392,797	8,392,797	
<u>\$ (45,476,726)</u>	<u>\$ 8,392,797</u>	<u>\$ (37,083,929)</u>	<u>\$ -</u>
			(20,478)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(20,478)</u>
27,967,844	-	27,967,844	-
11,991,219		11,991,219	
443,271	-	443,271	-
4,810,731	-	4,810,731	-
722,157	566,184	1,288,341	99
244,052	-	244,052	
-	-	-	-
<u>46,179,274</u>	<u>566,184</u>	<u>46,745,458</u>	<u>99</u>
<u>702,548</u>	<u>8,958,981</u>	<u>9,661,529</u>	<u>(20,379)</u>
122,060,395	169,042,658	291,103,053	248,950
(169,104)	(800,618)	(969,722)	-
<u>121,891,291</u>	<u>168,242,040</u>	<u>290,133,331</u>	<u>248,950</u>
<u>\$ 122,593,839</u>	<u>\$ 177,201,021</u>	<u>\$ 299,794,860</u>	<u>\$ 228,571</u>

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



City of Burlington  
Balance Sheet  
Governmental Funds  
June 30, 2016

Exhibit 3

4

	MAJOR FUND		Total Non-Major Funds	Total Governmental Funds
	General	HOME Program Project Fund		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 33,421,792	\$ 41,675	\$ 3,566,888	\$ 37,030,355
Restricted cash	10,713,528	-	-	10,713,528
Receivables, net:				
Taxes	844,831	-	62,903	907,734
Accounts	6,584,397	-	1,093,763	7,678,160
Housing rehabilitation loans	-	-	2,171,168	2,171,168
Home incentive loans	-	10,368,483	100,674	10,469,157
<b>Total assets</b>	<b>\$ 51,564,548</b>	<b>\$ 10,410,158</b>	<b>\$ 6,995,396</b>	<b>\$ 68,970,102</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 2,265,711	\$ 83,233	\$ 1,235,816	\$ 3,584,760
Unearned revenue	1,050,564	6,848,957	62,903	7,962,424
<b>Total liabilities</b>	<b>3,316,275</b>	<b>6,932,190</b>	<b>1,298,719</b>	<b>11,547,184</b>
<b>Deferred Inflows of Resources</b>				
Prepaid taxes	-	-	-	-
Total dererred inflows of resources	-	-	-	-
<b>Fund balances:</b>				
<b>Restricted:</b>				
Stabilization by State Statute	7,429,228	-	-	7,429,228
Historic Books	1,418	-	-	1,418
Animal Shelter	562	-	-	562
Economic Development	-	3,281,786	3,276,857	6,558,643
Public Safety	-	-	364,440	364,440
<b>Committed:</b>				
Capital Improvements	-	-	1,803,057	1,803,057
Capital Reserve Fund	10,713,528	-	-	10,713,528
<b>Assigned</b>				
Subsequent Years Expenditures	1,636,986	196,182	335,368	2,168,536
General Government	4,316,000	-	-	4,316,000
Parks and Recreation	1,882,466	-	-	1,882,466
Public Safety	5,950,000	-	-	5,950,000
Economic Development	3,000,000	-	-	3,000,000
Public Works	3,125,000	-	-	3,125,000
Unassigned	10,193,085	-	(83,045)	10,110,040
<b>Total fund balances</b>	<b>48,248,273</b>	<b>3,477,968</b>	<b>5,696,677</b>	<b>57,422,918</b>
<b>Total liabilities and fund balances</b>	<b>\$ 51,564,548</b>	<b>\$ 10,410,158</b>	<b>\$ 6,995,396</b>	

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 - \$ 119,070,993 accumulated depreciation - (\$52,973,316.)	66,097,677
Net pension liability	(1,903,292)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	1,709,201
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.	701,561
The pension assets resulting from contributions in excess of annual required contributions are not financial resources and therefore are not reported in the funds	469,146
Other long-term debt (post employment benefits) are not due and therefore are not reported in the funds.	(4,208,790)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	216,431
Liabilities for earned revenues considered deferred inflows of resources in fund statements	7,944,226
Pension related deferrals	(1,087,363)
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.	5,116,966
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-\$5,072,860 installment purchases-\$2,158,285 compensated absences-\$2,499,966, accrued interest-\$120,952 and bond issuance cost \$153,731.	(9,884,842)
<b>Net position of governmental activities</b>	<b>\$ 122,593,839</b>

**City of Burlington**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**

	Major Fund		Total Non-Major Funds	Total Governmental Funds
	General Fund	HOME Program Project Fund		
<b>REVENUES</b>				
Ad valorem taxes	\$ 27,383,852	\$ -	\$ 125,312	\$ 27,509,164
Other taxes and licenses	12,438,131	-	-	12,438,131
Unrestricted intergovernmental	4,520,309	-	189,539	4,709,848
Restricted intergovernmental	2,810,000	-	1,578,175	4,388,175
Permits and fees	1,365,831	-	-	1,365,831
Sales and services	4,165,800	-	298,474	4,464,274
Investment earnings	539,218	-	243	539,461
Miscellaneous	220,345	438,449	32,184	690,978
Total revenues	53,443,486	438,449	2,223,927	56,105,862
<b>EXPENDITURES</b>				
Current:				
General government	8,716,239	-	-	8,716,239
Public safety	20,187,794	-	3,368,411	23,556,205
Public works	8,532,598	-	-	8,532,598
Economic and physical development	-	617,187	2,203,073	2,820,260
Culture and recreation	6,748,757	-	184,896	6,933,653
Debt service:				
Principal	2,569,211	-	-	2,569,211
Interest and other charges	148,720	-	-	148,720
Capital outlay	7,288,650	-	-	7,288,650
Total expenditures	54,191,969	617,187	5,756,380	60,565,536
Excess (deficiency) of revenues over expenditures	(748,483)	(178,738)	(3,532,453)	(4,459,674)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	1,586,261	18,290	649,495	2,254,046
Transfers to other funds	(3,766,373)	-	(18,290)	(3,784,663)
Issuance of installment purchase	2,044,621	-	-	2,044,621
Total other financing sources (uses)	(135,491)	18,290	631,205	514,004
Net change in fund balance	(883,974)	(160,448)	(2,901,248)	(3,945,670)
Fund balances-beginning	49,132,247	3,638,417	8,597,925	61,368,589
Fund balances-ending	\$ 48,248,273	\$ 3,477,969	\$ 5,696,677	\$ 57,422,919

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

(continued)

**Exhibit 4  
(continued)**

**City of Burlington  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year Ended June 30, 2016**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ (3,945,670)
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 capital outlay- \$7,288,650 exceeded depreciation-(\$3,721,484). Loss on disposal of fixed assets-(\$66,168).	3,500,998
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,709,201
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	633,145
Change in accrued interest receivable	(319,623)
Change in pension asset	115,559
Change in deferred revenue for tax revenues	458,680
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 assets. 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- (\$2,044,621), principal expenditures- \$2,569,211 change in accrued interest payable- (\$27,768) and net change ammortization \$37,118 and 15,373.	549,313
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	(1,008,115)
Compensated absences	35,164
Other post employment benefits	(573,703)
Net revenue of internal service funds determined to be governmental-type.	(452,401)
Total changes in net position of governmental activities	\$ 702,548

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

**City of Burlington**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2016**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
Ad valorem taxes	\$ 26,790,034	\$ 25,905,139	\$ 27,383,852	\$ 1,478,713
Other taxes and licenses	11,592,000	11,302,000	12,438,131	1,136,131
Unrestricted intergovernmental	4,255,000	4,316,130	4,520,309	204,179
Restricted intergovernmental	2,853,981	2,487,305	2,810,000	322,695
Permits and fees	1,149,300	978,400	1,365,831	387,431
Sales and services	3,321,446	4,136,409	4,165,800	29,391
Investment earnings	300,000	333,030	466,375	133,345
Miscellaneous	449,111	171,000	220,345	49,345
	<u>50,710,872</u>	<u>49,629,413</u>	<u>53,370,643</u>	<u>3,741,230</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	8,815,780	10,010,602	9,105,066	905,536
Public safety	22,566,451	26,140,558	25,510,499	630,059
Public works	10,585,833	9,588,948	8,934,364	654,584
Cultural and recreation	7,739,068	7,935,439	7,924,109	11,330
Principal retirement	2,519,775	2,569,904	2,569,211	693
Interest and other charges	120,951	148,720	148,720	-
	<u>52,347,858</u>	<u>56,394,171</u>	<u>54,191,969</u>	<u>2,202,202</u>
Revenues over (under) expenditures	<u>(1,636,986)</u>	<u>(6,764,758)</u>	<u>(821,326)</u>	<u>5,943,432</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	-	900,000	900,000	-
Transfers to other funds	-	(2,941,576)	(2,441,373)	500,203
Installment Financing	-	2,044,630	2,044,621	(9)
	<u>-</u>	<u>3,054</u>	<u>503,248</u>	<u>500,194</u>
Revenues and other financing sources over (under) Expenditures and other financing uses	<u>(1,636,986)</u>	<u>(6,761,704)</u>	<u>(318,078)</u>	<u>\$ 6,443,626</u>
Fund balances appropriated	<u>1,636,986</u>	<u>6,761,704</u>		
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>37,852,823</u>	
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,534,745</u>	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Interest Income			\$ 72,843	
Transfer from General Fund			686,261	
Transfer to other Funds			(1,325,000)	
Fund balance beginning			<u>11,279,424</u>	
Fund Balance Ending (Exhibit 4)			<u>\$ 48,248,273</u>	

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

**City of Burlington**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2016**

	<b>Enterprise Funds</b>			<b>Governmental Activities-</b>
	<b>Water and Sewer Fund</b>	<b>Non-Major Storm Water Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 56,389,872	\$ 2,148,685	\$ 58,538,557	\$ 5,196,193
Accounts receivable (net) - billed	3,491,785	122,818	3,614,603	22,325
Accounts receivable (net) - unbilled	1,899,517	66,562	1,966,079	-
Due from other funds	9,277	(9,277)	-	-
Prepaid assets	3,600	-	3,600	-
Inventories	1,005,821	-	1,005,821	-
Restricted assets:				
Cash and cash equivalents	<u>522,734</u>	<u>-</u>	<u>522,734</u>	<u>-</u>
Total current assets	<u>63,322,606</u>	<u>2,328,788</u>	<u>65,651,394</u>	<u>5,218,518</u>
Capital assets:				
Land and other non-depreciable assets	9,405,602	-	9,405,602	-
Other capital assets, net of depreciation	<u>143,201,013</u>	<u>617,805</u>	<u>143,818,818</u>	<u>-</u>
Capital assets (net)	<u>152,606,615</u>	<u>617,805</u>	<u>153,224,420</u>	<u>-</u>
Total noncurrent assets	<u>152,606,615</u>	<u>617,805</u>	<u>153,224,420</u>	<u>-</u>
Total assets	<u>\$ 215,929,221</u>	<u>\$ 2,946,593</u>	<u>\$ 218,875,814</u>	<u>\$ 5,218,518</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Contributions to pension plan	<u>\$ 298,606</u>	<u>\$ 3,016</u>	<u>\$ 301,622</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 2,043,990	\$ 46,604	\$ 2,090,594	\$ 855,904
Due to other funds	-	-	-	-
Compensated absences - current	137,999	1,394	139,393	-
Other postemployment benefits	-	-	-	-
General obligation bonds payable - current	1,218,000	-	1,218,000	-
Revenue bonds payable	1,600,000	-	1,600,000	-
Liabilities payable from restricted assets:				
Customer deposits	<u>522,734</u>	<u>-</u>	<u>522,734</u>	<u>-</u>
Total current liabilities	<u>5,522,723</u>	<u>47,998</u>	<u>5,570,721</u>	<u>855,904</u>
Noncurrent liabilities:				
Other noncurrent liabilities:				
Pension liability	332,517	3,359	-	-
Other postemployment benefits	742,728	-	742,728	-
Compensated absences	256,283	2,589	258,872	-
General obligation bonds payable - noncurrent (net)	1,567,000	-	1,567,000	-
Revenue bonds payable	<u>33,001,962</u>	<u>-</u>	<u>33,001,962</u>	<u>-</u>
Total noncurrent liabilities	<u>35,900,490</u>	<u>5,948</u>	<u>35,906,438</u>	<u>-</u>
Total liabilities	<u>41,423,213</u>	<u>53,946</u>	<u>41,477,159</u>	<u>855,904</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals	189,968	1,918	191,886	-
Deferred gain on refunding	<u>90,939</u>	<u>-</u>	<u>90,939</u>	<u>-</u>
	<u>280,907</u>			
<b>NET POSITION</b>				
Net investment in capital assets	115,219,653	617,805	115,837,458	
Restricted for Capital projects	21,486,577	-	21,486,577	
Unrestricted	<u>37,817,477</u>	<u>2,275,940</u>	<u>40,093,417</u>	<u>4,362,614</u>
Total net position	<u>\$ 174,523,707</u>	<u>\$ 2,893,745</u>	<u>177,417,452</u>	<u>\$ 4,362,614</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(216,431)</u>	
Net position of business-type activities			<u>\$ 177,201,021</u>	

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

**City of Burlington**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

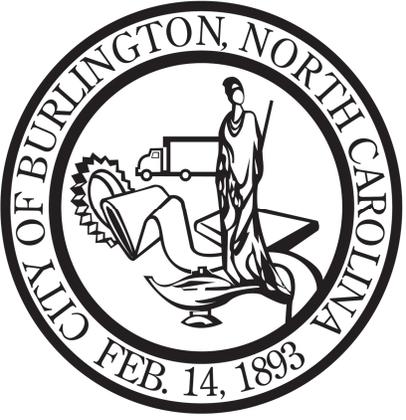
	Enterprise Funds			Governmental
	Water and Sewer Fund	Non-Major Storm Water Fund	Total	Activities- Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 30,129,094	\$ 1,098,704	\$ 31,227,798	\$ 5,385,029
Water and sewer taps	238,871	-	238,871	-
Total operating revenues	<u>30,367,965</u>	<u>1,098,704</u>	<u>31,466,669</u>	<u>5,385,029</u>
<b>OPERATING EXPENSES</b>				
Building and administrative	3,431,938	-	3,431,938	459,544
Customer services	1,417,213	409,809	1,827,022	106,801
Supervision - lines	363,361	-	363,361	-
Line maintenance and repairs	1,019,940	-	1,019,940	-
Line services and construction	423,195	-	423,195	-
Supervision - treatment	641,554	-	641,554	-
Water source of supply	157,043	-	157,043	-
Water plant operations	2,803,610	-	2,803,610	-
Sewage treatment plant operations	3,947,831	-	3,947,831	-
Laboratories	814,515	-	814,515	-
Plants maintenance	655,469	-	655,469	-
Lakes and marinas	390,361	-	390,361	-
Depreciation	6,051,971	23,762	6,075,733	-
Claims paid, excess loss coverage and claims administration	-	-	-	8,262,055
Total operating expenses	<u>22,118,001</u>	<u>433,571</u>	<u>22,551,572</u>	<u>8,828,400</u>
Operating income (loss)	<u>8,249,964</u>	<u>665,133</u>	<u>8,915,097</u>	<u>(3,443,371)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	562,929	3,255	566,184	65,857
Interest and other charges	(1,701,184)	-	(1,701,184)	-
Total nonoperating revenue (expenses)	<u>(1,138,255)</u>	<u>3,255</u>	<u>(1,135,000)</u>	<u>65,857</u>
Income (loss) before contributions and transfers	7,111,709	668,388	7,780,097	(3,377,514)
Capital contributions	1,078,696	-	1,078,696	-
Transfers to other funds	(729,640)	-	(729,640)	-
Transfers from other funds	-	-	-	2,260,257
Change in net position	7,460,765	668,388	8,129,153	(1,117,257)
Total net position - previously reported	168,123,520	1,965,397	-	-
Restatement	(1,060,578)	259,960	-	-
Total net position-restated	<u>167,062,942</u>	<u>2,225,357</u>	<u>5,479,871</u>	<u>5,479,871</u>
Total net position - ending	<u>\$ 174,523,707</u>	<u>\$ 2,893,745</u>	<u>\$ 4,362,614</u>	<u>\$ 4,362,614</u>

Adjustment to reflect the consolidation of  
internal service fund activities related to  
enterprise funds.

829,828

\$ 8,958,981

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



**City of Burlington**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2016**

	<b>Enterprise Funds</b>			<b>Internal Service Funds</b>
	<b>Water and Sewer Fund</b>	<b>Non-Major Storm Water Fund</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 28,951,006	\$ 1,001,158	\$ 29,952,164	\$ 5,372,444
Cash paid for goods and services	(10,373,020)	(97,453)	(10,470,473)	(8,304,343)
Cash paid to or on behalf of employees for services	(6,208,034)	(250,054)	(6,458,088)	(459,544)
Net cash provided by operating activities	<u>12,369,952</u>	<u>653,651</u>	<u>13,023,603</u>	<u>(3,391,443)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
(Increase) decrease in interfund payables	9,277	(9,277)	-	-
Transfers from other funds	-	-	-	2,260,257
Transfers to other funds	(729,640)	-	(729,640)	-
Total cash flows used by noncapital financing activities	<u>(720,363)</u>	<u>(9,277)</u>	<u>(729,640)</u>	<u>2,260,257</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(3,697,247)	(13,349)	(3,710,596)	-
Principal paid on bond maturities	(2,836,999)	-	(2,836,999)	-
Interest and fees paid on debt maturities	(1,788,549)	-	(1,788,549)	-
Net cash used by capital and related financing activities	<u>(8,322,795)</u>	<u>(13,349)</u>	<u>(8,336,144)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	374,344	2,696	377,040	65,862
Net increase in cash and cash equivalents	3,701,138	633,721	4,334,859	(1,065,324)
Balances-beginning of the year	<u>53,211,468</u>	<u>1,514,964</u>	<u>54,726,432</u>	<u>6,261,517</u>
Balances-end of the year	<u>\$ 56,912,606</u>	<u>\$ 2,148,685</u>	<u>\$ 59,061,291</u>	<u>\$ 5,196,193</u>
<b>Reconciliation of Cash and Cash Equivalents:</b>				
Cash and Cash Equivalents - Current	\$ 56,389,872	\$ 2,148,685	\$ 58,538,557	\$ 5,196,193
Cash and Cash Equivalents - Restricted	522,734	-	522,734	-
Total Cash and Cash Equivalents - June 30, 2016	<u>\$ 56,912,606</u>	<u>\$ 2,148,685</u>	<u>\$ 59,061,291</u>	<u>\$ 5,196,193</u>

(continued)

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

**City of Burlington  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2016**

	<u>Water and Sewer Fund</u>	<u>Non-Major Storm Water Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income (loss)	\$ 8,249,964	\$ 665,133	\$ 8,915,097	\$ (3,443,371)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	6,051,971	23,762	6,075,733	
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(1,416,959)	(61,021)	(1,477,980)	(12,588)
Increase in inventory	(129,266)	-	(129,266)	-
Decrease in net pension asset	226,176	8,916	235,092	-
(Increase) decrease in deferred outflows of resources pensions	(146,097)	2,996	(143,101)	-
Increase in net pension liability	332,517	3,359	335,876	-
Decrease in deferred inflows of resources-pension	(368,862)	(20,111)	(388,973)	-
Increase(decrease) in accounts payable and accrued liabilities	(501,876)	32,613	(469,263)	64,516
Increase (decrease) in accrued vacation pay	(19,535)	(1,996)	(21,531)	-
Increase in accrued OPEB liability	101,243	-	101,243	-
Increase in customer deposits	(9,324)	-	(9,324)	-
Total adjustments	<u>4,119,988</u>	<u>(11,482)</u>	<u>4,108,506</u>	<u>51,928</u>
Net cash provided by operating activities	<u>\$ 12,369,952</u>	<u>\$ 653,651</u>	<u>\$ 13,023,603</u>	<u>\$ (3,391,443)</u>
Donated water and sewer lines	<u>\$ 1,078,696</u>	<u>\$ -</u>	<u>\$ 1,078,696</u>	<u>\$ -</u>

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

## CITY OF BURLINGTON, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2016

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. Summary of Significant Accounting Policies: (continued)

*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 emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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.

**Capital Reserve Capital Project Fund.** This fund is used to account for funds reserved for future capital projects.

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

The City reports the following non-major governmental funds:

**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 thirteen 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, the Medicare Part D Grant Project Fund ,Public Transportation Fund , Bureau of Justice Assistance Community Oriented Policing Grant Fund and the Governor's Crime Commission Human Trafficking Grant.

**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 3 projects at this time.

The City reports the following major enterprise fund:

**Water and Sewer Fund.** This fund is used to account for operations and maintenance of the water and sewer system, which includes operation of 2 waste water treatment facilities and 2 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.

I. Summary of Significant Accounting Policies: (continued)

The City reports the following non-major enterprise fund:

**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. Nonexchange 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 nonoperating 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 on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating 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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

I. Summary of Significant Accounting Policies: (continued)

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are 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. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. 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 assets 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.

Certain items in the 2015 report have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported increase/decrease in net assets.

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, Rental Rehabilitation Loan Program Fund, Downtown Special Tax District Fund, Rico Fund, Guilford Mackintosh Fund, Controlled Substance Tax Fund, MPO Planning Transportation Fund, Capital Reserve Fund, and Drainage Improvement 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. 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.

I. Summary of Significant Accounting Policies: (continued)

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 NOW and SuperNOW accounts, 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. Non-participating interest earning contracts are accounted for at cost. The NCCMT-Cash Portfolio, a SEC registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

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.

City of Burlington Restricted Cash

Business-type Activities

Water and Sewer Fund

Customer deposits	\$ <u>522,734</u>
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Total Business-type Activities	\$ <u>522,734</u>
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Total Restricted Cash	<u>\$ 522,734</u>
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I. Summary of Significant Accounting Policies: (continued)

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 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2010. 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. 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 recorded as expenditures when used rather than when purchased.

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.

7. 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, \$500. Purchased or constructed capital assets are reported at cost or estimated historical cost. 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.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	50
Buildings	40
Improvements	40
Vehicles	7
Furniture and equipment	10
Computer equipment	5

I. Summary of Significant Accounting Policies: (continued)

8. 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 position that applies to a future period and so will not be reported as an expense or expenditures until then. The City has one item that meets this criterion, contributions made to the pension plan in the 2016 fiscal year. The City has 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 position 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, and deferrals of pension expense that result from the implementation of GASB Statement 68.

9. 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 assets. 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 cost 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.

10. Compensated Absences

The vacation policies of the City and the Burlington Downtown Corporation provide 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.

Both the City and the Burlington Downtown Corporation's sick leave policies provide 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 neither the City nor the Burlington Downtown Corporation has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

I. Summary of Significant Accounting Policies: (continued)

11. 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 statute.

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 include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**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 – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Economic Development - portion of fund balance that is restricted by revenue source for use for economic development purposes.

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

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

Restricted for Animal Shelter - portion of fund balance that is restricted by donor's for the animal shelter.

**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 this limitation.

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.

I. Summary of Significant Accounting Policies: (continued)

Assigned fund balance – portion of fund balance that City of Burlington intends to use for specific purposes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds.

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.

Public Safety- portion of the fund balance that has been budgeted by the board for the animal shelter.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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.

12. Pensions

For purposes of measuring the net pension asset, 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 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 Assets of Individual Funds

For the year ended June 30, 2016 the Public Transportation Fund had a deficit of \$83,045 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 their 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, and 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, 2016, the City's deposits had a carrying amount of \$9,213,387 and a bank balance of \$6,468,904. 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 \$213,724 and the bank balance was \$213,724. All of the bank balance was covered by federal depository insurance. At June 30, 2016, the City's petty cash fund totaled \$5,310.

III. Detail Notes on All Funds: (continued)

2. Investments

At June 30, 2016, the City's investments were as follows:

<b>Investment Type</b>	<b>Valuation Measurement Method</b>	<b>Book Value at 6/30/216</b>	<b>Maturity</b>	<b>Rating</b>
US Treasuries	Fair Value Level 1	8,958,591	Various	AAA
Government Agency:				
Federal Farm Credit Bank	Fair Value Level 1	15,543,559	Various	AA+
Federal National Mortgage Assn	Fair Value Level 1	17,263,576	various	AA+
Federal Home Loan Bank	Fair Value Level 1	16,286,659	various	AA+
Federal Home Loan Mtg Corp	Fair Value Level 1	17,549,886	various	AA+
Commercial Paper:				
Commercial Paper – Coca Cola	Fair Value Level 1	4,476,444	various	A-1
Commercial Paper – JP Morgan	Fair Value Level 1	4,069,929	various	A-1
Commercial Paper - Toyota	Fair Value Level 1	1,196,044	various	A-1
NC Capital Management Trust – Cash Portfolio	Amortized Cost	6,526,104	N/A	AAA m
NC Capital Management Trust – Term Portfolio	Fair Value Level 1	10,911,878	0.11 years	Unrated
<b>Total:</b>		<b>102,782,670</b>		

*Interest Rate Risk.*

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 NC Capital Management Trust Cash Portfolio is rated AAAm by Standard and Poor's as of June 30, 2016. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. Investments in commercial paper purchased by the City are rated either A1/P1 by Standard and Poor's or Moody's Investors Service.

III. Detail Notes on All Funds: (continued)

*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 1% 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 Assets includes penalties and interest levied and outstanding in the amount of \$127,566.

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

<u>Fund</u>	<u>6/30/16</u>
General Fund:	
Taxes receivable	\$ 551,279
Solid Waste receivables	511,576
Special Revenue Funds:	
Rehabilitation Loan Program Fund:	
Rehabilitation Loans	66,393
Home Incentive Loans	4,771
Rental Rehabilitation Loan Program Fund:	
Rehabilitation Loans	24,620
Downtown Special Tax District Fund:	
Taxes Receivable	46,260
Home Program Fund:	
Home Incentive Loans	338,016
Enterprise Fund:	
Water and Sewer Fund:	
Utility Receivables	<u>67,194</u>
Total	<u>\$ 1,634,729</u>

III. Detail Notes on All Funds: (continued)4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	8,628,374	\$ -	\$ -	\$ 8,628,374
Construction in progress	<u>940,134</u>	<u>4,180,111</u>	<u>1,081,117</u>	<u>4,039,128</u>
Total capital assets not being depreciated	<u>9,568,508</u>	<u>4,180,111</u>	<u>1,081,117</u>	<u>12,667,502</u>
<b>Capital assets being depreciated:</b>				
Buildings	43,597,155	1,243,555	82,179	44,758,531
Streets and sidewalks	34,475,804	534,641	2,387	35,008,058
Equipment	9,232,359	1,011,676	1,151,038	9,092,997
Vehicles	<u>15,587,834</u>	<u>2,480,903</u>	<u>524,831</u>	<u>17,543,906</u>
Total capital assets being depreciated	<u>102,893,152</u>	<u>5,270,775</u>	<u>1,760,436</u>	<u>106,403,492</u>
<b>Less accumulated depreciation for:</b>				
Buildings	19,155,240	1,079,298	38,456	20,196,082
Streets and sidewalks	15,556,784	881,028	1,453	16,436,359
Equipment	6,185,254	746,751	1,141,746	5,790,259
Vehicles	<u>10,048,819</u>	<u>1,014,408</u>	<u>512,611</u>	<u>10,550,616</u>
Total accumulated depreciation	<u>50,946,097</u>	<u>3,721,485</u>	<u>1,694,266</u>	<u>52,973,316</u>
Total capital assets being depreciated, net	<u>51,947,055</u>			<u>53,430,176</u>
<b>Governmental activity capital assets, net</b>	<u>61,515,563</u>			<u>66,097,678</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 400,769
Public safety	1,140,739
Public works	1,371,888
Cultural and recreational	<u>808,089</u>
Total depreciation expense	<u>\$ 3,721,485</u>

III. Detail Notes on All Funds: (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b><i>Storm Water Fund</i></b>				
<b>Capital assets being depreciated:</b>				
Building	\$ 173,394	\$ -	\$ -	\$ 173,394
Infrastructure	79,367	-	-	79,367
General equipment	203,304	10,913	-	214,217
Vehicle	44,409	262,396	-	306,805
Total capital assets being depreciated	500,474	10,913	-	773,783
<b>Less accumulated depreciation for:</b>				
General equipment	95,486	2,215	-	97,701
Building	13,454	5,860	-	19,314
Vehicle	23,276	15,687	-	38,963
Total accumulated depreciation	132,216	\$ 23,762	\$ -	155,978
Total capital assets being depreciated, net	368,258			617,805
Storm water fund capital assets, net	368,258			617,805
<b><i>Water and Sewer Fund</i></b>				
<b>Capital assets not being depreciated:</b>				
Land	6,945,444	-	-	6,945,444
Construction in progress	6,834,739	2,387,782	6,762,363	2,460,158
Total capital assets not being depreciated	13,780,183	2,387,782	6,762,363	9,405,602
<b>Capital assets being depreciated:</b>				
Water and sewer lines	129,523,284	6,790,654	20,000	136,293,938
Buildings, plant, and pumping equipment	120,131,607	328,200	32,836	120,426,971
General equipment	3,526,841	148,603	468,047	3,207,397
Vehicles	3,268,762	1,328,004	157,639	4,439,127
Total capital assets being depreciated	256,450,494	8,595,461	678,522	264,367,433
<b>Less accumulated depreciation for:</b>				
Water and sewer lines	42,710,805	2,943,902	22,421	45,632,286
Buildings, plant, and pumping equipment	68,802,384	2,628,873	31,577	71,399,680
General equipment	2,128,351	203,852	467,288	1,864,915
Vehicles	2,151,643	275,344	157,448	2,269,539
Total accumulated depreciation	115,793,183	\$ 6,051,971	\$ 678,734	121,166,420
Total capital assets being depreciated, net	140,657,311			143,201,013
Water and Sewer fund capital assets, net	154,437,494			152,606,615
<b>Business-type activity capital assets, net</b>	<b>\$ 154,805,752</b>			<b>\$ 153,224,420</b>

III. Detail Notes on All Funds: (continued)

5. Construction Commitments

The government has active construction projects as of June 30, 2015. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Ossipee Waterline	\$ 2,179,440	\$ -
NC 87 Waterline	213,874	16,866
42-inch Haw River Interceptor	81,700	1,519,870
Haw River Interceptor Phase 2	306,520	28,480
Ellwood Street Water Main	<u>529,757</u>	<u>-</u>
 Total	 <u>\$ 3,311,291</u>	 <u>\$ 1,565,216</u>

B. Liabilities

1. Pension Plan 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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.

*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.

### III. Detail Notes on All Funds: (continued)

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 actuarially 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, 2016, was 7.41% of compensation for law enforcement officers and 7.07% 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 \$1,981,519 for the year ended June 30, 2016.

*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 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, 2016, the City reported an liability of \$2,239,168 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the City's proportion was 0.029%, which was a decrease of 0.001% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$2,010,825. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

III. Detail Notes on All Funds: (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$
Changes of assumptions	-	526,332
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	634,484
City contributions subsequent to the measurement date	2,010,823	115,435
Total	<u>\$ 2,010,823</u>	<u>\$ 1,279,251</u>

\$2,010,825 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2017	\$ ( 778,365)
2018	( 778,365)
2019	( 777,313)
2020	1,054,792
2021	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55, including inflation and productivity factor
Investment rate of return	7.25 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, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

### III. Detail Notes on All Funds: (continued)

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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 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 7.25%. 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 asset to changes in the discount rate.* The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.25 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
City's proportionate share of the net pension liability (asset)	\$ 15,614,031	\$ 2,239,168	\$(9,028,858)

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

II. Detail Notes on All Funds: (continued)

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. 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, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	21
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>127</u>
Total	148

A separate report was not issued for the plan.

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 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

III. Detail Notes on All Funds: (continued)

3. *Contributions.*

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2015 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions include (a) 5% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25 – 7.85% per year. Both (a) and (b) included an inflation component at 3%. The assumptions did not include post-employment benefit increases.

*Annual Pension Cost and Net Pension Obligation.* The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 538,873
Interest on net pension obligation	(29,235)
Adjustment to annual required contribution	<u>51,382</u>
Annual pension cost	561,020
Contributions made	<u>445,461</u>
(Decrease) in net pension obligation	115,559
Net pension obligation beginning of year	<u>(584,705)</u>
Net pension obligation end of year	<u>\$ (469,146)</u>

3-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/14	433,876	108.33%	(652,187)
6/30/15	530,627	87.28%	(584,705)
6/30/16	561,020	79.40%	(469,146)

4. *Funded Status and Funding Progress.*

As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$6,144,882. The covered payroll (annual payroll of active employees covered by the plan) was \$7,709,975, and the ratio of the UAAL to the covered payroll was 79.70%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### III. Detail Notes on All Funds: (continued)

#### 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were \$646,471, which consisted of \$388,794, from the City and \$257,677 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, 2016 for general employees were \$1,111,975, which consisted of \$416,936 from the City and \$695,039 from the general employees.

#### 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 (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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.

*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 Fund. The State, a nonemployer contributor, funds the plan through appropriations. Contributions 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, 2015, the state contributed \$13,900,000 to the plan. The City of Burlington's proportionate share of the State's contribution is \$6,948.

III. Detail Notes on All Funds: (continued)

*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, 2016, 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 liability that was associated with the City and supported by the State was \$86,821. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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 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, 2015 and at June 30, 2014 was 0%.

For the year ended June 30, 2016, the City recognized pension expense of \$6,948 and revenue of \$6,948 for support provided by the State. At June 30, 2016, 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, 2014 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	7.25 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 7.25%. 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

III. Detail Notes on All Funds: (continued)

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 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 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, 109 retirees are eligible for post-employment health benefits. For the fiscal year ended June 30, 2016, the city made payments for post-employment health benefit premiums of \$ 1,103,305 The City obtains healthcare coverage through private insurers.

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. The plan has a \$2,500 deductible and will pay a maximum of \$2,000 per year for any service provided by a local dentist.

Membership of the Plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	236	-
Active plan members	<u>315</u>	<u>83</u>
Total	<u><u>551</u></u>	<u><u>83</u></u>

III. Detail Notes on All Funds: (continued)

*Funding Policy.* The City pays a portion of or up to the full cost of coverage for the healthcare benefits paid to qualified retirees under a City resolution that can be amended by the City Council. The City's members pay 100% for dependent coverage. The City has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 10.12% of annual covered payroll. For the current year, the City contributed \$1,439,023 or 68.1% of annual covered payroll toward actual benefit payments. The City obtains health care and dental coverage through a self-funded program and through a private insurer for life insurance benefits. The City's contributions totaled \$1,530,674 in fiscal year 2015. The City's obligation to contribute to the plan is established and may be amended by the City Council during the budget process.

*Summary of Significant Accounting Policies.* Postemployment expenditures are made from the Internal Service Fund, which is maintained on the accrual basis of accounting. Internal changes are made to various other City funds for the respective active employees, based upon the pre-determined City Contribution rate. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 2,180,708
Interest on net OPEB obligation	171,063
Adjustment to annual required contribution	<u>237,803</u>
Annual OPEB cost (expense)	2,113,968
Contributions made	<u>1,439,023</u>
Increase (decrease) in net OPEB obligations	674,945
Net OPEB obligation, beginning of year	<u>4,276,573</u>
Net OPEB obligation, end of year	<u>\$ 4,951,518</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 2,120,839	81.40%	\$ 3,640,764
2015	\$ 2,166,483	70.70%	\$ 4,276,573
2016	\$ 2,113,968	68.10%	\$ 4,951,518

### III. Detail Notes on All Funds: (continued)

*Funded Status and Funding Progress.* As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$24,281,975. The covered payroll (annual payroll of active employees covered by the plan was \$20,385,376, and the ratio of the UAAL to the covered payroll was 119.1% percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 to 5.00 percent annually. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using a market valuation. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015 was 30 years.

#### 2. Other Employment Benefit

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. 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. 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.

III. Detail Notes on All Funds: (continued)

3. Deferred Outflows and Inflows of Resources

Deferred inflows of resources at year end is comprised of the following:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension deferrals	\$ -	\$ 1,279,249
Prepaid taxes not yet earned	-	18,198
Deferred gain on refunding		244,670
Contributions to pension plan in current fiscal year	<u>2,010,823</u>	<u>-</u>
 Total	 <u>\$ 2,010,823</u>	 <u>\$ 1,542,117</u>

4. 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 \$200,000 per claim (\$225,000 if a vehicle claim). The commercial insurance provides \$1,000,000 in coverage for claims in excess of the City's assumed aggregate risk of \$1,000,000 annually. The City also retains the risk for Employers' Liability Coverage of \$500,000 in aggregate annually. At June 30, 2016 the Workers Compensation Self Insurance Fund had recorded a liability of \$113,258 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 \$1,500 per employee annually. At June 30, 2016, the Dental Self Insurance Fund had recorded a liability of \$55,833 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 \$125,000 per claim. The commercial coverage provides \$4,875,000 in coverage for claims in excess of the City's assumed claim risk of \$125,000. The City also has commercial coverage for claims exceeding approximately \$4,523,895 in aggregate annually. At June 30, 2016 the Group Health Benefits Fund had a recorded liability of \$ 627,655 for estimated unpaid claims.

III. Detail Notes on All Funds: (continued)

A summary of changes in the liability recorded for estimated unpaid claims follows:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Estimated</u> <u>Claims</u> <u>Incurred</u>	<u>Claims</u> <u>Paid</u>	<u>Balance</u> <u>June 30,2016</u>
<u>2016</u>				
Workers Compensation				
Self Insurance Fund	\$ 113,258	\$ 481,437	\$ 481,437	\$ 113,258
Dental Self Insurance Fund	52,083	625,324	621,574	55,833
Group Health Benefits Fund	<u>549,065</u>	<u>6,755,366</u>	<u>6,676,776</u>	<u>627,655</u>
	<u>\$ 714,406</u>	<u>\$ 7,862,127</u>	<u>\$ 7,779,787</u>	<u>\$ 796,746</u>

	<u>Balance</u> <u>July 1, 2014</u>	<u>Estimated</u> <u>Claims</u> <u>Incurred</u>	<u>Claims</u> <u>Paid</u>	<u>Balance</u> <u>June 30,2015</u>
<u>2015</u>				
Workers Compensation				
Self Insurance Fund	\$ 113,258	\$ 676,101	\$ 676,101	\$ 113,258
Dental Self Insurance Fund	56,913	573,372	577,202	52,083
Group Health Benefits Fund	<u>502,301</u>	<u>6,774,167</u>	<u>6,727,403</u>	<u>549,065</u>
	<u>\$ 672,472</u>	<u>\$ 8,022,640</u>	<u>\$ 7,980,706</u>	<u>\$ 714,406</u>

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The City has obtained flood insurance coverage through Millennium Insurance Group; 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 \$100,000 and the tax collector is bonded for \$25,000. 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, general liability, workers' compensation, and employee health coverages. 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.

5. Claims, Judgments, and Contingent Liabilities

At June 30, 2016, 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.

III. Detail Notes on All Funds: (continued)

6. Long-Term Obligations

a. Installment Purchase

On October 11, 1995, the City entered into an installment purchase contract to finance recreational facility improvements. The financing contract requires thirty semi-annual payments of \$161,471 beginning April 11, 1996 with interest at 4.91% per annum. On September 2, 2003, the City amended its original financing contract to finance the recreational facility improvements. The financing contract now requires fifteen semi-annual payments of \$146,562 beginning October 11, 2003 with interest at 2.6% per annum. On May 13, 2002 the City entered into a second installment purchase contract to finance the construction of the Springwood Recreation Park. The financing contract requires thirty semi-annual payments of \$133,333 beginning November 13, 2002 with interest at 4.78% per annum. On August 15, 2003, the City amended its second installment purchase contract to finance the construction of the Springwood Recreation Park. The financing contract now requires twenty-eight semi-annual payments of \$133,333 beginning November 13, 2003 with interest at 3.840% per annum. On August 22, 2014 the City entered into an installment purchase contract to purchase various pieces of equipment. The financing contract requires three annual payments of \$541,239 beginning August 22, 2014 with interest of .89%. On August 19, 2015 the City entered into an installment purchase contract to purchase various pieces of equipment. The financing contract requires three annual payments of \$689,307 beginning August 19, 2015 with interest of .012%.

Annual debt service payments of the installment purchase as of June 30, 2016, including \$35,915 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,476,774	\$ 28,119
2018	681,511	7,796
Present value of the minimum lease payments	<u>\$ 2,158,285</u>	
Total interest payments		<u>\$ 35,915</u>

III. Detail Notes on All Funds: (continued)

b. 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 and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the City. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2016 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the General Fund:

\$9,300,000 of 2006 General Obligation Street Bonds due in annual installments of \$465,000 through June 1, 2016; interest at rates ranging from 3.60% to 4.20% per annum. The final payment on the bond was paid in 2016.

\$5,321,000 of 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. The amount shown includes unamortized bond premium of \$54,860.

5,072,860

Serviced by the Water and Sewer Fund:

\$4,047,000 of 2015 General Obligation Refunding bonds due in annual installments of \$399,000 to \$1,262,000 through February 1, 2019; interest at 1.05% per annum.

2,785,000

\$ 7,857,860

III. Detail Notes on All Funds: (continued)

At June 30, 2016 the City of Burlington had a legal debt margin of \$ 371,635,779.

General Obligation Bonds

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

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Principal	Interest	Principal	Interest
2017	\$ 543,000	\$ 92,833	\$ 1,218,000	\$ 29,243
2018	535,000	82,788	1,168,000	16,454
2019	526,000	72,890	399,000	4,190
2020	517,000	63,159	-	-
2021	508,000	53,595	-	-
2022-2026	<u>2,389,000</u>	<u>130,702</u>	-	-
Total	<u>\$ 5,018,000</u>	<u>\$ 495,967</u>	<u>\$ 2,785,000</u>	<u>\$ 49,887</u>

c. Revenue Bonds

\$11,825,000 of Combined Enterprise System Revenue bonds, Series 2010A  
Interest is payable semiannually on February 1<sup>st</sup> and August 1<sup>st</sup> at a fixed rate  
ranging from 3.0% to 5.0%. Principal amounts will be due on February 1<sup>st</sup>  
beginning in 2012 and maturing in 2024.

\$ 6,595,000

Year Ending June 30	Principal	Interest
2017	\$ 1,085,000	\$ 286,237
2018	1,095,000	242,838
2019	1,115,000	188,087
2020	670,000	143,488
2021	665,000	116,688
2022-2024	<u>1,965,000</u>	<u>176,426</u>
	<u>\$ 6,595,000</u>	<u>\$ 1,153,764</u>

\$10,700,000 of Combined Enterprise System Revenue bonds, Series 2010B  
Build America Bonds (Direct Payment). Interest is payable semiannually on  
February 1<sup>st</sup> and August 1<sup>st</sup> at a fixed rate of 5.412% to 6.975%. The City will  
receive a subsidy of 35 percent of interest cost from the Federal Government.

\$ 10,700,000

Year Ending June 30	Principal	Interest
2017	\$ -	\$ 702,820
2018	-	702,820
2019	-	702,820
2020	450,000	702,820
2021	465,000	678,466
2022-2026	2,605,000	2,974,381
2027-2031	3,195,000	2,061,541
2032-2036	<u>3,985,000</u>	<u>858,275</u>
	<u>\$ 10,700,000</u>	<u>\$ 9,383,943</u>

III. Detail Notes on All Funds: (continued)Revenue bonds (continued)

\$18,370,000 of Combined Enterprise System Revenue bonds, Series 2011 Interest is payable semiannually on February 1<sup>st</sup> and August 1<sup>st</sup> at a fixed rate ranging from 3.0% to 5.0%. Principal amounts will be due on February 1<sup>st</sup> beginning in 2012 and maturing in 2037.

\$ 16,485,000

Year Ending June 30	Principal	Interest
2017	\$ 515,000	\$ 694,274
2018	535,000	673,674
2019	555,000	652,275
2020	580,000	630,075
2021	605,000	606,875
2022-2026	3,360,000	2,684,564
2027-2031	4,085,000	1,964,515
2032-2036	5,090,000	960,590
2037	<u>1,160,000</u>	<u>49,300</u>
	<u>\$ 16,485,000</u>	<u>\$ 8,916,142</u>

The City has been 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 2010A, 2010 B and 2011 since its adoption. The City has pledged future water and sewer customer revenues, net of specified operating expenses, for repayment of \$75,009,946 in water and sewer system revenue bonds issue 2010A and 2010 B and 2011. 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 \$53,233,842 as of June 30, 2016. 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 assets at a level that provides that 15% of unrestricted net assets 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 assets at June 30, 2016 were \$8,129,153 to provide a coverage ratio of 785%. The long-term debt service coverage ratio calculations for the year ended June 30, 2016, is as follows:

Operating revenues	\$30,667,965	
Operating expenses*		16,066,030
Operating income	14,601,935	
Nonoperating revenues (expenses)**	(94,743)	
Income available for debt service	14,507,192	
Debt service, principal and interest paid		
(Revenue bond only)	3,321,332	
Debt service coverage ratio	437%	

\*Per rate covenants, this does not include the depreciation expense of \$6,051,971

\*\* Per rate covenants, this does not include revenue bond interest paid of \$1,043,512

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

### III. Detail Notes on All Funds: (continued)

#### e. Advance Refunding

On December 31, 2010 the City issued \$11,825,000 in Combined System Revenue Bonds with interest ranging from 2.75% to 5% with a final maturity in 2024. These bonds were issued to defease the 2004 Certificates of Participation and for the water and sewer project. The amount defeased was \$9,940,000. The net proceeds of \$8,963,078 along with the City's payment of \$2,100,391 were used to purchase U.S. government t securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Certificates. As a result, the liabilities for the 2004 Certificates of Participation have been removed from the Water & Sewer Fund.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$153,460. This difference related to water and sewer certificates is reported as a deferred inflow of resources in the accompanying financial and is being amortized over the life of the new debt. The bond issuance costs associated with the advance refunding were capitalized and are being amortized over the life of the refunded debt. The City completed the advance refunding to reduce its total future debt service payments by \$1,614,608.

On April 12,2013 the City issued \$5,321,000 in General Obligation Refunding Bonds, Series 2013 with an interest bearing rate of 1.85% to advance refund \$5,260,860 of the 2006 General Obligation Street Bonds with interest rates ranging from 3.60% to 4.20%. The net proceeds of the \$5,321,000 refunding bonds were used to purchase U.S. Government Securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Refunded bonds. As a result the liability of what the Refunding Bonds covered were removed from the books.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$206,000. The difference is reported in the accompanying financial statements as a deferred inflow of resources in the accompanying financial statements and is being amortized over the life of the new debt. The City completed the advance refunding to reduce its total future debt service payments by \$880,059.

#### f. Current Refunding

On February 3, 2015 the City paid cash of \$3,903,000 and issued General Obligation Refunding Bonds, Series \$4,047,000 2015 with an interest bearing rate of 1.05% to pay off the 2005 General Obligation Bonds with interest ranging from 3.75 to 5.00% . There was no difference reported in the accompanying financial statements as there was no reported gain or loss from this transaction. The City completed the current refunding to reduce its total future debt interest payments by \$770,032.

III. Detail Notes on All Funds: (continued)Changes in Long-Term Liabilities

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion of Balance
<b>Governmental activities:</b>					
General Obligation bonds	\$ 5,560,000	\$ -	\$ 542,000	\$ 5,018,000	\$ 543,000
Add: Bond premium	<u>91,978</u>	<u>-</u>	<u>37,118</u>	<u>54,860</u>	<u>-</u>
Total General Obligation bonds	<u>\$ 5,651,978</u>	<u>\$ -</u>	<u>\$ 579,118</u>	<u>\$ 5,072,860</u>	<u>\$ 543,000</u>
Installment purchase	\$ 2,140,876	\$ 2,044,621	\$ 2,027,212	\$ 2,158,285	\$ 1,476,775
Compensated absences	2,535,153	1,483,468	1,518,655	2,499,966	624,992
Net pension liability (LGERS)	-	1,903,292	-	1,903,292	-
OPEB liability-General Fund	<u>3,635,087</u>	<u>573,703</u>	<u>-</u>	<u>4,208,790</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$13,963,094</u>	<u>\$ 6,005,084</u>	<u>\$ 4,124,985</u>	<u>\$ 15,843,193</u>	<u>\$ 2,101,767</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 4,047,000	\$ -	\$ 1,262,000	\$ 2,785,000	\$1,218,000
Revenue Bonds	\$35,355,000	\$ -	\$ 1,575,000	\$ 33,780,000	\$1,618,000
Add: Bond premium	<u>864,027</u>	<u>-</u>	<u>42,065</u>	<u>821,962</u>	<u>-</u>
Total revenue bonds	<u>\$36,219,027</u>	<u>\$ -</u>	<u>\$ 1,617,065</u>	<u>\$ 34,601,962</u>	<u>\$ 2,836,000</u>
Compensated absences	\$ 419,796	\$ 315,012	\$ 336,543	\$ 398,265	\$ 121,393
Net pension liability (LGERS)	-	335,876	-	335,876	-
OPEB liability	<u>641,485</u>	<u>101,243</u>	<u>-</u>	<u>742,728</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$41,327,308</u>	<u>\$ 752,131</u>	<u>\$ 3,215,608</u>	<u>\$ 38,863,831</u>	<u>\$ 121,393</u>

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

III. Detail Notes on All Funds: (continued)

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 \$2,261,257.

Transfers to/from other funds at June 30, 2016 consist of the following:

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
Transfers To/From Other Funds:		
<u>General Fund</u>		
Capital Reserve Fund	900,000	686,261
Group Health Benefits	-	845,002
MPO Planning Transportation	-	74,398
Workmen's Compensation	-	685,615
Transportation	-	100,000
Governor's Crime Comm. Human Trafficking	-	32,300
Bureau of Just Asst Comm Orient Police Grant	-	17,797
	<u>900,000</u>	<u>2,441,373</u>
<u>Capital Reserve Fund</u>		
General Fund	686,261	900,000
Fire Station No. 6	-	200,000
ERP	-	200,000
Drainage Improvements	-	25,000
Total Capital Reserve	<u>686,261</u>	<u>1,325,000</u>
<u>Special Revenue Funds</u>		
MPO Planning Transportation		
General Fund	74,398	-
Home Program Project Fund		
Rental Rehabilitation Loan Program Fund	18,290	-
Transportation		
General Fund	100,000	
Rental Rehabilitation Loan Program Fund		
Home Program Project Fund		18,290
Governor's Crime Comm. Human Trafficking		
General Fund	32,300	-
Bureau of Justice Asst Comm Orient Police		
General Fund	17,797	-
Total Special Revenue Fund	<u>224,495</u>	<u>18,290</u>

III. Detail Notes on All Funds: (continued)

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
<u>Internal Service Funds</u>		
Group Health Benefits		
General Fund	845,002	-
Water & Sewer Fund	270,000	-
Workmen's Compensation Fund		
General Fund	685,615	-
Water & Sewer Fund	<u>459,640</u>	<u>-</u>
Total Internal Service Fund	<u><u>2,261,257</u></u>	<u><u>-</u></u>
<u>Water Fund</u>		
Water Capital Reserve	-	1,544,444
Sewer Capital Reserve	-	1,544,444
Workmen's Compensation	-	459,640
Group Health Insurance	<u>-</u>	<u>270,000</u>
Total Water Fund	<u><u>-</u></u>	<u><u>3,818,528</u></u>
<u>Water Capital Projects</u>		
Water Capital Reserve		
Water & Sewer Fund	1,544,444	-
Sewer Capital Reserve		
Water & Sewer Fund	<u>1,544,444</u>	<u>-</u>
Total Water Capital Projects	<u><u>3,088,888</u></u>	<u><u>-</u></u>
<u>Capital Projects</u>		
Drainage Improvements		
Capital Reserve Fund	25,000	-
Fire Station No. 6		
Capital Reserve Fund	200,000	-
ERP		
Capital Reserve Fund	<u>200,000</u>	<u>-</u>
Total Capital Projects	<u><u>425,000</u></u>	<u><u>-</u></u>
Total Operating Transfers	<u><u>\$ 7,603,191</u></u>	<u><u>\$ 7,603,191</u></u>

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.

III. Detail Notes on All Funds: (continued)

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 \$6,948 for the salary supplement and stipend benefits paid to eligible firefighter by the local board of trustees of the Firefighter's Relief Fund during the fiscal year ended June 30, 2016. 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 firefighter or their departments.

E. Prior Period Adjustment

During the fiscal year ended June 30, 2016 the City determined that assets were incorrectly shown in the Water and Sewer fund and of June 30, 2015 and not the Storm Water Fund. Therefore an adjustment to beginning net position to take the asset out of the Water and Sewer Fund and put it in the Storm Water Fund has been recorded. The effect is a decrease of \$259,960 to beginning net position of the same amount in the Storm Water Fund. The net effect on beginning net position for the business-type activities in the government-wide statements is zero.

An adjustment is being made to the beginning net position for the business-type activities in the government –wide statements to reflect the adjustment for bond issuance costs that should have been expensed in the year of issuance in the amount of \$698,311 and also for the adjustment for gain on advanced refunding that was amortized over the wrong number of years in the amount of \$102,607.

Also, an adjustment is being made to the beginning net position for the governmental activities in the government-wide statements to reflect the adjustment for gain on advanced refunding that was not previously amortized in the amount of \$169,104.

F. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 66,097,677	\$ 153,224,420
Less: long-term debt	7,231,176	37,386,962
Add: unexpended debt proceeds	<u>-</u>	<u>-</u>
	<u>\$ 58,866,501</u>	<u>\$ 115,837,458</u>

III. Detail Notes on All Funds: (continued)

G. Fund Balance

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

<b>Total fund balance – General Fund</b>	\$	48,248,273
<b>Less:</b>		
<b>Stabilization by State Statute</b>		7,429,228
<b>Historic Books</b>		1,418
<b>Animal Shelter</b>		562
<b>Capital Reserve Fund</b>		10,713,528
<b>Appropriated Fund Balance in 2015 budget</b>		1,636,986
<b>General Government</b>		4,316,000
<b>Economic Development</b>		3,000,000
<b>Public Works</b>		3,125,000
<b>Parks and Recreation</b>		1,882,466
<b>Public Safety:</b>		
<b>Police</b>		1,700,000
<b>Fire</b>		3,750,000
<b>Disaster Management</b>		500,000
<b>Working Capital/Fund Balance Policy</b>		10,193,085
<b>Remaining Fund Balance</b>		-

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 \$16,793 to the Council during the fiscal year ended June 30, 2016.

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, 2016. 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, 2016. Complete financial statements for the ABC Board can be obtained from the administrative offices at 603 W. Harden Street, City of Graham, NC 27253.

### III. Detail Notes on All Funds: (continued)

#### VI. Related Organization

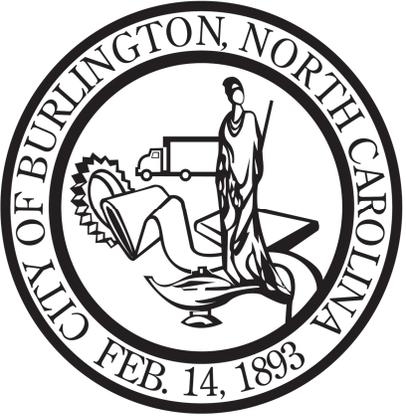
The members of the governing board of the Burlington Housing Authority are appointed by the City but the City has no authority in selecting the management of the Authority. The City is not responsible for financing any deficits of the Authority nor is it entitled to any surpluses. The Authority does 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.

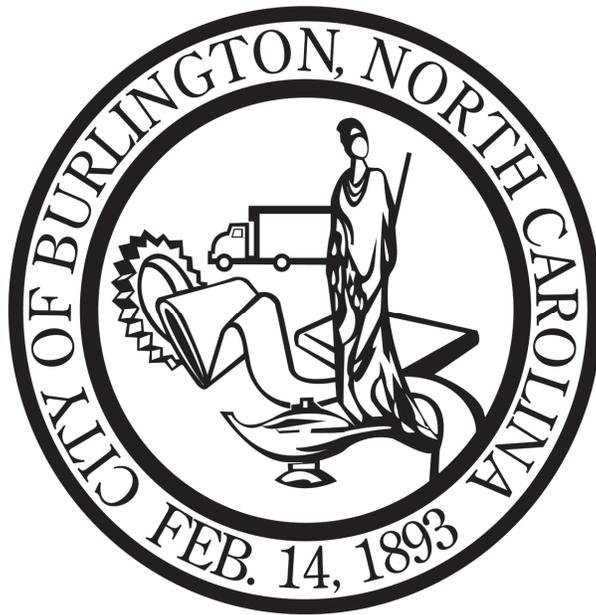
#### VII. Summary Disclosure of Significant Contingencies

##### 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.

See independent auditor's report.





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**REQUIRED SUPPLEMENTAL  
FINANCIAL DATA**  
Individual Fund Schedules

REQUIRED  
SUPPLEMENTAL FINANCIAL DATA

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This section contains additional information required by generally accepted accounting principles.

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- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Funding Progress for the Other Postemployment Benefits.
- Schedule of Employer Contributions for the the Other Postemployment Benefits.
- Notes to the Required Schedules for the Other Postemployment Benefits.
- Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Proportions Share of Net Pension Liability for Firefighters' and Rescue Squad Workers' Pension Plan

CITY OF BURLINGTON, NORTH CAROLINA  
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

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Actuarial Valuation Date *	Actuarial Value of Assets ** (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/10	-	4,027,810	4,027,810	-%	6,454,034	62.41%
12/31/11	-	4,075,535	4,075,535	-%	6,400,341	63.68%
12/31/12	-	4,184,153	4,184,153	-%	6,774,469	61.76%
12/31/13	-	4,257,307	4,257,307	-%	6,900,739	61.69%
12/31/14	-	4,296,896	4,296,893	-%	7,406,005	58.02%
12/31/15	-	6,144,882	6,144,882	-%	7,709,975	79.70%

\* Information is based on the actuarial studies performed as of December 31, 2015, 2014, 2013, 2012, 2011, and 2010, respectively. No actuarial studies were performed for the City prior to 1996.

\*\* At Cost.

CITY OF BURLINGTON, NORTH CAROLINA  
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS

---

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2010	313,873	131.15%
2011	387,593	104.59%
2012	387,359	110.07%
2013	398,066	105.63%
2014	414,488	108.33%
2015	508,142	87.28%
2016	538,873	79.40%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2015
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar closed
Remaining amortization period	15 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment rate of return*	3.57%
Projected salary increases*	3.50% - 7.35%
* Includes inflation at	3.00%
Cost of living adjustments	N/A

CITY OF BURLINGTON, NORTH CAROLINA  
 OTHER POSTEMPLOYMENT BENEFITS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

---

Actuarial Valuation Date *	Actuarial Value of Assets ** (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/10	-	25,648,600	25,648,600	-%	24,696,478	103.90%
12/31/11	-	22,526,021	22,526,021	-%	24,050,629	93.70%
12/31/12	-	22,819,240	22,819,240	-%	23,875,839	95.06%
12/31/13	-	23,527,448	23,527,448	-%	23,539,826	99.90%
12/31/14	-	23,513,952	23,513,952	-%	23,697,454	99.20%
12/31/15	-	24,281,975	24,281,975	-%	20,385,376	119.10%

CITY OF BURLINGTON, NORTH CAROLINA  
 OTHER POSTEMPLOYMENT BENEFITS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2014	2,174,776	81.40%
2015	2,230,941	70.70%
2016	2,180,708	68.10%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2015
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar Amount, Open
Remaining amortization period	30 Years
Amortization Factor	17.9837
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Investment rate of return*	4.00%
Projected salary increases*	7.75%-5.00%
Year of Ultimate trend rate	2022
* Includes inflation at	3.00%

CITY OF BURLINGTON, NORTH CAROLINA  
 CITY OF BURLINGTON'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
 Required Supplementary Information  
 Last Two Fiscal Years

Local Government Employees' Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
City of Burlington's proportion of the net pension liability (asset) (%)	0.4989%	0.4983%	0.5028%
City of Burlington's proportion of the net pension liability (asset) (\$)	2,293,168	(2,938,645)	6,060,671
City of Burlington's covered –employee payroll	29,241,727	27,673,809	26,647,845
Burlington's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.84%	(10.62%)	22.47%
Plan fiduciary net position as a percentage of the total Pension liability**	200%	102.64%	94.35%

\*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\*\*This will be the same percentage for all participant employers in the LGERS plan.

CITY OF BURLINGTON, NORTH CAROLINA  
 CITY OF BURLINGTON'S CONTRIBUTIONS  
 Required Supplementary Information  
 Last Two Fiscal Years

Local Government Employees' Retirement System

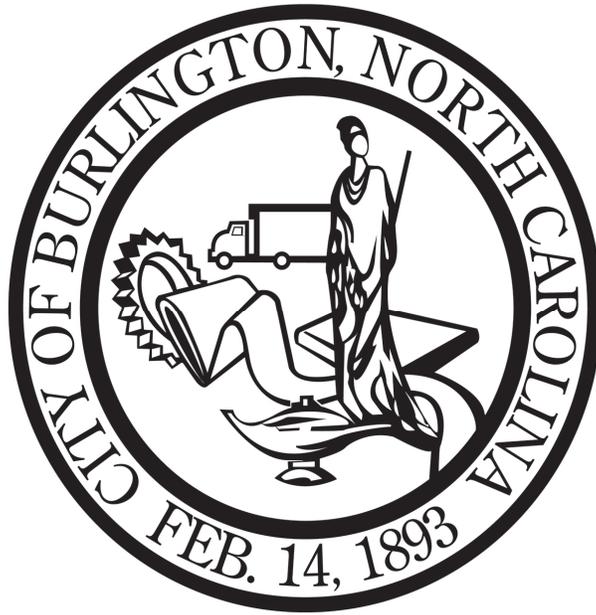
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	2,010,823	1,981,518	1,898,880
Contributions in relation to the contractually required contribution	<u>2,010,823</u>	<u>1,981,518</u>	<u>1,898,880</u>
Contribution deficiency(excess)	<u>          -</u>	<u>          -</u>	<u>          -</u>
Burlington's covered-employee payroll	29,241,727	27,673,809	26,647,845
Contributions as a percentage of covered-Employee payroll	6.78%	7.41%	7.28%

CITY OF BURLINGTON, NORTH CAROLINA  
 City of Burlington's Proportionate Share of Net Pension Liability  
 Required Supplementary Information  
 Last Two Fiscal Years

Firefighters' and Rescue Squad Workers' Pension

	<u>2016</u>	<u>2015</u>
Burlington's proportionate share of the net pension liability(%)	0.000%	0.000%
Burlington's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension Liability associated with the City of Burlington	<u>6,948</u>	<u>21,722</u>
Total	<u>6,948</u>	<u>21,722</u>
Burlington's covered-employee payroll	4,687,076	4,206,632
Burlington's proportionate share of the net pension liability as a percentage of its covered-employee payroll	.15%	.52%
Plan fiduciary net position as a percentage of the total pension liability	200%	93.42%

\*The amounts presented for the fiscal year ending June 30,2016 were determined as of June 30,2015.



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**GENERAL FUND**  
Individual Fund Schedule

CITY OF BURLINGTON, NORTH CAROLINA  
 GENERAL FUND  
 BALANCE SHEET  
 For the Fiscal Year Ended June 30, 2016

June 30,  
2016

ASSETS

Cash and cash equivalents	\$	33,421,792
Receivables (net):		
Taxes		844,831
Accounts		<u>6,584,397</u>
Total assets	\$	<u><u>40,851,020</u></u>

LIABILITIES AND FUND BALANCES

LIABILITIES:		
Accounts payable and accrued liabilities	\$	2,265,711
Deferred revenues		<u>1,050,564</u>
Total liabilities		<u>3,316,275</u>
FUND BALANCES:		
Restricted :		
Stabilization by State Statute		7,429,228
Historic Books		1,418
Animal Shelter		562
Assigned		
Subsequent Years Expenditures		1,636,986
General Government		4,316,000
Economic Development		3,000,000
Public Works		3,125,000
Parks and Recreation		1,882,466
Public Safety		5,950,000
Unassigned		<u>10,193,085</u>
Total fund balances		<u>37,534,745</u>
Total liabilities and fund balances	\$	<u><u>40,851,020</u></u>

CITY OF BURLINGTON, NORTH CAROLINA  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Current year	\$	\$ 26,889,093	\$
Prior year		428,689	
Penalties and interest		127,566	
Tax discounts		(61,496)	
Total	<u>25,905,139</u>	<u>27,383,852</u>	<u>1,478,713</u>
Other Taxes and Licenses:			
Payment in lieu of taxes		80,000	
Privilege licenses		3,641	
Cable TV franchise tax		363,271	
Local option sales tax		11,991,219	
Total	<u>11,302,000</u>	<u>12,438,131</u>	<u>1,136,131</u>
Unrestricted Intergovernmental Revenues:			
Utility franchise tax		3,830,314	
Beer and wine tax		228,407	
Alamance County fuel purchase		312,116	
ABC revenue		133,604	
Alamance Jr. Tennis Foundation		15,868	
Total	<u>4,316,130</u>	<u>4,520,309</u>	<u>204,179</u>
Restricted Intergovernmental Revenues:			
ABC police contract		28,428	
Powell Bill allocation		1,453,384	
N. C. Department of Transportation		432,663	-
Camp Green Leaves		16,565	
State Grant-Crime Commission		88,515	
Alamance-Burlington Schools-Afterschool Programs		185,505	
Animal Shelter		18,735	
Miscellaneous		2,500	
Miscellaneous State Grant		98,894	

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues: (continued)			
Restricted Intergovernmental			
Revenues: (continued)			
Junior Police Academy		8,488	
Fire grants		-	
Spay/Neuter Clinic		33,961	
Recreation		110,020	
Senior Programs		87,584	
Reimbursed Cost		157,448	
Police donations-Melvin Hall		3,449	
Splash Park Pad		5,500	
NCHFA Urgent Repair Grant		74,860	
Donations		2,500	
North Park in Motion Program		1,001	
Total	<u>2,487,305</u>	<u>2,810,000</u>	<u>322,695</u>
Permits and Fees:			
Building permits and			
inspection fees		683,773	
Fees and permits – other		682,058	
Total	<u>978,400</u>	<u>1,365,831</u>	<u>387,431</u>
Sales and Services:			
Animal Control – Alamance			
County		405,887	
Miscellaneous		282,142	
Recreation department			
revenues		1,943,735	
Cemetery lots and fees		146,050	
Sanitation fees		1,387,986	
Total	<u>4,136,409</u>	<u>4,165,800</u>	<u>29,391</u>
Investment Earnings:			
Investment earnings		425,266	
Interest earned-			
street assessment		3,876	
Vacant Lot / Demo			
Interest		37,233	
Total	<u>333,030</u>	<u>466,375</u>	<u>133,345</u>
Miscellaneous:			
Sale of properties and			
materials		86,617	
Miscellaneous		133,728	
Total	<u>171,000</u>	<u>220,345</u>	<u>49,345</u>
Total Revenues	<u>49,629,413</u>	<u>53,370,643</u>	<u>3,741,230</u>

CITY OF BURLINGTON, NORTH CAROLINA  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive ( <u>Negative</u> )
Expenditures:			
General Government:			
City Council:			
Salaries and employee benefits		70,094	
Operating expenditures		<u>107,490</u>	
Total		177,584	
Reimbursement from Water and Sewer Fund	<u>                    </u>	<u>(38,249)</u>	<u>                    </u>
Total City Council	<u>160,611</u>	<u>139,335</u>	<u>21,276</u>
Public Administration:			
Salaries and employee benefits		306,366	
Operating expenditures		<u>28,045</u>	
Total		334,411	
Reimbursement from Water and Sewer Fund	<u>                    </u>	<u>(114,004)</u>	<u>                    </u>
Total Public Administration	<u>229,012</u>	<u>220,407</u>	<u>8,605</u>
Public Information:			
Salaries and employee benefits		139,484	
Operating expenditures		<u>89,053</u>	
Total		228,537	
Reimbursement from Water and Sewer Fund	<u>                    </u>	<u>(89,862)</u>	<u>                    </u>
Total Public Information	<u>140,846</u>	<u>138,675</u>	<u>2,171</u>
Finance:			
Supervision:			
Salaries and employee benefits		568,774	
Operating expenditures		<u>26,621</u>	
Total		595,365	
Reimbursement from Water and Sewer Fund		<u>(271,999)</u>	
Net		<u>323,366</u>	

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
General Government: (continued)			
Finance(continued):			
Collections:			
Salaries and employee benefits		283,970	
Operating expenditures		<u>150,126</u>	
Total		<u>434,096</u>	
Reimbursement from Water and Sewer Fund		<u>(232,088)</u>	
Net		<u>202,008</u>	
Purchasing:			
Salaries and employee benefits		273,229	
Operating expenditures		10,174	
Capital Outlay		<u>-</u>	
Total Purchasing		<u>283,403</u>	
Total Finance	<u>883,098</u>	<u>808,777</u>	<u>74,321</u>
Information Technologies:			
Salaries and employee benefits		602,721	
Operating expenditures		472,141	
Capital outlay		<u>197,904</u>	
Total		1,272,766	
Reimbursement from Water and Sewer Fund		<u>(449,937)</u>	
Total Information Technologies	<u>831,972</u>	<u>822,829</u>	<u>9,143</u>
Legal:			
Salaries and employee benefits		271,255	
Operating expenditures		<u>100,531</u>	
Total		371,786	
Reimbursement from Water and Sewer Fund		<u>(171,150)</u>	
Total Legal	<u>433,797</u>	<u>200,636</u>	<u>233,161</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
General Government: (continued)			
Human Resources:			
Salaries and employee benefits		254,806	
Operating expenditures		<u>512,512</u>	
Total		767,318	
Reimbursement from Water and Sewer Fund	<u>                    </u>	<u>(151,378)</u>	<u>                    </u>
Total Human Resources	<u>620,122</u>	<u>615,940</u>	<u>4,182</u>
Planning GIS Division:			
Salaries and employee Benefits		167,577	
Operating expenditures		48,304	
Capital Outlay		<u>-</u>	
Total		215,881	
Reimbursement from Water and Sewer Fund	<u>                    </u>	<u>(183,385)</u>	<u>                    </u>
Total Planning GIS Division	<u>90,825</u>	<u>32,496</u>	<u>58,329</u>
Planning:			
Salaries and employee benefits		617,501	
Operating expenditures		168,834	
Capital Outlay		<u>-</u>	
Total		786,335	
Reimbursement from Water and Sewer Fund	<u>                    </u>	<u>(183,385)</u>	<u>                    </u>
Total Planning	<u>622,318</u>	<u>602,950</u>	<u>19,368</u>
Inspections:			
Salaries and employee benefits		283,329	
Operating expenditures		90,191	
Capital outlay		<u>-</u>	
Total		373,520	
Reimbursement from Water and Sewer Fund	<u>                    </u>	<u>(183,385)</u>	<u>                    </u>
Total Inspections	<u>215,129</u>	<u>190,135</u>	<u>24,994</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive ( <u>Negative</u> )
Expenditures: (continued)			
General Government: (continued)			
Engineering:			
Salaries and employee benefits		554,345	
Operating expenditures		29,771	
Capital Outlay		<u>29,557</u>	
Total		613,673	
Reimbursement from Water and Sewer Fund		<u>(231,178)</u>	
Total Engineering	<u>441,388</u>	<u>382,495</u>	<u>58,893</u>
Traffic Control Supervisor:			
Salaries and employee benefits		484,662	
Operating expenditures		188,556	
Capital Outlay		<u>26,080</u>	
Total Traffic Control	<u>738,846</u>	<u>699,298</u>	<u>39,548</u>
Transportation Tech Services:			
Salaries and employee benefits		643,004	
Operating expenditures		66,528	
Capital Outlay		<u>-</u>	
Total Transportation Tech Services	<u>781,628</u>	<u>709,532</u>	<u>72,096</u>
Street lighting	<u>650,000</u>	<u>593,981</u>	<u>56,019</u>
General Administration and Building:			
Salaries and employee benefits		1,869,939	
Insurance		172,509	
Operating expenditures		657,388	
Special projects		<u>247,744</u>	
Total General Administration and Building	<u>3,171,010</u>	<u>2,947,580</u>	<u>223,430</u>
Total General Government	<u>10,010,602</u>	<u>9,105,066</u>	<u>905,536</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Public Safety:			
Police:			
Administration:			
Salaries and employee benefits		812,378	
Operating expenditures		1,142,186	
Capital outlay		<u>668,454</u>	
Total		<u>2,623,018</u>	
Records:			
Salaries and employee benefits		245,550	
Operating expenditures		163,760	
Capital Outlay		<u>-</u>	
Total		<u>409,310</u>	
Training and Personnel Services:			
Salaries and employee benefits		209,722	
Operating expenditures		247,485	
Capital Outlay		<u>7,189</u>	
Total		<u>464,396</u>	
Criminal Investigations:			
Salaries and employee benefits		1,381,879	
Operating expenditures		<u>201,472</u>	
Total		<u>1,583,351</u>	
Field Operations Division:			
Salaries and employee benefits		5,864,932	
Operating expenditures		69,866	
Capital Outlay		<u>90,490</u>	
Total		<u>6,025,288</u>	
Retirees:			
Salaries and employee benefits		<u>445,461</u>	
Total		<u>445,461</u>	

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Public Safety: (continued)			
Police: (continued)			
Community Policing:			
Salaries and employee benefits		1,650,957	
Operating expenditures		107,924	
Capital Outlay		-	
Total		<u>1,758,881</u>	
Animal Services-Field:			
Salaries and employee benefits		88,055	
Operating expenditures		<u>41,122</u>	
Total		<u>129,177</u>	
Identification:			
Salaries and employee benefits		245,516	
Operating expenditures		105,580	
Capital Outlay		<u>23,950</u>	
Total		<u>375,046</u>	
Communications:			
Salaries and employee benefits		764,689	
Operating expenditures		350,312	
Capital Outlay		-	
Total		<u>1,115,001</u>	
Animal Services Shelter:			
Salaries and employee benefits		718,897	
Operating expenditures		288,252	
Capital Outlay		<u>46,956</u>	
Total		<u>1,054,105</u>	

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Public Safety: (continued)			
Police: (continued)			
Spay/Neuter:			
Salaries and employee benefits		43,799	
Operating expenditures		<u>96,009</u>	
Total		<u>139,808</u>	
Special Operations:			
Salaries and employee benefits		582,376	
Operating expenditures		<u>58,012</u>	
Total		<u>640,388</u>	
Emergency Management:			
Salaries and employee benefits		66,635	
Operating expenditures		<u>6,415</u>	
Total	<u>                    </u>	<u>73,050</u>	<u>                    </u>
Total Police	<u>17,247,808</u>	<u>16,836,280</u>	<u>411,528</u>
Fire:			
Supervision:			
Salaries and employee benefits		535,261	
Operating expenditures		21,334	
Capital Outlay		<u>-</u>	
Total		<u>556,595</u>	
Training:			
Salaries and employee benefits		173,038	
Operating expenditures		19,284	
Capital outlay		<u>-</u>	
Total		<u>192,322</u>	

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> Positive ( <u>Negative</u> )
Expenditures: (continued)			
Public Safety: (continued)			
Fire: (continued)			
Industrial Inspection and Prevention:			
Salaries and employee Benefits		441,076	
Operating expenditures		<u>14,526</u>	
Total		<u>455,602</u>	
Fire Fighting:			
Salaries and employee benefits		5,186,712	
Operating expenditures		470,688	
Capital Outlay		<u>1,235,914</u>	
Total		<u>6,893,314</u>	
Fire Station and Buildings:			
Operating expenditures		229,749	
Capital Outlay		<u>23,389</u>	
Total		<u>253,138</u>	
Training Center:			
Operating expenditures		<u>31,911</u>	
Total		<u>31,911</u>	
Emergency Response Equipment:			
Operating expenditures		184,875	
Capital Outlay		<u>106,462</u>	
Total		<u>291,337</u>	
Total Fire	<u>8,892,750</u>	<u>8,674,219</u>	<u>218,531</u>
Total Public Safety	<u>26,140,558</u>	<u>25,510,499</u>	<u>630,059</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive ( <u>Negative</u> )
Expenditures (continued):			
Public Works:			
Public Works Department:			
Public Works Supervision:			
Salaries and employee benefits		215,421	
Operating expenditures		29,756	
Capital outlay		<u>-</u>	
Total		<u>245,177</u>	
Building Maintenance:			
Salaries and employee benefits		589,827	
Operating expenditures		<u>101,749</u>	
Total		<u>691,576</u>	
Sustainability:			
Salaries and employee Benefits		177,972	
Operating expenditures		10,270	
Capital Outlay		<u>-</u>	
Total		<u>188,242</u>	
Equipment Maintenance:			
Salaries and employee benefits		710,034	
Operating expenditures		331,446	
Capital Outlay		<u>51,186</u>	
Total		<u>1,092,666</u>	
Street Signs - Marking:			
Salaries and employee benefits		170,185	
Operating expenditures		53,943	
Capital Outlay		<u>1,039</u>	
Total		<u>225,167</u>	
Municipal Building:			
Operating expenditures		301,018	
Capital Outlay		<u>320,620</u>	
Total		<u>621,638</u>	
May Memorial Library:			
Operating expenditures		<u>121,796</u>	
Total		<u>121,796</u>	
Total Public Works Department	<u>2,708,385</u>	<u>3,186,262</u>	<u>(477,877)</u>

CITY OF BURLINGTON, NORTH CAROLINA  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

Continued on next page.

	<u>Budget</u>	<u>Actual</u>	Variance Positive ( <u>Negative</u> )
Expenditures (continued):			
Public Works Department (continued):			
Street Department:			
Supervision:			
Salaries and employee benefits		180,371	
Operating expenditures		27,369	
Capital outlay		-	
Total		<u>207,740</u>	
Maintenance-Paved Streets:			
Salaries and employee benefits		766,976	
Operating Expenditures		685,605	
Capital Outlay	_____	<u>495,134</u>	_____
Total	_____	<u>1,947,715</u>	_____
Total Street Department	<u>3,128,675</u>	<u>2,155,455</u>	<u>973,220</u>
Sanitation Department:			
Supervision:			
Salaries and employee benefits		148,694	
Operating expenditures		38,541	
Capital Outlay		-	
Total		<u>187,235</u>	
Garbage and Waste Collection:			
Salaries and employee benefits		642,163	
Operating expenditures		1,387,032	
Capital Outlay		<u>346,683</u>	
Total	_____	<u>2,375,878</u>	_____
Total Sanitation	<u>2,646,742</u>	<u>2,563,113</u>	<u>83,629</u>

CITY OF BURLINGTON, NORTH CAROLINA  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

Continued on next page.

	<u>Budget</u>	<u>Actual</u>	Variance Positive ( <u>Negative</u> )
Public Works Department (continued):			
Cemetery Department:			
Maintenance:			
Supervision:			
Salaries and employee benefits		175,036	
Operating expenditures		<u>6,765</u>	
Total		<u>181,801</u>	
Interment and Maintenance:			
Salaries and employee benefits		541,812	
expenditures		200,236	
Capital Outlay		<u>69,152</u>	
Total		<u>811,200</u>	
Total Cemetery	<u>1,061,209</u>	<u>993,001</u>	<u>68,208</u>
Street Tree Program:			
Salaries and employee benefits		9,826	
Operating expenditures		<u>26,707</u>	
Total Street Program	<u>43,937</u>	<u>36,533</u>	<u>7,404</u>
Total Public Works	<u>9,588,948</u>	<u>8,934,364</u>	<u>654,584</u>
Cultural and Recreation:			
Recreation:			
Supervision:			
Salaries and employee benefits		527,568	
Operating expenditures		<u>27,211</u>	
Total		<u>554,779</u>	
Day Camps and Afterschools:			
Salaries and employee Benefits		595,363	
Operating expenditures		<u>146,114</u>	
Total		<u>741,477</u>	

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Cultural and Recreation:			
Recreation: (continued)			
Athletics:			
Salaries and employee benefits		728,683	
Operating expenditures		507,172	
Capital Outlay		<u>61,331</u>	
Total		<u>1,297,186</u>	
Special Events:			
Salaries and employee benefits		56,677	
Operating expenditures		<u>230,225</u>	
Total		<u>286,902</u>	
Fairchild Stadium:			
Operating expenditures		39,133	
Capital Outlay		<u>226,725</u>	
Total		<u>265,858</u>	
Recreation Buildings:			
Salaries and employee benefits		1,117,449	
Operating expenditures		695,902	
Capital outlay		<u>889,482</u>	
Total		<u>2,702,833</u>	
Aquatics:			
Salaries and employee benefits		344,451	
Operating expenditures		200,704	
Capital Outlay		<u>46,514</u>	
Total		<u>591,669</u>	

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Cultural and Recreation:			
Recreation: (continued)			
Camp Green Leaves:			
Salaries and employee benefits		42,414	
Operating expenditures		<u>24,022</u>	
Total		<u>66,436</u>	
Amusement Park:			
Salaries and employee benefits		115,803	
Operating expenditures		97,757	
Capital Outlay		<u>-</u>	
Total		<u>213,560</u>	
Golf Course:			
Salaries and employee benefits		505,777	
Operating expenditures		304,052	
Capital outlay		<u>139,267</u>	
Total		<u>949,096</u>	
Paramount Theater:			
Salaries and employee benefits		184,021	
Operating expenditures		70,292	
Capital Outlay		<u>-</u>	
Total	<u>                    </u>	<u>254,313</u>	<u>                    </u>
 Total Cultural and Recreation	 <u>7,935,439</u>	 <u>7,924,109</u>	 <u>11,330</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Debt Service:			
Principal - bond	542,000	542,000	-
Interest and other charges - bond	116,345	116,345	-
Principal - capital lease	2,027,904	2,027,211	693
Interest and other charges - capital lease	<u>32,375</u>	<u>32,375</u>	
Total Debt Service	<u>2,718,624</u>	<u>2,717,931</u>	<u>693</u>
Total Expenditures	<u>56,394,171</u>	<u>54,191,969</u>	<u>2,202,202</u>
Revenues Over (Under) Expenditures	<u>(6,764,758)</u>	<u>(821,326)</u>	<u>5,943,432</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Bureau of Justice Asst. Community Orient Police	(17,797)	(17,797)	-
Worker's Compensation Self Insurance Fund	(685,615)	(685,615)	-
Issuance from installment financing	2,044,630	2,044,621	(9)
Group Health Benefits	(845,002)	(845,002)	-
MPO Transportation	(74,398)	(74,398)	-
Capital Reserve Fund Transportation	(1,186,464)	(686,261)	500,203
Governor's Crime Commision Human Trafficking	(100,000)	(100,000)	-
Capital Reserve Fund	<u>(32,300)</u>	<u>(32,300)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>3,054</u>	<u>503,248</u>	<u>500,194</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(6,761,704)</u>	<u>(318,078)</u>	<u>\$ 6,443,626</u>
Fund Balance Appropriated	<u>6,761,704</u>		
	<u>\$</u>		
Fund Balances beginning		<u>37,852,823</u>	
Fund Balances, ending		<u>\$ 37,534,745</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
 CAPITAL RESERVE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL  
 From Inception And For The Fiscal Year Ended June 30, 2016

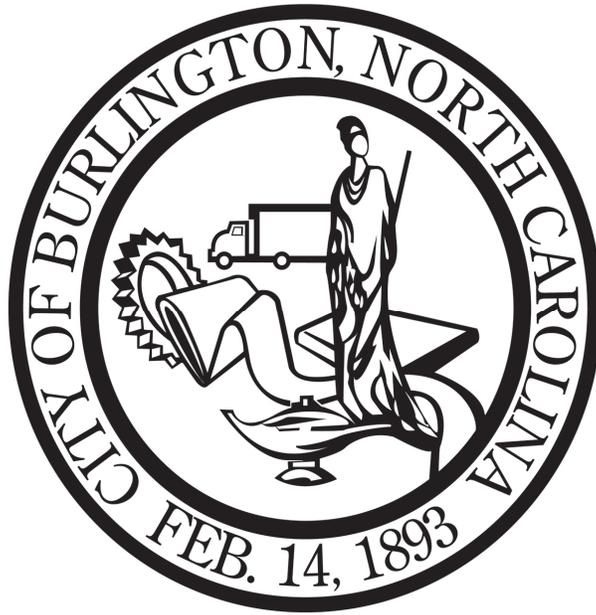
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ _____	\$ 72,843	\$ _____
Total Revenues	_____ -	_____ 72,843	_____ 72,843
Expenditures:			
Professional Services	-	-	-
Infrastructure	_____ 661,261	_____ -	_____ 661,261
Total Expenditures	_____ 661,261	_____ -	_____ 661,261
Revenues Over (Under) Expenditures	\$ (661,261)	_____ 72,843	\$ 734,104
Other Financing Sources (Uses):			
Transfer from (to) other funds			
General Fund	(900,000)	(900,000)	-
Drainage Improvement Project	(25,000)	(25,000)	-
Fire Station No. 6	(200,000)	(200,000)	-
ERP	(200,000)	(200,000)	-
General Fund	_____ 686,261	_____ 686,261	_____ -
Total Other Financing Sources	_____ (638,739)	_____ (638,739)	_____ -
Revenues and Other Sources Over (Under) Expenditures	\$ (1,300,000)	(565,896)	\$ <u>734,104</u>
Fund balance, appropriated	_____ 1,300,000		
Net change in fund balance	\$ _____ -		
Fund balance, beginning		_____ 11,279,424	
Fund balance, ending		\$ <u>10,713,528</u>	

CITY OF BURLINGTON  
BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2016

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,523,001	\$ 2,043,887	\$ 3,566,888
Receivables, net:			
Taxes	62,903	-	62,903
Accounts	1,093,763	-	1,093,763
Housing rehabilitation loans	2,171,168	-	2,171,168
Home incentive loans	100,674	-	100,674
	<u>4,951,509</u>	<u>2,043,887</u>	<u>6,995,396</u>
Total Assets	<u>\$ 4,951,509</u>	<u>\$ 2,043,887</u>	<u>\$ 6,995,396</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 994,986	\$ 240,830	\$ 1,235,816
Deferred revenue	62,903	-	62,903
	<u>1,057,889</u>	<u>240,830</u>	<u>1,298,719</u>
Fund balances:			
Restricted:			
Stabilization by State Statute	-	-	-
Economic Development	3,276,857	-	3,276,857
Public Safety	364,440	-	364,440
Committed for Capital Development	-	1,803,057	1,803,057
Assigned for Subsequent Expenditures	335,368	-	335,368
Unassigned	(83,045)	-	(83,045)
	<u>3,893,620</u>	<u>1,803,057</u>	<u>5,696,677</u>
Total Fund Balances	<u>3,893,620</u>	<u>1,803,057</u>	<u>5,696,677</u>
Total liabilities and fund balances	<u>\$ 4,951,509</u>	<u>\$ 2,043,887</u>	<u>\$ 6,995,396</u>

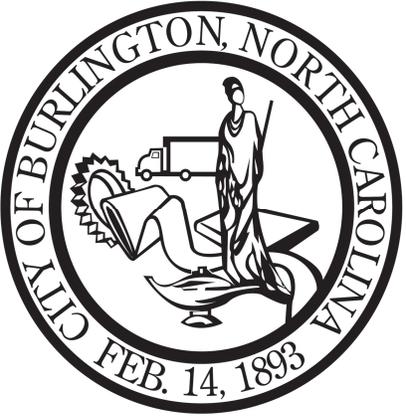
CITY OF BURLINGTON  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Ad valorem taxes	\$ 125,312	\$ -	\$ 125,312
Unrestricted intergovernmental	189,539	-	189,539
Restricted intergovernmental	1,578,175	-	1,578,175
Sales and services	298,474	-	298,474
Investment earnings	51	192	243
Miscellaneous	32,184	-	32,184
	<hr/>	<hr/>	<hr/>
Total revenues	2,223,735	192	2,223,927
<b>EXPENDITURES</b>			
Current:			
Public Safety	160,178	-	160,178
Economic and physical development	2,203,073	-	2,203,073
Culture and recreation	184,896	-	184,896
Capital Outlay	-	3,208,233	3,208,233
	<hr/>	<hr/>	<hr/>
Total expenditures	2,548,147	3,208,233	5,756,380
	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	(324,412)	(3,208,041)	(3,532,453)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	224,495	425,000	649,495
Transfers to other funds	(18,290)	-	(18,290)
	<hr/>	<hr/>	<hr/>
Total other financing sources	206,205	425,000	631,205
	<hr/>	<hr/>	<hr/>
Revenue and other sources over expenditures and other uses	(118,207)	(2,783,041)	(2,901,248)
Fund balances:			
Fund balances - beginning	4,011,827	4,586,098	8,597,925
	<hr/>	<hr/>	<hr/>
Fund balances - ending	<u>\$ 3,893,620</u>	<u>\$ 1,803,057</u>	<u>5,696,677</u>



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**SPECIAL REVENUE FUNDS**  
Combining Schedules  
and  
Individual Fund Schedules



CITY OF BURLINGTON, NORTH CAROLINA  
ALL SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
For The Fiscal Year Ended June 30, 2016

	Community Development Fund	Rehabili- tation Loan Program Fund	Rental Rehabili- tation Loan Program Fund	Downtown Specil Tax District Fund	Governor's Crime Commission Human Trafficking	RICO Fund	Edward Byrne Justice Assistance Grant Fund
<u>ASSETS</u>							
Cash and cash equivalents	\$ 22,757	\$ 173,406	\$ 351,313	\$ -	\$ 9,853	\$ 327,375	\$ 122,600
Receivables (net):							
Taxes	-	-	-	62,903	-	-	-
Accounts	-	33,213	143,651	-	-	-	-
Housing Rehabilitation loans	-	1,722,269	448,899	-	-	-	-
Home Incentive loans	-	100,674	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Total Assets	<u>\$ 22,757</u>	<u>\$ 2,029,562</u>	<u>\$ 943,863</u>	<u>\$ 62,903</u>	<u>\$ 9,853</u>	<u>\$ 327,375</u>	<u>\$ 122,600</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 7,090	\$ 3,405	\$ -	\$ -	\$ 4,810	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	62,903	-	-	-
Total Liabilities	<u>7,090</u>	<u>3,405</u>	<u>-</u>	<u>62,903</u>	<u>\$ 4,810</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted							
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic Development	15,667	1,875,207	917,665	-	-	-	-
Public Safety	-	-	-	-	5,043	261,608	122,600
Assigned							
Subsequent Years Expenditures	-	150,950	26,198	-	-	65,767	-
Unassigned							
	-	-	-	-	-	-	-
Total fund balances	<u>15,667</u>	<u>2,026,157</u>	<u>943,863</u>	<u>-</u>	<u>5,043</u>	<u>327,375</u>	<u>122,600</u>
Total Liabilities and Fund balances	<u>\$ 22,757</u>	<u>\$ 2,029,562</u>	<u>\$ 943,863</u>	<u>\$ 62,903</u>	<u>\$ 9,853</u>	<u>\$ 327,375</u>	<u>\$ 122,600</u>

Guilford Mackintosh Fund	Controlled Substance Tax Fund	MPO Planning Transportation Fund	Medicare Part D Grant Project Fund	Public Transportation Fund	Bureau of Justice Assistance Community Oriented Policing Grant	Totals
\$ -	\$ 67,642	\$ 434,426	\$ 2,815	\$ 10,814	\$ -	\$ 1,523,001
-	-	-	-	-	-	62,903
23,383	-	31,176	-	862,340	-	1,093,763
-	-	-	-	-	-	2,171,168
-	-	-	-	-	-	100,674
-	-	-	-	-	-	-
<u>\$ 23,383</u>	<u>\$ 67,642</u>	<u>\$ 465,602</u>	<u>\$ 2,815</u>	<u>\$ 873,154</u>	<u>\$ -</u>	<u>\$ 4,951,509</u>
\$ 23,383	\$ -	\$ 99	\$ -	\$ 956,199	\$ -	\$ 994,986
-	-	-	-	-	-	-
-	-	-	-	-	-	62,903
<u>23,383</u>	<u>-</u>	<u>99</u>	<u>-</u>	<u>956,199</u>	<u>-</u>	<u>1,057,889</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	465,503	2,815	-	-	3,276,857
-	(24,811)	-	-	-	-	364,440
-	92,453	-	-	-	-	335,368
-	-	-	-	(83,045)	-	(83,045)
-	67,642	465,503	2,815	(83,045)	-	3,893,620
<u>\$ 23,383</u>	<u>\$ 67,642</u>	<u>\$ 465,602</u>	<u>\$ 2,815</u>	<u>\$ 873,154</u>	<u>\$ -</u>	<u>\$ 4,951,509</u>

CITY OF BURLINGTON, NORTH CAROLINA  
 ALL SPECIAL REVENUE FUNDS  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 For The Fiscal Year Ended June 30, 2016

	Community Development Fund	Rehabilitation Loan Program Fund	Rental Rehabili- tation Loan Program Fund	Downtown Special Tax District Fund	Governor's Crime Commission Human Trafficking	RICO Fund
<b>Revenues:</b>						
Ad Valorem taxes	\$ -	\$ -	\$ -	\$ 125,312	\$ -	\$ -
Unrestricted intergovernmental	-	-	-	-	-	-
Restricted intergovernmental	426,962	-	-	-	-	45,084
Sales and services	-	-	-	-	-	-
Investment earnings	-	16	-	-	-	18
Miscellaneous	-	18,654	13,530	-	-	-
<b>Total Revenues</b>	<b>426,962</b>	<b>18,670</b>	<b>13,530</b>	<b>125,312</b>	<b>-</b>	<b>45,102</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Public Safety	-	-	-	-	27,257	126,175
Cultural and recreation	-	-	-	-	-	-
Economic and physical development	432,789	100,632	(632)	125,312	-	-
<b>Total Expenditures</b>	<b>432,789</b>	<b>100,632</b>	<b>(632)</b>	<b>125,312</b>	<b>27,257</b>	<b>126,175</b>
Revenue Over (Under) Expenditures	(5,827)	(81,962)	14,162	-	(27,257)	(81,073)
<b>Other Financing Sources (Uses):</b>						
Transfer from other funds	-	-	-	-	32,300	-
Transfer to other funds	-	-	(18,290)	-	-	-
Transfer to component unit	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(18,290)</b>	<b>-</b>	<b>32,300</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(5,827)</b>	<b>(81,962)</b>	<b>(4,128)</b>	<b>-</b>	<b>5,043</b>	<b>(81,073)</b>
Fund balance, beginning	21,494	2,108,119	947,991	-	-	408,448
<b>Fund balance, ending</b>	<b>\$ 15,667</b>	<b>\$ 2,026,157</b>	<b>\$ 943,863</b>	<b>\$ -</b>	<b>\$ 5,043</b>	<b>\$ 327,375</b>

Edward Byrne Justice Assistance Grant Fund	Guilford Mackintosh Fund	Controlled Substance Tax Fund	MPO Planning Transportation Fund	Medicare Part D Grant Project Fund	Public Transportation Fund	Bureau of Justice Assistance Community Oriented Policing Grant	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,312
-	138,343	51,196	-	-	-	-	189,539
19,160	-	-	180,607	-	906,362	-	1,578,175
-	46,553	-	-	-	251,921	-	298,474
-	-	-	17	-	-	-	51
-	-	-	-	-	-	-	32,184
19,160	184,896	51,196	180,624	-	1,158,283	-	2,223,735
1,105	-	5,641	-	-	-	-	160,178
-	184,896	-	-	-	-	-	184,896
-	-	-	204,151	1,978	1,338,843	-	2,203,073
1,105	184,896	5,641	204,151	1,978	1,338,843	-	2,548,147
18,055	-	45,555	(23,527)	(1,978)	(180,560)	-	(324,412)
-	-	-	74,398	-	100,000	17,797	224,495
-	-	-	-	-	-	-	(18,290)
-	-	-	-	-	-	-	-
-	-	-	74,398	-	100,000	17,797	206,205
18,055	-	45,555	50,871	(1,978)	(80,560)	17,797	(118,207)
104,545	-	22,087	414,632	4,793	(2,485)	(17,797)	4,011,827
<u>\$ 122,600</u>	<u>\$ -</u>	<u>\$ 67,642</u>	<u>\$ 465,503</u>	<u>\$ 2,815</u>	<u>\$ (83,045)</u>	<u>\$ -</u>	<u>\$ 3,893,620</u>

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – COMMUNITY DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2016

	Total Authorized Revenues	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
Federal Grants -					
Program Year:					
2016	\$ 419,950	\$ -	\$ 338,655	\$ 338,655	\$ (81,295)
2015	412,593	-	54,031	54,031	(358,562)
2014	458,906	424,630	34,276	458,906	0
2013	460,219	460,219	-	460,219	-
2012	398,713	398,713	-	398,713	-
2011	477,189	477,189	-	477,189	-
2010	439,247	439,247	-	439,247	-
2009	432,444	432,444	-	432,444	-
2008	447,676	447,676	-	447,676	-
2007	440,794	440,794	-	440,794	-
2006	490,388	490,388	-	490,388	-
2005	518,000	518,000	-	518,000	-
2004	531,000	531,000	-	531,000	-
Federal Recovery Grant	-	117,446	-	117,446	117,446
Total Restricted Intergovernmental	<u>5,927,119</u>	<u>5,177,746</u>	<u>426,962</u>	<u>5,604,708</u>	<u>(322,411)</u>
Miscellaneous Revenues:					
Urban renewal land sales and related income	-	145,641	-	145,641	145,641
Sale of property:					
2007	-	200	-	200	200
2004	-	200	-	200	200
1997	-	14,083	-	14,083	14,083
Program income - 1995	-	522	-	522	522
Total Miscellaneous Revenues	<u>-</u>	<u>160,646</u>	<u>-</u>	<u>160,646</u>	<u>160,646</u>
Total Revenues	<u>5,927,119</u>	<u>5,338,392</u>	<u>426,962</u>	<u>5,765,354</u>	<u>(161,765)</u>

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – COMMUNITY DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2016

Continued on next page

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures:					
Economic and Physical Development:					
Program Year 2004:					
Public Works					
Facilities, Site Improvements:					
Durham Street/ Morgan Hill Trail	82,084	82,084	-	82,084	-
Glen Raven Project	155,467	155,467	-	155,467	-
Hunt Street Project	3,249	3,249	-	3,249	-
Ross Street Subdivision	50,000	50,000	-	50,000	-
FAS Plumbing Repairs	4,900	4,900	-	4,900	-
Provision of Public Services:					
North Park Library	12,000	12,000	-	12,000	-
Fairchild Comfort Station	4,800	4,800	-	4,800	-
Construction Training Program	65,000	65,000	-	65,000	-
Recreation Facilities Improvements	3,200	3,200	-	3,200	-
FAS Security System	3,500	3,495	-	3,495	5
Administration	110,000	101,975	-	101,975	8,025
Contingency	<u>36,800</u>	<u>62</u>	-	<u>62</u>	<u>36,738</u>
Total Program Year 2004	<u>531,000</u>	<u>486,232</u>	-	<u>486,232</u>	<u>44,768</u>
Program Year 2005:					
Public Works					
Facilities, Site Improvements:					
Glen Raven Project	340,000	340,000	-	340,000	-
Provision of Public Services:					
North Park Library	12,000	12,000	-	12,000	-
Construction Training Program	65,000	65,000	-	65,000	-
Administration	<u>89,908</u>	<u>89,908</u>	-	<u>89,908</u>	-
Total Program Year 2005	<u>506,908</u>	<u>506,908</u>	-	<u>506,908</u>	-

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – COMMUNITY DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2016

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical Development (continued):					
Program Year 2006:					
Public Works Facilities, Site Improvements:					
Glen Raven Infrastructure	317,388	317,388	-	317,388	-
Provision of Public Services:					
North Park Library	10,000	10,000	-	10,000	-
Construction Training Program	65,000	65,000	-	65,000	-
Administration	<u>67,281</u>	<u>67,281</u>	-	<u>67,281</u>	-
Total Program Year 2006	<u>459,669</u>	<u>459,669</u>	-	<u>459,669</u>	-
Program Year 2007:					
Public Works Facilities, Site Improvements:					
Glen Raven Project	47,594	47,594	-	47,594	-
Church Street Sidewalk	48,038	48,038	-	48,038	-
Street Improvements (Jackson/Peace)	9,241	9,241	-	9,241	-
Storm Sewer Replacement	30,469	30,469	-	30,469	-
Provision of Public Services:					
Hall Avenue Facility Improvements	69,899	69,899	-	69,899	-
North Park Library	10,000	10,000	-	10,000	-
North Park Pool Upgrades	5,200	5,200	-	5,200	-
Fairchild Comfort Station	39,578	39,578	-	39,578	-
Construction Training Program	65,000	65,000	-	65,000	-
Administration	<u>49,642</u>	<u>49,642</u>	-	<u>49,642</u>	-
Total Program Year 2007	<u>374,661</u>	<u>374,661</u>	-	<u>374,661</u>	-

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – COMMUNITY DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2016

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2008:					
Public Works					
Facilities, Site					
Improvements:					
Sidewalk					
Improvements	90,160	90,160	-	90,160	-
Provision of					
Public Services:					
North Park					
Library	12,000	12,000	-	12,000	-
Recreation Facility					
Improvements	82,676	82,676	-	82,676	-
Hall Avenue Facility					
Improvements	97,286	97,286	-	97,286	-
Construction					
Training Program	65,000	65,000	-	65,000	-
Administration	<u>55,484</u>	<u>54,726</u>	<u>250</u>	<u>54,976</u>	<u>508</u>
Total Program					
Year 2008	<u>402,606</u>	<u>401,848</u>	<u>250</u>	<u>402,098</u>	<u>508</u>
Program Year 2009:					
Public Works					
Facilities, Site					
Improvements:					
Sidewalk					
Improvements	125,747	125,748	-	125,748	(1)
Provision of					
Public Services:					
North Park					
Library	12,000	12,000	-	12,000	-
Fairchild Park					
Improvements	127,444	127,444	-	127,444	-
Construction					
Training Program	65,000	65,000	-	65,000	-
Administration	<u>98,000</u>	<u>95,353</u>	<u>2,299</u>	<u>97,652</u>	<u>348</u>
Total Program					
Year 2009	<u>428,191</u>	<u>425,545</u>	<u>2,299</u>	<u>427,844</u>	<u>347</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – COMMUNITY DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2016

	<u>Total Authorized Costs</u>	<u>Reported In Prior Years</u>	<u>Actual</u>		<u>Variance Positive (Negative)</u>
			<u>Current Year</u>	<u>Total To Date</u>	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2010:					
Public Works					
Facilities, Site					
Improvements:					
Maple Avenue					
Sidewalk	112,699	112,699	-	112,699	-
Provision of					
Public Services:					
North Park					
Library	10,000	10,000	-	10,000	-
Residential					
Treatment					
Services					
Mebane					
Street Facility					
Repairs	9,175	9,175	-	9,175	-
North Park					
Improvements	100,000	100,000	-	100,000	-
Family Abuse					
Services					
Transitional					
Housing					
Upgrade	3,500	3,500	-	3,500	-
Construction					
Training Program	65,000	65,000	-	65,000	-
Administration	98,000	69,600	491	70,091	27,909
Total Program					
Year 2010	<u>398,374</u>	<u>369,974</u>	<u>491</u>	<u>370,465</u>	<u>27,909</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – COMMUNITY DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2016

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical Development (continued):					
Program Year 2011:					
Public Works					
Facilities, Site Improvements:					
Water & Sewer Lines-Hunt St.	45,437	45,437	-	45,437	-
Provision of Public Services:					
North Park Library	10,000	10,000	-	10,000	-
Fairchild Park Upgrade	230,474	230,474	-	230,474	-
FAS Transitional Housing Upgrade	4,566	4,566	-	4,566	-
North Park Improvements	11,081	11,081	-	11,081	-
Picnic Site Improvements	12,343	12,343	-	12,343	-
Playground Equipment Upgrades	30,000	30,000	-	30,000	-
Relocation	10,171	10,170	-	10,170	1
Construction Training Program	65,000	65,000	-	65,000	-
Administration	98,000	54,736	2,569	57,305	40,695
Total Program Year 2011	517,072	473,807	2,569	476,376	40,696

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – COMMUNITY DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2016

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical Development (continued):					
Program Year 2012:					
Public Works					
Facilities, Site Improvements:					
Gilliam Road					
Water Line Project	58,508	58,508	-	58,508	-
Queen Anne St. Sewer Line Upgrade	128,847	128,847	-	128,847	-
Provision of Public Services:					
North Park					
Library	10,000	10,000	-	10,000	-
Fairchild Park Energy Improvements	40,700	40,700	-	40,700	-
Fairchild Generator Project	63,090	63,090	-	63,090	-
North Park Lighting Upgrade	21,130	21,130	-	21,130	-
Family Abuse Service Upgrade	7,776	7,776	-	7,776	-
Allied Churches Facility Upgrades	98,289	98,289	-	98,289	-
Construction					
Training Program	65,000	65,000	-	65,000	-
Administration	62,000	54,340	-	54,340	7,660
Total Program Year 2012	555,340	547,680	-	547,680	7,660

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – COMMUNITY DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2016

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2013:					
Public Works					
Facilities, Site					
Improvements:					
Ireland St. Sidewalk					
Project	114,835	114,835	-	114,835	-
Provision of					
Public Services:					
North Park					
Library	10,000	10,000	-	10,000	-
North Park Upgrades	5,000				5,000
Relocation	2,830	2,830	-	2,830	-
RTS Hall Avenue					
Upgrade	1,250	1,250	-	1,250	-
Fairchild Park					
Youth Program	51,430	51,430	-	51,430	-
Fairchild Soccer					
Park Paving	56,055	56,055	-	56,055	-
Fairchild Generator					
Project	17,874	17,839	-	17,839	35
FAS Emergency					
Shelter	3,305	3,305	-	3,305	-
Eva Barker Park	41,000	41,000	-	41,000	-
North Park HVAC					
Upgrade	9,650	9,650	-	9,650	-
RTS Mebane St					
Upgrade	8,990	8,990	-	8,990	-
Forest Hills					
Upgrade	4,398	4,398	-	4,398	-
Allied Churches Upgrade	8,232				8,232
Construction					
Training Program	65,000	65,000	-	65,000	-
Administration	62,000	54,339	-	54,339	7,661
Total Program					
Year 2013	461,849	440,921	-	440,921	20,928

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – COMMUNITY DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2016

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2014:					
Public Works					
Facilities, Site					
Improvements:					
Mebane St. Sidewalk					
Project	143,089	143,522	-	143,522	(433)
Mebane St. Crosswalk					
Project	33,300	33,300	-	33,300	-
Provision of					
Public Services:					
North Park					
Library	26,237	26,237	-	26,237	-
RTS Hall Avenue					
Upgrade	13,040	13,040	-	13,040	-
Fairchild Park					
Upgrade	10,000	9,399	-	9,399	601
Allied Churches					
Upgrade	74,281	51,821	13,347	65,168	9,113
Construction					
Training Program	65,000	65,000	-	65,000	-
Burl Development Corp	7,239	-	-	-	-
Administration	62,000	47,233	7,175	54,408	7,592
Total Program					
Year 2014	434,186	389,552	20,522	410,074	24,112
Program Year 2015:					
Public Works					
Facilities, Site					
Improvements:					
Friendly Ave Culvert	74,670	25,449	-	25,449	49,221
Mebane St Crosswalk Proj					
Provision of					
Public Services:					
North Park Library	14,137	12,156	-	12,156	1,981
RTS Hall Avenue Upgrade					
North Park Gym Upgrades	108,860	113,460	-	113,460	(4,600)
Allied Churches Upgrade	54,600	70,718	-	70,718	(16,118)
Relocation	7,000	7,000	-	7,000	-
Construction					
Training Program	65,000	65,000	-	65,000	-
Burl Development Corp	19,903	22,090	5,052	27,142	(7,239)
Administration	68,093	949	41,644	42,593	25,500
Total Program					
Year 2015	412,263	316,822	46,696	363,518	48,745

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – COMMUNITY DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2016

Program Year 2016:

Provision of					
Public Services:					
North Park Library	10,000	-	10,000	10,000	-
RTS Hall Avenue Upgrade					-
North Park Gym Upgrades					
Allied Churches Upgrade	102,995	-	102,995	102,995	-
Hatch St. Sidewalk	52,050	-	14,007	14,007	38,043
Fairchild Park Gym Upg	140,000	-	140,000	140,000	-
Relocation	4,000	-	4,000	4,000	-
Construction					-
Training Program	65,000	-	65,000	65,000	-
Burl Development Corp		-		-	-
Administration	<u>70,955</u>	<u>-</u>	<u>23,960</u>	<u>23,960</u>	<u>46,995</u>
Total Program					
Year 2016	<u>445,000</u>	<u>-</u>	<u>359,962</u>	<u>359,962</u>	<u>85,038</u>
Total Expenditures	<u>5,927,119</u>	<u>5,193,619</u>	<u>432,789</u>	<u>5,626,408</u>	<u>300,711</u>
Revenues Over (Under)					
Expenditures	<u>-</u>	<u>144,773</u>	<u>(5,827)</u>	<u>138,946</u>	<u>138,946</u>
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
Mebane St./					
St. John Culvert	(117,450)	(117,446)	-	(117,446)	4
Rehabilitation	215,999	-	-	-	(215,999)
Loan Program					
Fund:					
Program Year:					
1996	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing (Uses)	<u>98,549</u>	<u>(117,446)</u>	<u>-</u>	<u>(117,446)</u>	<u>(215,999)</u>
Revenues and Other					
Sources Over (Under) Expenditures					
And Other Uses	\$ 98,549	<u>\$ 27,327</u>	(5,827)	<u>\$ 21,500</u>	<u>\$ (77,049)</u>
Fund balance, appropriated	<u>(98,549)</u>				
Net change in fund balance	<u>\$ -</u>				
Fund balance, beginning			<u>21,494</u>		
Fund balance, ending			<u>\$ 15,667</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – REHABILITATION LOAN PROGRAM FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$ _____	\$ _____ 16	\$ _____
Miscellaneous:		172	
Interest on loans	_____	_____ 18,482	_____
Total Revenues	_____ 16,000	_____ 18,670	_____ 2,670
Expenditures:			
Economic and Physical Development:			
Operating expenditures		122,343	
Provision for bad debts	_____	_____ (21,711)	_____
Total Expenditures	_____ 166,950	_____ 100,632	_____ 66,318
Revenues Over (Under) Expenditures	(150,950)	(81,962)	\$ _____ 68,988
Fund balance, appropriated	_____ 150,950		
Net change in fund balance	\$ _____ -		
Fund balance, beginning		_____ 2,108,119	
Fund balance, ending		\$ _____ 2,026,157	

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – RENTAL REHABILITATION LOAN PROGRAM FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment earnings	\$	\$	-
Miscellaneous:			
Miscellaneous Income		-	
Interest on loans	<u>                    </u>	<u>13,350</u>	<u>                    </u>
Total Revenues	<u>2,000</u>	<u>13,530</u>	<u>11,530</u>
Expenditures:			
Economic and Physical Development:			
Provision for bad debts	<u>                    </u>	<u>(632)</u>	<u>                    </u>
Total Expenditures	<u>10,000</u>	<u>(632)</u>	<u>10,632</u>
Revenues Over (Under) Expenditures	<u>(8,000)</u>	<u>14,162</u>	<u>22,162</u>
Other Financing Sources (Uses):			
Transfers to other fund:			
Home Program Project	<u>(18,290)</u>	<u>(18,290)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(18,290)</u>	<u>(18,290)</u>	<u>-</u>
Revenues (Under) Expenditures and Other Uses	<u>(26,290)</u>	<u>(4,128)</u>	<u>\$ 22,162</u>
Fund balance, appropriated	<u>26,290</u>		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>947,991</u>	
Fund balance, ending		<u>\$ 943,863</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – DOWNTOWN SPECIAL TAX DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Taxes	\$	\$ 125,312	\$
Tax discounts	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>128,300</u>	<u>125,312</u>	<u>(2,988)</u>
Sales and Services:			
Parade Holiday Events		-	
Farmers market		-	
Promotional sales	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>155,100</u>	<u>-</u>	<u>(155,100)</u>
Total Revenues	<u>283,400</u>	<u>125,312</u>	<u>(158,088)</u>
Expenditures:			
Economic and Physical Development:			
Salaries and employee benefits		-	
Operating expenditures		125,312	
Equipment	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Expenditures	<u>325,700</u>	<u>125,312</u>	<u>200,388</u>
Revenues Over (Under) Expenditures	(42,300)	-	<u>\$ 42,300</u>
Other Financing Sources (Uses):			
Transfers to other fund:			
Energy Efficiency Upgrade Main Street 2	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues (Under) Expenditures and Other Uses	(42,300)	-	<u>\$ 42,300</u>
Fund balance, appropriated	<u>42,300</u>		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ -</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND - HOME PROGRAM PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2016

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
Federal Grant	\$ 4,643,639	\$ 4,273,133	\$ 293,991	\$ 4,567,124	\$ (76,515)
Federal Grant - County	2,011,381	1,719,304	144,642	1,863,946	(147,435)
State Grant	-	2,667	-	2,667	2,667
Local Funds	<u>36,465</u>	<u>6,481</u>	<u>-</u>	<u>6,481</u>	<u>(29,984)</u>
Total	6,691,485	6,001,585	438,633	6,440,218	(251,267)
Miscellaneous:					
Program Income	761,198	606,229	18,106	624,335	(136,863)
Miscellaneous Income	<u>-</u>	<u>25</u>	<u>-</u>	<u>25</u>	<u>25</u>
Total Revenues	<u>7,452,683</u>	<u>6,607,839</u>	<u>456,739</u>	<u>7,064,578</u>	<u>(388,105)</u>
Expenditures:					
Economic and Physical Development:					
Administrative	449,569	381,850	16,785	398,635	50,934
Homebuyer assistance	166,167	53,353	-	53,353	112,814
CHDO project assistance	960,415	775,543	164,743	940,286	20,129
Rehabilitation – owner	6,116,203	2,349,791	373,697	2,723,488	3,392,715
Rehabilitation rental	313,250	115,442	-	115,442	197,808
Lead based paint reduction	37,500	37,500	-	37,500	-
Relocation	64,781	64,781	-	64,781	-
CTP Housing Activities	780,000	328,552	64,910	393,462	386,538
Provision for bad debts	<u>-</u>	<u>439,686</u>	<u>(2,948)</u>	<u>436,738</u>	<u>(436,738)</u>
Total Expenditures	<u>8,887,885</u>	<u>4,546,498</u>	<u>617,187</u>	<u>5,163,685</u>	<u>3,724,200</u>

Continued on next page

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND - HOME PROGRAM PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2016

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues Over (Under) Expenditures	<u>(1,435,202)</u>	<u>2,061,341</u>	<u>(160,448)</u>	<u>1,900,893</u>	<u>3,336,095</u>
Other Financing Sources:					
Transfers from other funds:					
HOME Investment Partnership Project Fund	-	450,726	-	450,726	450,726
Rental Rehabilitation Loan Program	716,014	749,998	-	749,998	33,984
Rehabilitation Loan Program Fund	-	232,688	-	232,688	232,688
Single Family Housing Project Fund	-	143,664	-	143,664	143,664
Total Other Financing Sources	<u>716,014</u>	<u>1,577,076</u>	<u>-</u>	<u>1,577,076</u>	<u>861,062</u>
Revenues and Other Sources Over (Under) Expenditures	(719,188)	<u>\$ 3,638,417</u>	(160,448)	<u>\$ 3,477,969</u>	<u>\$ 4,197,157</u>
Fund balance, beginning	<u>719,188</u>		<u>3,638,417</u>		
Fund balance, ending	<u>\$ -</u>		<u>\$ 3,477,969</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – RICO FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted Intergovernmental:			
Rico funds	\$	\$ 45,084	\$
Dept. of Treasury		-	
Investment earnings	_____	_____ 18	_____
Total Revenues	_____ -	_____ 45,102	_____ 45,102
Expenditures:			
Public Safety:			
Rico funds	_____	_____ 126,175	_____
Total Expenditures	_____ 149,774	_____ 126,175	_____ 23,599
Revenues Over (Under) Expenditures	_____ (149,774)	_____ (81,073)	_____ 68,701
			\$ _____ 68,701
Fund balance, appropriated	_____ 149,774		
Net change in fund balance	\$ _____ -		
Fund balance, beginning		_____ 408,448	
Fund balance, ending		\$ _____ 327,375	

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND - GUILFORD MACKINTOSH FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Unrestricted Intergovernmental:			
Guilford County Reimbursement	\$ _____	\$ 138,343	\$ _____
Total	<u>169,000</u>	<u>138,343</u>	<u>(30,657)</u>
Sales and Service:			
Boat rentals		25,348	
Fishing fees		6,795	
Boat launch fees		5,967	
Concession sales		2,052	
Shelter rentals		3,622	
House rentals		<u>2,769</u>	
Total	<u>38,000</u>	<u>46,553</u>	<u>8,553</u>
Total Revenues	<u>207,000</u>	<u>184,896</u>	<u>(22,104)</u>
Expenditures:			
Cultural and Recreation:			
Salaries and employee benefits		131,784	
Operating expenditures		<u>53,112</u>	
Total Expenditures	<u>207,000</u>	<u>184,896</u>	<u>22,104</u>
Revenues Over (Under) Expenditures	<u>\$ _____ -</u>	-	<u>\$ _____ -</u>
Fund balance, beginning		_____ -	
Fund balance, ending		<u>\$ _____ -</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND - CONTROLLED SUBSTANCE TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2016

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	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Unrestricted Intergovernmental:			
Controlled substance funds	\$ _____	\$ <u>51,196</u>	\$ _____
Total Revenues	_____	_____ <u>51,196</u>	_____ <u>51,196</u>
Expenditures:			
Public Safety:			
Salaries and Employee			
Benefits		5,641	
Operating expenditures	_____	_____ -	_____
Total Expenditures	_____ <u>8,540</u>	_____ <u>5,641</u>	_____ <u>2,899</u>
Revenues Over (Under)			
Expenditures	\$ (8,540)	\$ 45,555	<u>\$ 54,095</u>
Fund balance, appropriated	_____ <u>8,540</u>		
Net change in fund balance	<u>\$ _____ -</u>		
Fund balance, beginning		_____ <u>22,087</u>	
Fund balance, ending		<u>\$ 67,642</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND - MPO PLANNING TRANSPORTATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental:			
State Grant	\$	\$ 180,607	\$
Bike/Pedes Trans Plan Fee		-	
Interest		17	
	<u>310,095</u>	<u>180,624</u>	<u>(129,471)</u>
Total Revenues			
Expenditures:			
Economic and Physical Development:			
Saleries and Employee Benefits		13,798	
Operating expenditures		172,579	
Special projects		17,774	
	<u>384,493</u>	<u>204,151</u>	<u>180,342</u>
Total Expenditures			
Revenues Over (Under) Expenditures	<u>(74,398)</u>	<u>(23,527)</u>	<u>50,871</u>
Other Financing Sources:			
Transfers from other funds:			
General Fund	<u>74,398</u>	<u>74,398</u>	<u>-</u>
Total Other Financing Sources	<u>74,398</u>	<u>74,398</u>	<u>-</u>
Revenues and Other Sources (Under) Expenditures	-	50,871	<u>\$ 50,871</u>
Fund balance, appropriated	<u>-</u>		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>414,632</u>	
Fund balance, ending		<u>\$ 465,503</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – MEDICARE PART D GRANT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
From Inception And For The Fiscal Year Ended June 30, 2016

	Project Authorization	Actual		Variance Positive (Negative)	
		Reported In Prior Years	Current Year		Total To Date
Revenues:					
State Grant	\$ 48,100	\$ 48,100	\$ -	\$ 48,100	\$ -
Total Revenues	48,100	48,100	-	48,100	-
Expenditures:					
Operating expenditures	58,898	43,308	1,978	45,286	13,612
Total Expenditures	58,898	43,307	1,978	45,286	13,612
Revenues Over Expenditures	\$ (10,798)	\$ 4,793	(1,978)	\$ 2,814	\$ (13,612)
Fund balance, appropriated	10,798				
Net change in fund balance	\$ -				
Fund balance, beginning			4,793		
Fund Balance, ending			\$ 2,815		

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – EDWARD BRYNE JUSTICE ASSISTANCE GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
From Inception And For The Fiscal Year Ended June 30, 2016

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
State Grant	\$ 912,340	\$ 844,807	\$ 19,160	\$ 863,967	\$ (48,373)
Total Revenues	<u>912,340</u>	<u>844,807</u>	<u>19,160</u>	<u>863,967</u>	<u>(48,373)</u>
Expenditures:					
Public Safety:					
Equipment	581,359	538,946	1,105	540,051	41,308
Operating expenditures	<u>389,938</u>	<u>260,273</u>	<u>-</u>	<u>260,273</u>	<u>129,665</u>
Total Expenditures	<u>971,297</u>	<u>799,219</u>	<u>1,105</u>	<u>800,324</u>	<u>170,973</u>
Revenues Over (Under) Expenditures	<u>(58,957)</u>	<u>45,588</u>	<u>18,055</u>	<u>63,643</u>	<u>122,600</u>
Other Financing Sources:					
Transfers from other funds:					
Rico Fund	<u>58,957</u>	<u>58,957</u>	<u>-</u>	<u>58,957</u>	<u>-</u>
Total Other Financing Sources	<u>58,957</u>	<u>58,957</u>	<u>-</u>	<u>58,957</u>	<u>-</u>
Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 104,545</u>	18,055	<u>\$ 122,600</u>	<u>\$ 122,600</u>
Fund balance, beginning			<u>104,545</u>		
Fund balance, ending			<u>\$ 122,600</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND –GOVERNOR’S CRIME COMMISSION HUMAN TRAFFICKING  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
From Inception And For The Fiscal Year Ended June 30, 2016

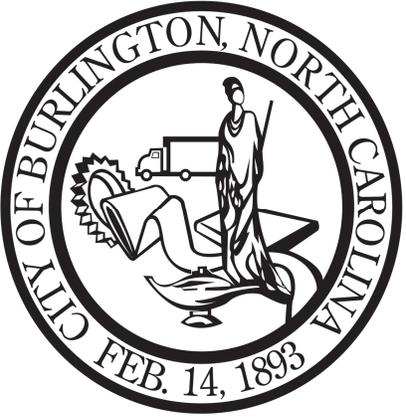
	Total Authorized Costs	Actual			Variance Positive (Negative)
		Reported In Prior Years	Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
State Grant	\$ 96,980	\$ -	\$ -	\$ -	\$ (96,890)
Total Revenues	<u>96,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96,890)</u>
Expenditures:					
Public Safety:					
Salaries and					
Employee Benefits	53,210	-	-	-	53,210
Operating Expenditures	67,980	-	10,428	10,428	57,552
Equipment	8,000	-	16,829	16,829	(8,829)
Total Expenditures	<u>129,190</u>	<u>-</u>	<u>27,257</u>	<u>27,257</u>	<u>101,933</u>
Revenues Over Expenditures	<u>(32,300)</u>	<u>-</u>	<u>(27,257)</u>	<u>(27,257)</u>	<u>5,043</u>
Other Financing Sources:					
Transfers from other funds:					
General Fund	32,300	-	32,300	32,300	-
Total Other Financing Sources	<u>32,300</u>	<u>-</u>	<u>32,300</u>	<u>32,300</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	5,043	<u>\$ 5,043</u>	<u>\$ 5,043</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 5,043</u>		

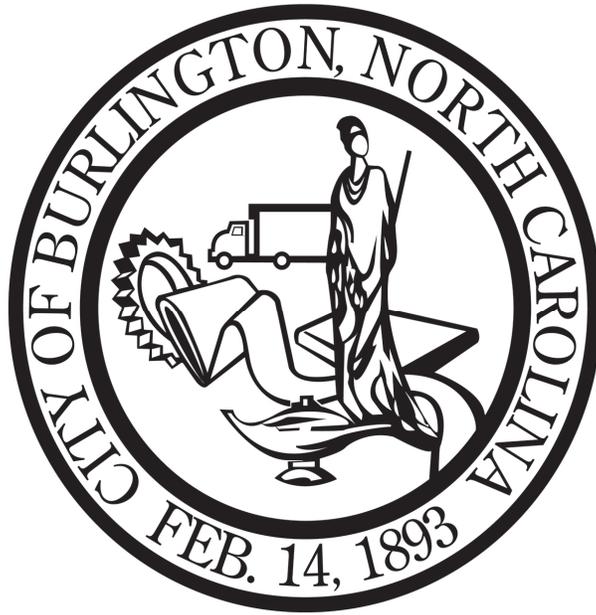
CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND –BUREAU OF JUSTICE COMMUNITY ORIENT POLICING GRANT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
From Inception And For The Fiscal Year Ended June 30, 2016

	Total Authorized Costs	Actual			Variance Positive (Negative)
		Reported In Prior Years	Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
State Grant	\$ 857,763	\$ 839,320	\$ -	\$ 839,320	\$ (18,443)
Total Revenues	<u>857,763</u>	<u>839,320</u>	<u>-</u>	<u>839,320</u>	<u>(18,443)</u>
Expenditures:					
Public Safety:					
Salaries and Employee Benefits	<u>973,043</u>	<u>972,397</u>	<u>-</u>	<u>972,397</u>	<u>646</u>
Total Expenditures	<u>973,043</u>	<u>972,397</u>	<u>-</u>	<u>972,397</u>	<u>646</u>
Revenues Over Expenditures	<u>\$ (115,280)</u>	<u>\$ (133,077)</u>	<u>\$ -</u>	<u>\$ (133,077)</u>	<u>\$ (17,797)</u>
Other Financing Sources:					
Transfers from other funds:					
General Fund	<u>115,280</u>	<u>115,280</u>	<u>17,797</u>	<u>133,077</u>	<u>17,797</u>
Total Other Financing Sources	<u>115,280</u>	<u>115,280</u>	<u>17,797</u>	<u>133,077</u>	<u>17,797</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (17,797)</u>	<u>17,797</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>(17,797)</u>		
Fund balance, ending			<u>\$ -</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND –PUBLIC TRANSPORTATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
From Inception And For The Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental:			
Federal Grant	\$	\$ 852,891	\$
State Grant		53,471	
Reimbursement	-	1,750	
Fare Box		470	
Transit Vehicle Tax		164,701	
Donations		<u>85,000</u>	
Total Revenues	<u>1,434,761</u>	<u>1,158,283</u>	<u>(276,478)</u>
Expenditures:			
Economic and Physical Development:			
Saleries and Employee Benefits		31,722	
Operating expenditures		91,557	
Capital outlay		<u>1,215,564</u>	
Total Expenditures	<u>1,534,761</u>	<u>1,338,843</u>	<u>195,918</u>
Revenues Over (Under) Expenditures	<u>(100,000)</u>	<u>(180,560)</u>	<u>(80,560)</u>
Other Financing Sources:			
Transfers from other funds:			
General Fund	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total Other Financing Sources	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Revenues and Other Sources (Under) Expenditures	-	(80,560)	<u>\$ (80,560)</u>
Fund balance, appropriated	<u>-</u>		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>(2,485)</u>	
Fund balance, ending		<u>\$ (83,045)</u>	





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**CAPITAL PROJECT FUNDS**  
Combining Schedules  
and  
Individual Fund Schedules

CITY OF BURLINGTON, NORTH CAROLINA  
 ALL CAPITAL PROJECT FUNDS  
 COMBINING BALANCE SHEET  
 For The Fiscal Year Ended June 30, 2016

	Drainage Improvement Project Fund	ERP System Project Fund	Fire Station No. 6	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 443,660	\$ 637,666	\$ 962,561	\$ 2,043,887
Receivables:				
Accounts	-	-	-	-
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 443,660</b>	<b>\$ 637,666</b>	<b>\$ 962,561</b>	<b>\$ 2,043,887</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 19,395	\$ 221,435	\$ 240,830
Deferred Revenue	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>19,395</b>	<b>221,435</b>	<b>240,830</b>
Fund Balances				
Committed for Capital Improvements	443,660	618,271	741,126	1,803,057
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>443,660</b>	<b>618,271</b>	<b>741,126</b>	<b>1,803,057</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 443,660</b>	<b>\$ 637,666</b>	<b>\$ 962,561</b>	<b>\$ 2,043,887</b>

CITY OF BURLINGTON, NORTH CAROLINA  
 ALL CAPITAL PROJECT FUNDS  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 For The Fiscal Year Ended June 30, 2016

	Drainage Improvement Project Fund	ERP System Project Fund	Fire Station No. 6	Totals
Revenues:				
Restricted Intergovernmental:	\$ -	\$ -	\$ -	\$ -
Federal Grant	-	-	-	-
Investment Earnings	11	26	155	192
Total Revenues	<u>11</u>	<u>26</u>	<u>155</u>	<u>192</u>
Expenditures:				
Capital Improvements	-	187,724	3,020,509	3,208,233
Total Expenditures	<u>-</u>	<u>187,724</u>	<u>3,020,509</u>	<u>3,208,233</u>
Revenues Over (Under) Expenditures	<u>11</u>	<u>(187,698)</u>	<u>(3,020,354)</u>	<u>(3,208,041)</u>
Other Financing Sources:				
Transfers from other funds	25,000	200,000	200,000	425,000
Transfers (to) other funds	-	-	-	-
Total Other Financing Sources	<u>25,000</u>	<u>200,000</u>	<u>200,000</u>	<u>425,000</u>
Net change in fund balance	25,011	12,302	(2,820,354)	(2,783,041)
Fund balance, beginning	<u>418,649</u>	<u>605,969</u>	<u>3,561,480</u>	<u>4,586,098</u>
Fund balance, ending	<u>\$ 443,660</u>	<u>\$ 618,271</u>	<u>\$ 741,126</u>	<u>\$ 1,803,057</u>

CITY OF BURLINGTON, NORTH CAROLINA  
 CAPITAL PROJECTS FUND - DRAINAGE IMPROVEMENT PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 For The Fiscal Year Ended June 30, 2016

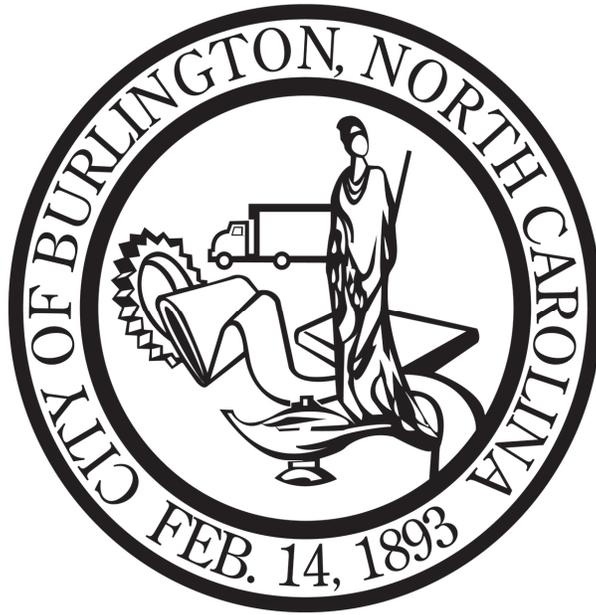
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ 11	\$ 11
Total Revenues	<u>-</u>	<u>11</u>	<u>11</u>
Expenditures:			
Supplies	\$ -	\$ -	\$ -
Construction	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Revenues (Under) Expenditures	\$ (25,000)	11	\$ 25,011
Other Financing Sources:			
Transfer from other fund: Capital Reserve	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	25,011	<u>\$ 25,011</u>
Fund balance, beginning		<u>418,649</u>	
Fund balance, ending		<u>\$ 443,660</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
 CAPITAL PROJECTS FUND – ERP SYSTEM PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 From Inception And For The Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 4,316	\$ 26	\$ 4,342	\$ 4,342
<b>Total Revenues</b>	<b>-</b>	<b>4,316</b>	<b>26</b>	<b>4,342</b>	<b>4,342</b>
<b>Expenditures:</b>					
Professional Services	\$ 50,000	\$ 152,875	\$ -	\$ 152,875	\$ (102,875)
Travel – Consultants	-	18,522	-	18,522	(18,522)
Software	2,099,250	907,273	130,670	1,037,943	1,061,307
Misc–Contractor Fees-1yr	-	-	-	-	-
Equipment - Hardware	157,000	382,362	57,054	439,416	(282,416)
Other Equipment	201,500	155,540	-	155,540	45,960
Supplies	-	36,025	-	36,025	(36,025)
<b>Total Expenditures</b>	<b>2,507,750</b>	<b>1,652,597</b>	<b>187,724</b>	<b>1,804,321</b>	<b>667,429</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(2,507,750)</b>	<b>(1,648,281)</b>	<b>(187,698)</b>	<b>(1,835,979)</b>	<b>671,771</b>
<b>Other Financing Sources:</b>					
Transfers from other funds:					
Capital Reserve	812,650	612,650	200,000	812,650	-
Water & Sewer	398,100	398,100	-	398,100	-
General Fund	1,243,500	1,243,500	-	1,243,500	-
<b>Total Other Financing Sources</b>	<b>2,454,250</b>	<b>2,254,250</b>	<b>200,000</b>	<b>2,454,250</b>	<b>-</b>
<b>Revenues and Other Sources Over (Under) Expenditures</b>	<b>\$ (53,500)</b>	<b>\$ 609,969</b>	<b>12,302</b>	<b>\$ 618,271</b>	<b>\$ 671,771</b>
Fund balance, appropriated	53,500				
Net change in fund balance	\$ -				
Fund balance, beginning			605,969		
Fund balance, ending			\$ 618,271		

CITY OF BURLINGTON, NORTH CAROLINA  
 CAPITAL PROJECTS FUND – FIRE STATION NO. 6  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 From Inception And For The Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Investment Earnings	\$ _____ -	\$ _____ 272	\$ _____ 155	\$ _____ 427	\$ _____ 427
Total Revenues	_____ -	_____ 272	_____ 155	_____ 427	_____ 427
Expenditures:					
Professional Services	\$ 238,660	\$ -	\$ 17,291	\$ 17,291	\$ 221,369
Buildings	3,664,638	632,792	2,745,033	3,377,825	286,813
Equipment	560,000	-	258,185	258,185	301,815
Contingency	<u>95,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,020</u>
Total Expenditures	<u>4,558,318</u>	<u>632,792</u>	<u>3,020,509</u>	<u>3,653,301</u>	<u>905,017</u>
Revenues Over (Under) Expenditures	<u>(4,558,318)</u>	<u>(632,520)</u>	<u>(3,020,354)</u>	<u>(3,652,874)</u>	<u>905,444</u>
Other Financing Sources:					
Transfers from other funds:					
Capital Reserve	4,094,000	3,894,000	200,000	4,094,000	-
General Fund	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Total Other Financing Sources	<u>4,394,000</u>	<u>4,194,000</u>	<u>200,000</u>	<u>4,394,000</u>	<u>-</u>
Revenues and Other Sources Over Expenditures	<u>\$ (164,318)</u>	<u>\$ 3,561,480</u>	<u>(2,820,354)</u>	<u>\$ 741,126</u>	<u>\$ 905,444</u>
Fund balance, appropriated	<u>164,318</u>				
Net change in fund balance \$	<u>_____ -</u>				
Fund balance, beginning			<u>3,561,480</u>		
Fund balance, ending			<u>\$ 741,126</u>		



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**ENTERPRISE FUNDS**  
Individual Fund Schedules

CITY OF BURLINGTON, NORTH CAROLINA  
 STORM WATER FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES-  
 BUDGET AND ACTUAL (NON-GAAP)  
 For The Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
Stormwater Fees	\$ 725,000	\$ 1,094,664	\$ 369,664
Permit Fees	<u>                    </u>	<u>          4,040</u>	<u>          4,040</u>
Total Operating Revenues	<u>\$ 725,000</u>	<u>\$ 1,098,704</u>	<u>\$ 373,704</u>
Nonoperating Revenues:			
Other fees and charges	<u>                    </u>	<u>          3,255</u>	<u>          3,255</u>
Total Nonoperating Revenues	<u>                    </u>	<u>          3,255</u>	<u>          3,255</u>
Total Revenues	<u>725,000</u>	<u>1,101,959</u>	<u>376,959</u>
Expenditures:			
Salaries and Employee Benefits	270,067	250,054	20,013
Operating Expenditures	113,913	64,729	49,184
Capital Improvements	309,850	-	309,850
Engineering/professional fees	100,833	63,337	35,496
Equipment	<u>17,000</u>	<u>16,430</u>	<u>570</u>
Total Expenditures	<u>811,663</u>	<u>396,550</u>	<u>415,113</u>
Revenues Over (Under) Expenditures	(86,663)	\$ 705,409	\$ 792,072
Other Financing Sources (Uses)			
Transfer from other funds:			
Mebane St./Grand Oaks	<u>                    -</u>	<u>                    -</u>	<u>                    -</u>
Revenues Over (Under) Expenditures	(86,663)	705,409	792,072
Fund Equity Appropriated	<u>86,663</u>		
	<u>\$ -</u>		
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues Over Expenditures		\$ 705,409	
Reconciling items:			
Depreciation		(23,762)	
Capital Outlay		13,349	
Increase in Vacation Payable		1,996	
Pension expense		<u>(28,604)</u>	
Net Income		<u>\$ 668,388</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES-  
BUDGET AND ACTUAL (NON-GAAP)  
For The Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Water sales	12,357,369	12,756,443	
Sewer charges	15,274,416	16,276,314	
Water taps	140,000	175,391	
Sewer taps	<u>25,000</u>	<u>63,480</u>	
Total Operating Revenues	<u>27,796,785</u>	<u>29,271,628</u>	<u>1,474,843</u>
Other Operating Revenues:			
Interest on investments	100,000	371,765	
Interest on assessments	-	-	
Miscellaneous	340,673	410,109	
Water and sewer assessments	-	-	
Water line assessments	10,000	270,200	
Sewer line assessments	10,000	272,200	
Water connection fees	5,000	3,700	
Sewer connection fees	5,000	10,000	
Other fees and charges	<u>103,500</u>	<u>130,128</u>	
Total Nonoperating Revenues	<u>574,173</u>	<u>1,468,102</u>	<u>893,929</u>
Total Revenues	<u>28,370,958</u>	<u>30,739,730</u>	<u>2,368,772</u>
Expenditures:			
Building and Administrative - Water:			
Salaries and employee benefits	462,481	390,188	
Operating expenditures	648,968	766,708	
Reimbursement to General Fund	<u>2,300,000</u>	<u>2,300,000</u>	
Total	<u>3,411,449</u>	<u>3,456,896</u>	<u>(45,447)</u>
Customer Services:			
Salaries and employee benefits	752,450	630,762	
Maintenance	290,107	351,285	
Other operating expenditures	<u>557,485</u>	<u>453,971</u>	
Total	<u>1,600,042</u>	<u>1,436,018</u>	<u>164,024</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES-  
 BUDGET AND ACTUAL (NON-GAAP)  
 For The Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Supervision:			
Salaries and employee benefits	286,234	289,801	
Maintenance	14,000	5,714	
Other operating expenditures	<u>67,550</u>	<u>63,636</u>	
Total	<u>367,784</u>	<u>359,151</u>	<u>8,633</u>
Water Line - Maintenance and Repairs:			
Salaries and employee benefits	411,793	327,287	
Maintenance	181,500	183,946	
Other operating expenditures	<u>71,600</u>	<u>52,993</u>	
Total	<u>664,893</u>	<u>564,226</u>	<u>100,667</u>
Sewer Line - Maintenance and Repairs:			
Salaries and employee benefits	355,487	284,380	
Maintenance	115,500	95,253	
Other operating expenditures	<u>86,940</u>	<u>61,172</u>	
Total	<u>557,927</u>	<u>440,805</u>	<u>117,122</u>
Water Line Service and Construction:			
Salaries and employee benefits	210,125	157,943	
Maintenance	69,200	71,210	
Other operating expenditures	75,333	72,791	
Materials - taps	90,000	115,102	
Materials - lines	<u>48,000</u>	<u>13,012</u>	
Total	<u>492,658</u>	<u>430,058</u>	<u>62,600</u>
Sewer Line Service and Construction:			
Salaries and employee benefits	138,688	65,729	
Other operating expenditures	74,250	30,687	
Materials - taps	30,000	9,681	
Materials - lines	<u>60,000</u>	<u>36,741</u>	
Total	<u>302,938</u>	<u>142,838</u>	<u>160,100</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES-  
 BUDGET AND ACTUAL (NON-GAAP)  
 For The Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive ( <u>Negative</u> )
Expenditures: (continued)			
Supervision:			
Salaries and employee benefits	544,641	537,809	
Maintenance	15,000	6,080	
Other operating expenditures	<u>92,495</u>	<u>85,728</u>	
Total	<u>652,136</u>	<u>629,617</u>	<u>22,519</u>
Water Sources - Protection:			
Utilities	115,000	101,698	
Maintenance	54,000	43,586	
Other operating expenditures	<u>31,900</u>	<u>11,760</u>	
Total	<u>220,900</u>	<u>157,044</u>	<u>43,856</u>
Ed Thomas Water Plant:			
Salaries and employee benefits	441,228	476,855	
Chemicals	427,000	419,945	
Utilities	180,000	175,809	
Maintenance	108,500	127,868	
Other operating expenditures	<u>63,970</u>	<u>46,082</u>	
Total	<u>1,220,698</u>	<u>1,246,559</u>	<u>(25,861)</u>
Lake Mackintosh Water Plant:			
Salaries and employee benefits	538,724	508,624	
Chemicals	500,000	482,508	
Utilities	270,000	228,247	
Maintenance	256,200	264,819	
Other operating expenditures	<u>64,500</u>	<u>40,872</u>	
Total	<u>1,629,424</u>	<u>1,525,070</u>	<u>104,354</u>
South Burlington Waste Treatment Plant:			
Salaries and employee benefits	639,399	560,246	
Chemicals	95,000	130,007	
Utilities	492,500	498,089	
Maintenance	552,000	555,273	
Other operating expenditures	<u>51,490</u>	<u>49,564</u>	
Total	<u>1,830,389</u>	<u>1,793,179</u>	<u>37,210</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES-  
 BUDGET AND ACTUAL (NON-GAAP)  
 For The Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive ( <u>Negative</u> )
Expenditures: (continued)			
East Burlington Waste			
Treatment Plant:			
Salaries and employee			
benefits	815,740	717,999	
Chemicals	135,000	108,828	
Utilities	472,500	471,864	
Maintenance	675,000	776,480	
Other operating expenditures	69,475	61,604	
Sludge disposal	<u>111,800</u>	<u>119,334</u>	
Total	<u>2,279,515</u>	<u>2,255,629</u>	<u>23,886</u>
Laboratories:			
Salaries and employee			
benefits	382,453	337,116	
Maintenance	44,500	31,136	
Other operating expenditures	<u>119,300</u>	<u>131,021</u>	
Total	<u>456,253</u>	<u>499,273</u>	<u>46,980</u>
Plants Maintenance:			
Salaries and employee			
benefits	615,230	624,397	
Maintenance	104,500	70,019	
Other operating expenditures	<u>283,175</u>	<u>218,690</u>	
Total	<u>1,002,905</u>	<u>913,106</u>	<u>89,799</u>
Lakes and Marinas:			
Salaries and related			
benefits	300,026	298,898	
Utilities	30,800	21,490	
Maintenance	20,470	17,229	
Other operating expenditures	<u>48,854</u>	<u>42,823</u>	
Total	<u>400,150</u>	<u>380,440</u>	<u>19,710</u>
Debt Service:			
Principal water bonds	2,837,001	757,274	
Interest - water bonds	1,788,591	567,638	
Principal - sewer bonds	-	2,079,725	
Interest - sewer bonds	<u>-</u>	<u>1,220,911</u>	
Total	<u>4,625,592</u>	<u>4,625,548</u>	<u>44</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES-  
 BUDGET AND ACTUAL (NON-GAAP)  
 For The Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Capital Outlay:			
Water lines	269,418	91,032	
Miscellaneous water	495,000	372,138	
Sewer lines	2,471,319	805,798	
Miscellaneous sewer	32,000	51,635	
Miscellaneous water & sewer	<u>812,400</u>	<u>198,341</u>	
Total Capital Outlay	<u>4,080,137</u>	<u>1,518,944</u>	<u>2,561,193</u>
Total Expenditures	<u>25,865,790</u>	<u>22,374,401</u>	<u>3,491,389</u>
Revenues Over (Under) Expenditures	<u>2,505,168</u>	<u>8,365,329</u>	<u>5,860,161</u>
Other Financing Sources (Uses):			
Transfers from other funds:			
Jordan Lake Rules			
Stony Creek Lake Cammack			
Jordan Lake Rules #2			
Transfers to other funds:			
Group Health Insurance Fund	(270,000)	(270,000)	-
Workmen's Compensation			
Self Insurance Fund	(459,640)	(459,640)	-
Water Capital Reserve	(1,582,744)	(1,544,444)	(38,300)
Sewer Capital Reserve	<u>(1,582,744)</u>	<u>(1,544,444)</u>	<u>(38,300)</u>
Total Other Financing Sources (Uses)	<u>(3,895,128)</u>	<u>(3,818,528)</u>	<u>(76,600)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,389,960)	<u>\$ 4,546,801</u>	<u>\$ 5,936,761</u>
Fund Equity Appropriated	<u>1,389,960</u>		
	<u>\$ -</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES-  
 BUDGET AND ACTUAL (NON-GAAP)  
 For The Fiscal Year Ended June 30, 2016

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Reconciliation From Budgetary Basis (Modified Accrual)  
 to Full Accrual:

Revenues and other sources over expenditures and other uses	\$ 4,546,801
Reconciling Items:	
Bond principal payments	2,836,999
Amortization on gain on defeasance	11,368
Amortization of bond premium	42,061
Capital outlay	1,518,944
Operating transfers (in) out	3,088,888
Increase in inventories	129,266
Decrease in accrued interest payable	75,997
Decrease in accrued vacation pay	19,535
Pension expense	265,424
Capital contributions	1,078,696
Increase in accrued OPEB liability	(101,243)
Depreciation	<u>(6,051,971)</u>
Net Income	<u>\$ 7,460,765</u>

CITY OF BURLINGTON, NORTH CAROLINA  
WATER AND SEWER CAPITAL PROJECTS - WATER CAPITAL RESERVE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES-  
BUDGET AND ACTUAL (NON-GAAP)  
For The Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment Earnings	\$ _____	\$ 107,342	\$ 107,342
Total Revenues	_____	107,342	107,342
Expenditures:			
Capital Outlay	1,582,744	-	1,582,744
Total Expenditures	1,582,744	-	1,582,744
Revenues Over (Under) Expenditures	(1,582,744)	107,342	1,690,086
Other Financing Sources (Uses):			
Transfers to other funds:			
HWY 87 Ossipee Water Line	-	-	-
Transfers from other funds:			
Water and Sewer Fund	1,582,744	1,544,444	(38,000)
Mebane St./ Grand Oaks Water	-	-	-
Total Other Financing Sources (Uses)	676,891	76,891	(600,000)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	1,651,786	<u>\$ 1,651,786</u>
Fund balance, appropriated	-		
Net change in fund balance	<u>\$ -</u>		
Fund Balance, beginning		10,461,696	
Fund Balance, ending		<u>\$ 12,113,482</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
WATER AND SEWER CAPITAL PROJECTS - SEWER CAPITAL RESERVE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES-  
BUDGET AND ACTUAL (NON-GAAP)  
For The Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment Earnings	\$ -	\$ 83,813	\$ 83,813
Total Revenues	<u>-</u>	<u>83,813</u>	<u>83,813</u>
Expenditures:			
Capital Outlay	<u>1,582,744</u>	<u>-</u>	<u>1,582,744</u>
Total Expenditures	<u>1,582,744</u>	<u>-</u>	<u>1,582,744</u>
Revenues Over (Under) Expenditures	<u>(1,582,744)</u>	<u>83,813</u>	<u>1,666,557</u>
Other Financing Sources (Uses):			
Transfers from other funds:			
White Kennel Road	-	-	-
Water and Sewer Fund	1,582,744	1,544,444	(38,300)
Transfers to other funds:			
W Kennel Road W&S line	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,582,744</u>	<u>1,544,444</u>	<u>(38,300)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses		\$ 1,628,257	<u>\$ 1,628,257</u>
Fund balance appropriated	<u>-</u>		
Net change in fund balance	<u>\$ -</u>		
Fund Balance, beginning		<u>9,051,917</u>	
Fund Balance, ending		<u>\$ 10,680,174</u>	

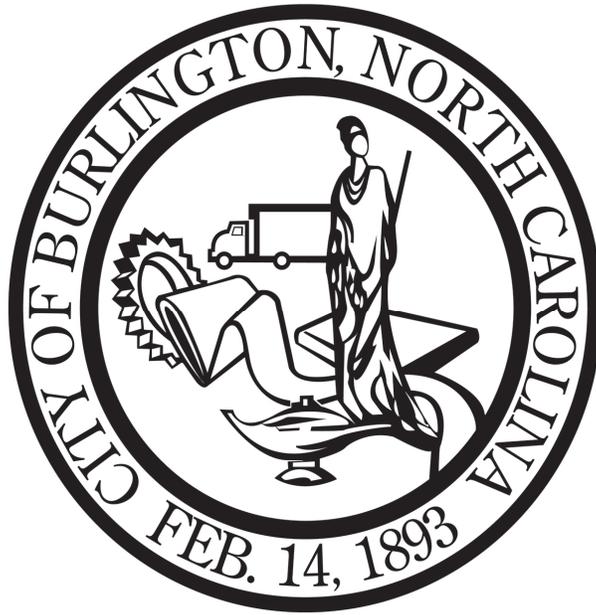
CITY OF BURLINGTON, NORTH CAROLINA  
WATER AND SEWER CAPITAL PROJECTS - TANK REMOVAL PROJECT FUND  
SCHEDULE OF REVENUES AND EXPENDITURES-  
BUDGET AND ACTUAL (NON-GAAP)  
From Inception And For The Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
UST					
reimbursement	\$ 335,000	\$ 502,754	\$ -	\$ 502,754	\$ 167,754
Miscellaneous					
Investment earnings	-	2,809	-	2,809	2,809
Sales tax refunds	-	520	-	520	520
Total Revenues	<u>335,000</u>	<u>506,083</u>	<u>-</u>	<u>506,083</u>	<u>171,083</u>
Expenditures:					
Tank Removal	835,000	866,696	-	866,696	(31,696)
Utilities	-	9,521	-	9,521	(9,521)
Remediation	<u>120,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,600</u>
Total Expenditures	<u>955,600</u>	<u>876,217</u>	<u>-</u>	<u>876,217</u>	<u>79,383</u>
Revenues Over (Under) Expenditures	<u>(620,600)</u>	<u>(370,134)</u>	<u>-</u>	<u>(370,134)</u>	<u>250,466</u>
Other Financing Sources:					
Transfers from other funds:					
Water Capital Reserve Fund Capital Reserve Fund	500,000	500,000	-	500,000	-
	<u>120,600</u>	<u>120,600</u>	<u>-</u>	<u>120,600</u>	<u>-</u>
Total Other Financing Sources	<u>620,600</u>	<u>620,600</u>	<u>-</u>	<u>620,600</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 250,466</u>	<u>\$ -</u>	<u>\$ 250,466</u>	<u>\$ 250,466</u>

CITY OF BURLINGTON, NORTH CAROLINA  
WATER AND SEWER CAPITAL PROJECTS – HWY 87 OSSIPEE WATER LINE PROJECT FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
From Inception And For The Fiscal Year Ended June 30, 2016

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
Water Supply Grant	\$ 1,760,000	\$ -	\$ -	\$ -	\$ (1,760,000)
Ossippee Reimbursement	110,000	-	-	-	(110,000)
Total Revenues	1,870,000	-	-	-	(1,870,000)
Expenditures:					
Closing Cost	50,000	-	-	-	50,000
Contingency	2,148,783	278,186	-	278,186	1,870,597
Construction	2,130,258	-	1,609,368	1,609,368	520,890
Total Expenditures	4,329,041	278,186	1,609,368	1,887,554	2,441,487
Revenues Over (Under) Expenditures	(2,459,041)	(278,186)	(1,609,368)	(1,887,554)	571,487
Other Financing Sources:					
Transfers from other funds:					
Water and Sewer Fund	330,000	330,000	-	330,000	-
Total Other Financing Sources	330,000	330,000	-	330,000	-
Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ (2,129,041)	\$ 51,814	\$ (1,609,368)	\$ 1,557,554	\$ 571,487
Fund balance, appropriated	2,129,041				
Net change in fund balance	\$ -				
Fund balance, beginning			51,814		
Fund balance, ending			\$ (1,557,554)		





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**INTERNAL SERVICE FUND**  
Combining Schedules  
And Individual Fund Schedules

CITY OF BURLINGTON, NORTH CAROLINA  
ALL INTERNAL SERVICE FUNDS  
STATEMENT OF NET ASSETS  
June 30, 2016

	<u>Dental Self Insurance Fund</u>	<u>Workers Compensation Self Insurance Fund</u>	<u>Group Health Benefits Self Insurance Fund</u>	<u>Total Internal Service Fund</u>
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 1,440,276	\$ 577,183	\$ 3,178,764	\$ 5,196,193
Accounts receivable	11,803	-	10,522	22,325
Due from other funds	-	-	-	-
Prepaid Insurance	-	-	-	-
 Total Assets	 <u>\$ 1,452,079</u>	 <u>\$ 577,183</u>	 <u>\$ 3,189,256</u>	 <u>\$ 5,218,519</u>
 <u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	\$ 108,630	\$ 113,393	\$ 633,881	\$ 855,905
 Total Current Liabilities	 <u>108,630</u>	 <u>113,393</u>	 <u>633,881</u>	 <u>855,905</u>
NET ASSETS:				
Unrestricted	<u>1,343,449</u>	<u>463,790</u>	<u>2,555,375</u>	<u>4,362,614</u>
 Total Net Assets	 <u>\$ 1,343,449</u>	 <u>\$ 463,790</u>	 <u>\$ 2,555,375</u>	 <u>\$ 4,362,614</u>

CITY OF BURLINGTON, NORTH CAROLINA  
 ALL INTERNAL SERVICE FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 For The Fiscal Year Ended June 30, 2016

	<u>Dental Self Insurance Fund</u>	<u>Workers Compensation Self Insurance Fund</u>	<u>Group Health Benefits Self Insurance Fund</u>	<u>Total Internal Service Fund</u>
Operating Revenues:				
Charges for services	\$ 524,895	\$ -	\$ 4,860,134	\$ 5,385,029
Total Operating Revenues	<u>524,895</u>	<u>-</u>	<u>4,860,134</u>	<u>5,385,029</u>
Operating Expenses:				
Salaries and employee benefits	-	297,865	161,979	459,544
Operating expenses	37,452	36,115	33,234	106,801
Claims paid, excess loss coverage and claims administration	<u>621,574</u>	<u>644,305</u>	<u>6,996,176</u>	<u>8,262,055</u>
Total Operating Expenses	<u>659,026</u>	<u>978,285</u>	<u>7,191,089</u>	<u>8,828,400</u>
Operating Income (Loss)	<u>(134,131)</u>	<u>(978,285)</u>	<u>(2,330,955)</u>	<u>(3,443,371)</u>
Non-Operating Revenues:				
Interest earned on investments	<u>23,089</u>	<u>4,402</u>	<u>38,366</u>	<u>65,857</u>
Total Non-Operating Revenues	<u>23,089</u>	<u>4,402</u>	<u>38,366</u>	<u>65,857</u>
Income (Loss) before transfers	(111,042)	(973,883)	(2,292,589)	(3,377,514)
Transfers from other funds	<u>-</u>	<u>1,145,255</u>	<u>1,115,002</u>	<u>2,260,257</u>
Change in net assets	(111,042)	171,372	(1,177,587)	(1,117,257)
Total net assets – beginning	<u>1,454,491</u>	<u>292,418</u>	<u>3,732,962</u>	<u>5,479,871</u>
Net Assets, End of Year	<u>\$ 1,343,449</u>	<u>\$ 463,790</u>	<u>\$ 2,555,375</u>	<u>\$ 4,362,614</u>

CITY OF BURLINGTON, NORTH CAROLINA  
ALL INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For The Fiscal Year Ended June 30, 2016

	<u>Dental Self Insurance Fund</u>	<u>Workers Compensation Self Insurance Fund</u>	<u>Group Health Benefits Self Insurance Fund</u>	<u>Total Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 513,627	\$ 281	\$ 4,858,536	\$ 5,372,444
Cash paid for goods and services	(654,179)	(695,226)	(6,954,933)	(8,304,338)
Cash paid to employees	<u>-</u>	<u>(297,865)</u>	<u>(161,679)</u>	<u>(459,544)</u>
Net cash provided by operating activities	<u>(140,522)</u>	<u>(992,810)</u>	<u>(2,258,076)</u>	<u>(3,391,438)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Transfer from other funds:				
General Fund	-	685,615	845,002	1,530,617
Water Resources	<u>-</u>	<u>459,640</u>	<u>270,000</u>	<u>729,640</u>
Net cash provided by capital and related financing activities	<u>-</u>	<u>1,145,255</u>	<u>1,115,002</u>	<u>2,260,257</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	<u>23,089</u>	<u>4,402</u>	<u>38,336</u>	<u>65,857</u>
Net cash provided by investing activities	<u>23,089</u>	<u>4,402</u>	<u>38,336</u>	<u>65,857</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(117,463)	156,847	(1,104,708)	(1,065,324)
Balances – Beginning of Year	<u>1,557,739</u>	<u>420,336</u>	<u>4,283,442</u>	<u>6,261,517</u>
Balances – End of Year	<u>\$ 1,440,276</u>	<u>\$ 577,183</u>	<u>\$ 3,178,734</u>	<u>\$ 5,196,193</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 ALL INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 For The Fiscal Year Ended June 30, 2016

	<u>Dental Self Insurance Fund</u>	<u>Workers Compensation Self Insurance Fund</u>	<u>Group Health Benefits Self Insurance Fund</u>	<u>Total Internal Service Fund</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income (loss) \$	(134,129)	\$ (978,283)	\$ (2,330,954)	\$ (3,443,366)
Adjustments to reconcile operating income to net cash provided by operating activities:				
(Increase) Decrease in accounts receivable	(11,269)	280	(1,599)	(12,588)
(Increase) Decrease in prepaid insurance	-	-	-	-
Increase (Decrease) in accounts payable	<u>4,846</u>	<u>(14,807)</u>	<u>74,477</u>	<u>64,516</u>
Net cash provided by operating activities	<u>\$ (140,552)</u>	<u>\$ (992,810)</u>	<u>\$ (2,258,076)</u>	<u>\$ (3,391,438)</u>

CITY OF BURLINGTON, NORTH CAROLINA  
DENTAL SELF INSURANCE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES-  
FINANCIAL PLAN AND ACTUAL (NON-GAAP)  
For The Fiscal Year Ended June 30, 2016

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
City of Burlington	\$ -	\$ 415,277	\$ -
Employee Premium	<u>-</u>	<u>109,618</u>	<u>-</u>
Total Operating Revenues	488,375	524,895	36,520
Non-Operating Revenues:			
Investment Earnings	<u>-</u>	<u>23,089</u>	<u>23,089</u>
Total Revenues	<u>488,375</u>	<u>547,984</u>	<u>59,609</u>
Expenditures:			
City of Burlington Claims	-	621,574	-
Operating expenditures	<u>-</u>	<u>33,702</u>	<u>-</u>
Total Expenditures	<u>665,000</u>	<u>655,276</u>	<u>9,725</u>
Revenues Over Expenditures	\$ (176,625)	<u>\$ (107,292)</u>	<u>\$ 69,334</u>
Fund balance appropriated	<u>176,625</u>		
Net change in fund balance	<u>\$ -</u>		

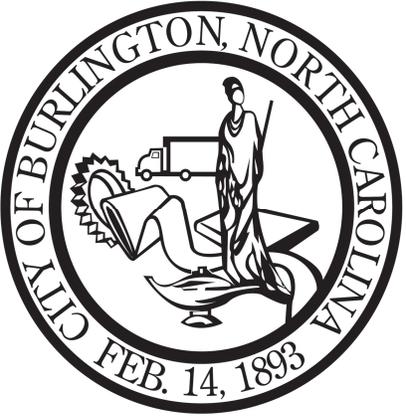
Reconciliation From Financial Plan Basis (Modified Accrual) to Full Accrual Basis:

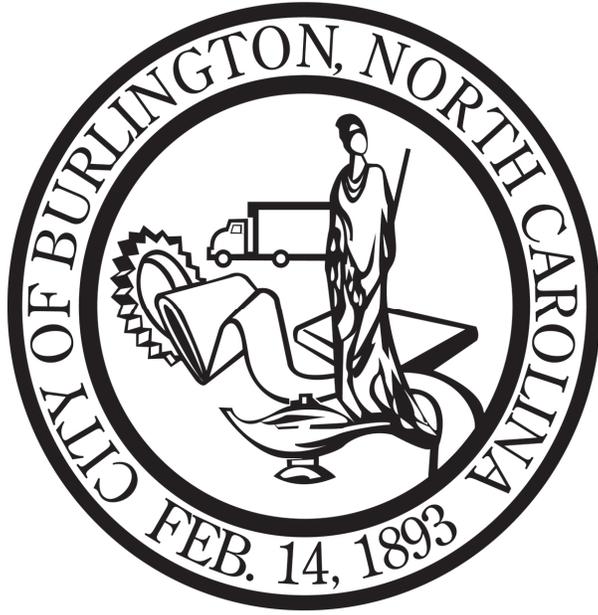
Revenues Over Expenditures	\$ (107,292)
Reconciling Items:	
Increase in allowance for unfilled claims	<u>(3,750)</u>
Net Income	<u>\$ (111,042)</u>

CITY OF BURLINGTON, NORTH CAROLINA  
 WORKERS COMPENSATION SELF INSURANCE FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES-  
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)  
 For The Fiscal Year Ended June 30, 2016

	<u>Financial Plan</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
City of Burlington	\$ -	\$ -	\$ -
Total Operating Revenues	-	-	-
Non-Operating Revenues:			
Investment Earnings	1,000	4,402	3,402
Total Non-Operating Revenues	1,000	4,402	3,402
Total Revenues	1,000	4,402	3,402
Expenditures:			
Salaries and employee benefits		297,865	
Operating expenses		36,113	
Contractual services		162,859	
Workers compensation		481,439	
Safety training		9	
Total Expenditures	1,146,255	978,285	167,970
Revenues Over (Under) Expenditures	(1,146,255)	(973,883)	171,372
Other Financing Sources			
Transfers from other funds:			
General Fund		685,615	-
Water and Sewer Fund		459,640	-
Total Other Financing Sources	1,145,255	1,145,255	-
Revenues and Other Sources (Under) Expenditures	\$ -	\$ 171,372	\$ 171,372
Fund balance appropriated			
Net change in fund balance	-		
Reconciliation From Financial Plan (Modified Accrual) to Full Accrual Basis:			
Revenues Over Expenditures		\$ 171,372	
Reconciling Items:			
Increase in allowance for unfiled claims		-	
Net Income		\$ 171,372	







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**OTHER SCHEDULES**

## OTHER SCHEDULES

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This section includes additional information on property taxes and interfund transfers.

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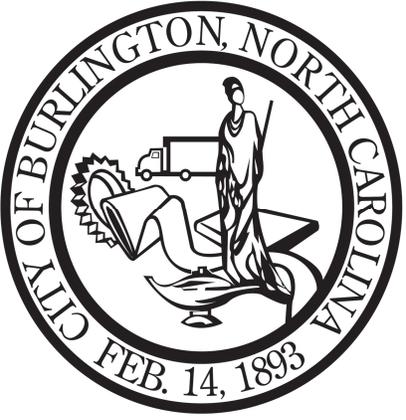
- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

CITY OF BURLINGTON, NORTH CAROLINA  
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
 June 30, 2016

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2015</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2016</u>
2015-2016	\$	\$ 27,914,146	\$ 27,527,257	\$ 386,889
2014-2015	362,905		195,092	167,813
2013-2014	223,831		83,730	140,101
2012-2013	157,836	-	33,769	124,067
2011-2012	116,915	-	24,574	92,341
2010-2011	118,329	-	9,906	108,423
2009-2010	80,650	-	8,136	72,514
2008-2009	84,313	-	4,021	80,292
2007-2008	79,093	-	3,370	75,723
2006-2007	75,213	-	4,407	70,806
2005-2006	81,696	-	30,179	51,517
1965-2005	<u>92,021</u>	<u>-</u>	<u>3,050</u>	<u>88,971</u>
	<u>\$ 1,472,802</u>	<u>\$ 27,914,146</u>	<u>\$ 27,927,491</u>	<u>\$ 1,459,457</u>
Less: Allowance for uncollectible accounts:				
General Fund				(551,279)
Special Revenue Fund				<u>(46,260)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 597,539</u>
<u>Reconciliation with Revenues:</u>				
Taxes - ad valorem - General Fund				\$ 27,482,483
Taxes - ad valorem - Special Revenue Fund				<u>128,878</u>
Total				27,611,361
Reconciling Items:				
Discounts allowed				61,496
Interest collected				(127,565)
Taxes written off				<u>382,199</u>
Total Collections and Credits				<u>\$ 27,927,491</u>

CITY OF BURLINGTON, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
CITY WIDE LEVY  
For The Fiscal Year Ended June 30, 2016

	<u>Total Levy</u>			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	<u>City-Wide</u>		<u>Total Levy</u>		
	<u>Property Valuation</u>	<u>Rate per \$100</u>			
City-Wide Levy:					
Original Levy:					
Property taxed at current year's rate	\$ 4,656,887,068.58		27,009,945	\$ 24,554,654	\$ 2,455,291
Penalties	-		17,469	17,469	-
Total	<u>4,656,887,068</u>		<u>27,027,414</u>	<u>24,572,123</u>	<u>2,455,291</u>
Discoveries:					
Current year taxes	128,909,828	.58	747,677	747,677	-
Prior year taxes	-		-	-	-
Penalties	-		-	-	-
Total	<u>128,909,828</u>		<u>747,677</u>	<u>747,677</u>	<u>-</u>
Abatements and Adjustments:					
Advertising, interest and adjustments	-		-	-	-
Abatements	(49,960,344)	.58	(289,770)	(289,746)	(24)
Total	<u>(49,960,344)</u>		<u>(289,770)</u>	<u>(289,746)</u>	<u>(24)</u>
Total Property Valuation	<u>\$ 4,735,836,552</u>				
Net City Wide levy			27,485,321	25,030,054	2,455,267
Uncollected Taxes at June 30, 2014			(385,942)	(380,921)	(5,021)
Current Year's Taxes Collected			<u>\$ 27,099,379</u>	<u>\$ 24,649,133</u>	<u>\$ 2,450,246</u>
Current City-Wide Levy Collection Percentage			<u>98.59%</u>	<u>98.47%</u>	<u>99.79%</u>
Downtown Special Tax District:					
Original Levy:					
Property taxed at current year's rate	\$ 78,926,875	.16	\$ 126,283	\$ 125,322	\$ 961
Penalties	-		17	17	-
Discoveries:					
Current year taxes	-		-	-	-
Abatements and Adjustments:					
Abatements	-		-	-	-
Total Property Valuation	<u>\$ 78,926,875</u>				
Net Downtown Special Tax District Levy			126,300	125,339	961
Uncollected Taxes at June 30, 2014			(947)	(947)	-
Current Year's Taxes Collected			<u>\$ 125,353</u>	<u>\$ 124,392</u>	<u>\$ 961</u>
Current Downtown Special Tax District Levy Collection Percentage			<u>99.25%</u>	<u>99.24%</u>	<u>100.00%</u>



## Statistical Section

This part of the City of Burlington's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	130-137
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the city's most significant revenue source, the property tax.	138-141
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	142-146
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	147-148
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	149-151

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**Schedule 1**  
**City of Burlington, North Carolina**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental activities				
Net investment in capital assets	\$ 58,866,501	\$ 53,722,717	\$ 49,762,940	\$ 48,383,850
Restricted	13,429,638	14,069,943	19,635,641	18,392,387
Unrestricted	50,297,700	54,267,735	49,905,470	49,958,695
Total governmental activities net assets	<u>\$ 122,593,839</u>	<u>\$ 122,060,395</u>	<u>\$ 119,304,051</u>	<u>\$ 116,734,932</u>
Business-type activities				
Net investment in capital assets	\$ 115,837,458	\$ 114,539,725	\$ 107,207,635	\$ 105,523,250
Restricted	21,486,577	19,469,499	21,186,874	17,544,176
Unrestricted	39,876,986	35,033,434	36,428,343	34,109,701
Total business-type activities net assets	<u>\$ 177,201,021</u>	<u>\$ 169,042,658</u>	<u>\$ 164,822,852</u>	<u>\$ 157,177,127</u>
Primary government				
Net investment in capital assets	\$ 174,703,959	\$ 168,262,442	\$ 156,970,575	\$ 153,907,100
Restricted	34,916,215	33,539,442	40,822,515	35,936,563
Unrestricted	90,174,686	89,301,169	86,333,813	84,068,396
Total primary government net assets	<u>\$ 299,794,860</u>	<u>\$ 291,103,053</u>	<u>\$ 284,126,903</u>	<u>\$ 273,912,059</u>

Fiscal Year					
<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 44,355,341	\$ 42,802,718	\$ 39,828,855	\$ 41,007,895	\$ 38,362,340	\$ 36,184,194
17,287,399	11,376,455	30,330,078	26,384,988	23,458,009	25,085,657
54,423,395	60,773,388	43,528,565	41,653,949	40,317,116	31,377,433
<u>\$ 116,066,135</u>	<u>\$ 114,952,561</u>	<u>\$ 113,687,498</u>	<u>\$ 109,046,832</u>	<u>\$ 102,137,465</u>	<u>\$ 92,647,284</u>
\$ 85,748,070	\$ 97,111,037	\$ 109,690,950	\$ 109,331,715	\$ 107,080,492	\$ 106,829,594
35,544,241	24,282,332	13,188,880	12,414,038	10,161,377	5,917,865
33,404,248	31,292,633	28,245,081	23,327,332	22,666,013	18,172,728
<u>\$ 154,696,559</u>	<u>\$ 152,686,002</u>	<u>\$ 151,124,911</u>	<u>\$ 145,073,085</u>	<u>\$ 139,907,882</u>	<u>\$ 130,920,187</u>
\$ 130,103,411	\$ 139,913,755	\$ 149,519,805	\$ 150,339,610	\$ 145,442,832	\$ 143,013,788
52,831,640	35,658,787	43,518,958	38,799,026	33,619,386	31,003,522
87,827,643	92,066,021	71,773,646	64,981,281	62,983,129	49,550,161
<u>\$ 270,762,694</u>	<u>\$ 267,638,563</u>	<u>\$ 264,812,409</u>	<u>\$ 254,119,917</u>	<u>\$ 242,045,347</u>	<u>\$ 223,567,471</u>

**Schedule 2**  
**City of Burlington, North Carolina**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Expenses</b>										
Governmental activities:										
General government	\$ 8,929,272	\$ 8,483,588	\$ 9,149,871	\$ 9,309,902	\$ 8,586,996	\$ 9,782,111	\$ 9,215,323	\$ 8,490,313	\$ 7,635,312	\$ 7,733,445
Public safety	26,462,848	25,860,337	22,743,048	23,113,039	20,992,476	20,077,388	19,012,031	18,063,290	17,759,301	16,297,845
Public works	10,183,802	8,334,201	11,131,728	8,760,799	9,857,328	8,931,972	7,511,084	8,513,949	9,064,789	6,985,391
Economic and physical development	3,007,984	1,880,541	1,474,928	1,368,876	1,574,410	1,367,129	1,510,984	933,593	820,213	723,084
Cultural and recreation	8,014,310	7,512,715	6,957,606	6,993,217	6,675,802	7,113,741	6,566,740	6,311,568	6,074,962	6,055,589
Interest on long-term debt	68,461	331,290	363,756	1,378,315	766,290	644,306	786,832	742,906	817,062	830,820
Total governmental activities expenses	56,666,677	52,402,672	51,820,937	50,924,148	48,453,302	47,916,647	44,602,994	43,055,619	42,171,639	38,626,174
Business-type activities:										
Storm water	433,571	518,104	377,647	605,815	305,939	310,474	364,391	310,215	167,149	180,423
Water and sewer	22,989,357	23,671,729	22,143,804	22,903,847	23,462,426	21,863,677	18,713,655	19,700,880	20,085,892	20,170,270
Total business-type activities expenses	23,422,928	24,189,833	22,521,451	23,509,662	23,768,365	22,174,151	19,078,046	20,011,095	20,253,041	20,350,693
Total primary government expenses	\$ 80,089,605	\$ 76,592,505	\$ 74,342,388	\$ 74,433,810	\$ 72,221,667	\$ 70,090,798	\$ 63,681,040	\$ 63,066,714	\$ 62,424,680	\$ 58,976,867
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General Government	\$ 1,869,455	\$ 2,942,784	\$ 2,979,252	\$ 2,688,109	\$ 2,661,120	\$ 2,507,577	\$ 2,281,618	\$ 2,498,973	\$ 2,799,530	\$ 3,244,533
Public safety	340,368	354,258	412,298	367,587	261,105	306,973	297,876	165,633	303,219	256,793
Public works	1,387,986	1,298,660	1,293,660	1,231,921	1,289,117	1,290,419	1,505,613	1,308,766	1,221,897	1,025,645
Economic and physical development	1,765,852	1,435,313				9,777				
Cultural and recreation	2,988,493	3,036,516	2,853,767	2,931,014	2,710,135	2,692,531	2,904,183	3,060,166	3,198,844	2,903,431
Operating grants and contributions	2,837,797	7,184,961	5,555,035	3,691,258	3,776,954	3,448,673	4,052,652	3,716,104	4,274,106	3,878,463
Capital grants and contributions										
Total governmental activities program revenues	11,189,951	16,252,492	13,094,012	10,909,889	10,698,431	10,255,950	11,041,942	10,749,642	11,797,596	11,308,865



**Schedule 3  
City of Burlington, North Carolina  
Fund Balances, Governmental Funds,  
Last Six Fiscal Years**

	Fiscal Year					
	2016	2015	2014	2013	2012	2011
General Fund						
Restricted						
Stabilization by State Statute	\$ 6,410,101	\$ 5,472,018	\$ 6,954,980	\$ 6,901,755	\$ 6,113,452	\$ 6,163,934
Historic Books	1,418	1,418	1,418	1,418	1,418	1,418
Animal Shelter	562	562	562	562	562	562
Committed						
Capital Reserve Fund	10,713,528	11,279,424	16,925,388	16,620,740	18,323,847	18,603,387
Assigned						
Subsequent Years Expenditure	1,636,986	1,636,986	1,636,986	1,816,112	2,053,816	1,636,986
General Government	4,316,000	4,316,000	4,316,000	4,316,000	4,316,000	4,316,000
Parks and Recreation	1,882,466	1,882,466	1,381,370	1,428,771	1,321,156	1,398,269
Public Safety	5,950,000	5,950,000	5,450,000	5,450,000	5,450,000	5,450,000
Economic Development	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	-
Public Works	3,125,000	3,125,000	3,125,000	3,125,000	3,125,000	700,000
Unassigned	11,212,212	12,468,373	8,881,287	7,445,326	8,211,865	12,946,857
Total general fund	48,248,273	49,132,247	51,672,991	50,105,684	51,917,116	51,217,413
All Other Governmental Funds						
Restricted						
Stabilization by State Statute	3,893,620	-	-	-	-	5,014
Economic Development	3,281,786	6,762,024	6,881,935	7,178,068	7,400,720	7,606,888
Public Safety		460,696	497,277	396,767	345,649	375,237
Committed						
Capital Improvements	1,803,057	-	1,280,743	980,769	977,891	1,204,506
Capital Reserve Fund		4,586,098	-	-	-	-
Assigned						
Subsequent year's expenditures:	196,182	447,806	468,859	483,457	491,785	505,148
Unassigned	-	(20,282)	(41,105)	(7,575)	(156,794)	20,114
Total all other governmental funds	\$ 9,174,645	\$ 12,236,342	\$ 9,087,709	\$ 9,031,486	\$ 9,059,251	\$ 9,716,907

Note: The schedule above is after restating fund balance per GASB 54 statement.

**Schedule 3 (Continued)  
 City of Burlington, North Carolina  
 Fund Balances, Governmental Funds,  
 Last Four Fiscal Years**

	Fiscal Year			
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund				
Reserved	\$ 5,704,163	\$ 4,790,077	\$ 5,594,611	\$ 3,779,002
Unreserved	8,356,723	9,424,139	7,995,407	10,662,379
Designated for subsequent year's expenditures	17,746,673	16,916,736	17,484,970	13,397,095
Total general fund	<u>31,807,559</u>	<u>31,130,952</u>	<u>31,074,988</u>	<u>27,838,476</u>
All Other Governmental Funds				
Reserved	7,538,843	7,764,131	7,415,684	6,936,527
Unreserved, reported in:			7,975,904	
Designated for subsequent year's expenditures:				
Special revenue funds-Restricted	18,981,952	16,778,857	638,619	5,296,068
Capital projects funds-Committed	2,612,992	1,165,781	6,863,526	5,837,718
Total all other governmental funds	<u>\$ 29,133,787</u>	<u>\$ 25,708,769</u>	<u>\$ 22,893,733</u>	<u>\$ 18,070,313</u>

Note: The schedule above is pre-GASB 54.

**Schedule 4**

**City of Burlington, North Carolina**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Revenues</b>				
Ad valorem taxes	\$ 27,509,164	\$ 26,928,485	\$ 27,149,806	\$ 26,425,908
Other taxes and licenses	12,438,131	12,099,079	10,970,124	10,496,181
Unrestricted intergovernmental	4,709,848	4,914,193	4,560,068	4,222,801
Restricted intergovernmental	4,388,175	4,883,976	5,293,541	4,114,494
Permits and fees	1,365,831	1,243,300	1,128,772	1,222,541
Sales and services	4,464,274	4,066,783	3,858,474	3,962,533
Investment earnings	539,461	159,092	125,548	261,564
Miscellaneous	690,978	1,126,630	773,474	610,474
Total revenues	<u>56,105,862</u>	<u>55,421,538</u>	<u>53,859,807</u>	<u>51,316,496</u>
<b>Expenditures</b>				
General government	8,716,239	9,106,232	8,490,457	8,053,763
Public safety	23,556,205	22,633,787	20,869,801	20,670,064
Public works	8,532,598	6,744,540	9,756,316	7,603,776
Economic and physical development	2,820,260	1,880,541	1,474,926	1,368,876
Culture and recreation	6,933,653	6,430,052	6,097,465	6,078,028
Debt service:				
Principal	2,569,211	5,100,769	2,857,008	10,446,422
Interest	148,720	294,774	358,419	674,661
Capital Outlay	7,288,650	3,919,060	3,638,530	4,615,107
Total expenditures	<u>60,565,536</u>	<u>56,109,755</u>	<u>53,542,922</u>	<u>59,510,697</u>
Excess of revenues over (under) expenditures	(4,459,674)	(688,217)	316,885	(8,194,201)
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	2,254,046	9,494,212	1,980,771	3,946,670
Transfers to other funds	(3,784,663)	(9,807,067)		(4,259,526)
Transfers to component unit				
Capital lease obligations issued				
Certificates of participation issued				
Issuance of private activity bonds (RZED)				
Proceeds from bond issuance				
Issuance from installment purchase	2,044,621	1,608,961	1,619,502	6,667,859
Total other financing sources (uses)	<u>514,004</u>	<u>1,296,106</u>	<u>3,600,273</u>	<u>6,355,003</u>
Net change in fund balances	<u>\$ (3,945,670)</u>	<u>\$ 607,889</u>	<u>\$ 3,917,158</u>	<u>\$ (1,839,198)</u>
Debt service as a percentage of noncapital expenditures	5.1%	10.3%	6.4%	20.3%

<b>Fiscal Year</b>					
<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
\$ 24,720,911	\$ 25,984,094	\$ 24,852,944	\$ 23,944,594	\$ 22,959,919	\$ 22,020,569
10,261,128	10,086,790	9,081,632	9,910,654	10,425,711	9,956,747
4,509,286	4,444,816	4,298,234	4,344,070	4,492,768	4,284,884
4,023,377	3,868,203	4,651,477	4,208,258	4,816,213	4,241,322
1,025,476	868,641	700,723	810,402	1,428,348	1,918,985
3,947,957	3,983,062	4,046,529	4,224,621	3,957,048	3,673,388
249,731	189,248	301,575	1,184,744	2,097,076	2,273,169
353,006	288,747	424,952	492,277	301,892	312,095
<b>49,090,872</b>	<b>49,713,601</b>	<b>48,358,066</b>	<b>49,119,620</b>	<b>50,478,975</b>	<b>48,681,159</b>
7,713,558	8,316,294	8,238,393	8,007,500	7,529,925	7,774,715
19,523,967	18,654,343	18,584,573	17,527,448	17,587,449	16,130,108
8,644,203	7,962,307	6,924,894	7,688,216	8,186,747	7,158,072
1,574,410	1,619,663	1,522,589	933,595	817,368	722,891
5,812,752	5,628,193	5,498,179	5,687,867	5,408,875	5,525,920
2,691,898	2,841,286	2,793,551	2,748,834	2,548,160	2,688,134
723,597	778,504	705,857	770,893	838,078	874,616
3,148,952	4,599,040	2,948,353	3,644,647	7,360,677	5,713,214
<b>49,833,337</b>	<b>50,399,630</b>	<b>47,216,389</b>	<b>47,009,000</b>	<b>50,277,279</b>	<b>46,587,670</b>
(742,465)	(686,029)	1,141,677	2,110,620	201,696	2,093,489
2,679,386	711,581	2,725,287	3,781,627	2,407,433	2,454,576
(3,092,241)	(1,024,435)	(3,741,877)	(4,346,869)	(2,717,787)	(3,209,456)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,899,000	-	-	-
-	-	-	-	-	9,359,162
1,267,473	991,857	1,077,538	1,325,622	1,664,789	277,055
<b>854,618</b>	<b>679,003</b>	<b>2,959,948</b>	<b>760,380</b>	<b>1,354,435</b>	<b>8,881,337</b>
<b>\$ 112,153</b>	<b>\$ (7,026)</b>	<b>\$ 4,101,625</b>	<b>\$ 2,871,000</b>	<b>\$ 1,556,131</b>	<b>\$ 10,974,826</b>

7.3%

7.9%

7.9%

8.1%

7.9%

8.9%

**Schedule 5**  
**City of Burlington, North Carolina**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
(in thousands of dollars)

Fiscal Year Ended June 30,	Real Property	Personal Property	Public Service Companies	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2016	\$ 3,853,481,630	\$ 846,150,688	\$ 81,810,460	\$ 45,606,226	4,735,836,552	\$ 0.580
2015	3,799,919,178	812,901,629	69,230,008	45,979,608	4,636,071,207	0.580
2014	3,719,982,981	880,157,173	65,804,603	45,882,171	4,620,062,586	0.580
2013	3,696,580,748	725,397,303	69,134,071	46,054,536	4,445,057,586	0.580
2012	3,577,135,670	647,804,267	68,040,422	47,077,773	4,245,902,586	0.580
2011	3,584,241,446	648,169,194	70,873,679	39,093,132	4,264,191,187	0.590
2010	3,547,546,834	640,124,432	74,014,766	24,980,100	4,236,705,932	0.590
2009	3,148,340,051	724,788,680	65,329,774	25,420,105	3,913,038,400	0.625
2008	2,998,789,899	702,223,245	71,968,398	24,782,192	3,748,199,350	0.625
2007	2,929,664,431	580,421,602	68,488,939	25,353,405	3,553,221,567	0.625

**Source:** Annual audited financial reports of the entity and reports of the Tax Assessor and Tax Collector for this entity.

**Note:** Alamance County does a revaluation every eight (8) years and only records increases and decreases in the other years. The last revaluation was done in 2009, with the next due in 2017.

**Schedule 6**  
**City of Burlington, North Carolina**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates			Overlapping Rates	
	Basic Rate	General Obligation Debt Service	Total Direct	Downtown Corp	Alamance County
2016	\$ 0.520	\$ 0.0596	\$0.580	\$ 0.160	\$ 0.580
2015	0.503	0.0769	0.580	0.160	0.530
2014	0.502	0.0775	0.580	0.160	0.540
2013	0.495	0.0810	0.580	0.160	0.520
2012	0.494	0.0852	0.580	0.160	0.520
2011	0.498	0.0916	0.590	0.160	0.520
2010	0.500	0.0903	0.590	0.160	0.520
2009	0.525	0.0996	0.625	0.160	0.580
2008	0.525	0.0998	0.625	0.160	0.580
2007	0.512	0.1134	0.625	0.160	0.575

**Source:** City of Burlington's Finance Department

**Schedule 7**  
**City of Burlington, North Carolina**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Labcorp	\$ 134,893,224	1	2.85 %	\$ 95,530,307	1	2.71 %
Alamance Crossing LLC	67,630,185	2	1.43	16,956,960	10	0.48
Roche	45,218,141	3	0.95			
Duke Energy Corp	41,669,519	4	0.88	31,305,120	3	0.89
PGS Burlington, LLC	28,778,649	5	0.61			
Carolina Hosiery	24,759,095	6	0.52	22,297,280	5	0.67
Merideth Webb	22,228,313	7	0.47	18,032,480	9	0.51
Ethan Pointe LLC	21,797,839	8	0.46			
Huffman Mill Plaza	21,103,934	9	0.45	22,057,280	4	0.67
Keybank National Assoc	18,790,814	10	0.40			
Burlington Mall				33,002,400	2	0.93
Bell South				18,685,600	6	0.53
Alamance Indust. Park				18,534,560	7	0.52
Kayser Roth				18,520,160	8	0.52
<b>Total</b>	<b>\$ 426,869,713</b>		<b>9.01 %</b>	<b>\$ 294,922,147</b>		<b>8.43 %</b>

**Source:** City of Burlington Tax Department

**Schedule 8  
City of Burlington, North Carolina  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2016	\$ 27,485,321	\$27,099,379	98.60 %			27,099,379	98.60 %
2015	26,902,971	26,541,013	98.65	195,184		26,736,197	99.38
2014	26,803,894	26,317,352	98.18	246,522		26,563,874	99.10
2013	25,789,046	25,105,830	97.35	509,529		25,615,359	99.33
2012	24,636,120	23,819,010	96.68	686,335		24,505,345	99.47
2011	25,169,334	24,403,266	96.96	619,809		25,023,075	99.42
2010	24,993,044	23,825,333	95.33	859,128		24,684,461	98.77
2009	24,442,673	23,455,196	95.96	790,294		24,245,490	99.19
2008	23,439,381	22,583,026	96.35	696,455		23,279,481	99.32
2007	22,168,691	21,431,448	96.67	675,102		22,106,550	99.72

**Source:** Annual audited financial reports of the entity and reports of the Tax Assessor and Tax Collector for this entity.

**Schedule 9**  
**City of Burlington, North Carolina**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	RZED Bonds	Installment Purchase	Capitalized Leases	Certificates of Participation	General Obligation Bonds	Revenue Bonds	Revolving Loan	Certificates of Participation				
2016	\$ 5,072,860	\$ -	\$ 2,158,285	\$ -	\$ -	\$ 2,785,000	\$ 34,601,962	\$ -	\$ -	44,618,107	8.2 %	850	
2015	5,651,978	-	2,140,876	-	-	4,047,000	36,219,027	-	-	48,058,881	9.2	928	
2014	8,994,345	-	2,323,955	-	-	5,184,752	37,821,088	-	-	54,324,140	10.7	1,055	
2013	10,189,321	-	2,382,461	-	-	6,384,745	39,433,399	-	-	58,389,926	12.1	1,138	
2012	10,604,081	2,531,217	2,502,729	-	-	7,594,520	41,021,613	-	-	64,254,160	13.8	1,270	
2011	11,724,945	2,725,926	2,615,271	-	-	8,817,338	23,135,863	-	-	49,019,343	10.6	981	
2010	12,855,089	2,899,000	3,164,139	-	-	10,059,723	-	32,500	9,940,000	38,950,451	8.4	754	
2009	13,979,593	-	3,758,602	-	-	11,342,853	-	-	10,650,000	39,731,048	9.3	780	
2008	15,103,317	-	4,060,782	-	-	12,626,408	-	-	11,360,000	43,150,507	10.1	875	
2007	16,118,945	-	4,617,391	-	-	13,903,542	-	-	12,075,000	46,714,878	10.9	980	

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

**Schedule 10**

**City of Burlington, North Carolina**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities	Business-Type Activities	Total	Percentage of Actual Taxable Value (1) of Property	Per Capita (2)
	General Obligation Bonds	General Obligation Bonds			
2016	5,072,860	2,785,000	7,857,860	0.17 %	149.75
2015	5,651,978	4,047,000	9,698,978	0.21	187.20
2014	8,994,345	5,184,752	14,179,097	0.31	275.27
2013	10,189,321	6,384,745	16,574,066	0.37	323.04
2012	10,604,081	7,594,520	18,198,601	0.43	359.75
2011	11,724,945	8,817,338	20,542,283	0.48	411.15
2010	12,855,089	10,059,723	22,914,812	0.54	443.55
2009	13,979,593	11,342,853	25,322,446	0.65	497.23
2008	15,103,317	12,626,408	27,729,725	0.74	561.98
2007	16,118,945	13,903,542	30,022,487	0.84	629.51

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements

(1) See Schedule 5 for property value data.

(2) Population data can be found in Schedule 14.

**Schedule 11**

**City of Burlington, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2016**  
(dollars in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable(a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Alamance County General Obligation Debt	\$ 63,620,833	33.15%	\$ 21,091,715
Alamance County Authorized & Unissued GO Debt	15,000,000	33.15%	4,972,832
Guilford County General Obligation Debt	663,585,000	10.14%	67,271,314
Guilford County Unamortized G.O. Bond Premium	53,262,787	10.14%	5,399,546
Other debt			
Alamance County Installment Loans	15,492,612	33.15%	5,136,144
Guilford County G.O. Bond Anticipation Notes	24,350,000	10.14%	2,468,495
Guilford County Authorized & Unissued Bonds	210,220,000	10.14%	21,311,174
Guilford County Limited Obligation Bonds	16,845,000	10.14%	1,707,672
Guilford County Installment Financing	2,551,169	10.14%	<u>258,626</u>
Subtotal, overlapping debt			129,617,519
City direct debt			<u>7,231,145</u>
Total direct and overlapping debt			\$ 136,848,664

**Sources:** Population data used to estimate applicable percentages came from the Office of State Budget & Management.

Debt outstanding data provided by each governmental unit.

(a) The percentage of overlapping debt applicable is estimated using population figures. Applicable percentages were estimated by dividing the City's population by the County's population.

**Schedule 12**  
**City of Burlington, North Carolina**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
(dollars in thousands)

**Legal Debt Margin Calculation for Fiscal Year**

Assessed value of taxable property	4,735,836,552
Debt limit (8% of assessed value)	378,866,924
Gross Debt:	
Total Bonded Debt	7,857,860
Private Activity Bonds	-
Certificate of Participation	-
Revenue Bonds	34,601,962
Lease Financing Agreements	2,158,285
Total Gross Debt	44,618,107
Less: Water and Sewer Bonds	(37,386,962)
Total net debt applicable to limit	7,231,145
Legal debt margin	371,635,779

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 284,257,725	\$ 299,855,948	\$ 312,963,072	\$ 338,936,475	\$ 341,135,295	\$ 339,672,207	\$ 355,604,607	\$ 369,605,007	\$ 370,885,697	\$ 378,866,924
Total net debt applicable to limit	32,811,336	30,524,099	28,388,195	28,890,728	17,068,632	15,188,097	12,571,782	11,189,204	7,792,854	7,231,145
Legal debt margin	\$ 251,446,389	\$ 269,331,849	\$ 284,574,877	\$ 310,045,747	\$ 324,066,663	\$ 324,484,110	\$ 343,032,825	\$ 358,415,803	\$ 363,092,843	\$ 371,635,779

Total net debt applicable to the limit as a percentage of debt limit	11.54%	10.18%	9.07%	8.52%	5.00%	4.47%	3.54%	3.03%	2.10%	1.91%
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**Note:** Under North Carolina Local Budget & Control Act, the city's outstanding general obligation debt should not exceed 8 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**Schedule 13**  
**City of Burlington, North Carolina**  
**Pledged-Revenue Coverage**  
**Last Six Fiscal Year**  
(dollars in thousands)

Fiscal Year	Water & Sewer Revenue Bonds (1)						
	Utility Service Charges		Less: Operating Expenses		Net Available Revenue		Coverage
					Principal	Interest	
2016	\$ 30,367,965	\$ 16,066,030	14,301,935	\$ 1,575,000	\$ 1,746,332	4.3	
2015	27,292,611	15,760,218	11,532,393	1,560,000	1,795,170	3.4	
2014	21,065,349	14,998,174	6,067,175	1,525,000	1,862,120	1.8	
2013	20,520,559	14,471,192	6,049,367	1,495,000	1,927,870	1.8	
2012	21,389,894	14,385,550	7,004,344	960,000	1,302,469	3.1	
2011	21,808,147	14,825,993	6,982,154	-	-	-	

(1) The City issued Combined Enterprise System Revenue bonds, Series 2010A in the amount of \$11,825,000, Combined Enterprise System Revenue bonds, Series 2010B in the amount of \$10,700,000 in December of 2010 and Combined Enterprise System Revenue bonds, Series 2011 in the amount of \$18,370,000.

(2) No debt payments were made in fiscal year 6/30/11, the first payment was made in August of 2011.

Note: Operating expenses do not include interest, depreciation, or amortization expenses. Details regarding the city's outstanding debt can be found in the notes to the financial statements.

**Schedule 14**  
**City of Burlington, North Carolina**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Year	Population Estimates (1)	Alamance County Personal Income (2)	Alamance County Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2016	52,472	**	**	22,724	5.1%
2015	51,812	*	*	22,706	5.2%
2014	51,510	5,421,753	34,801	22,690	6.9%
2013	51,306	5,224,119	33,840	22,423	9.7%
2012	50,587	5,068,382	32,929	22,531	10.1%
2011	49,963	4,807,695	31,363	22,451	10.0%
2010	51,662	4,655,074	30,720	22,384	11.7%
2009	50,927	4,611,574	30,671	22,304	9.3%
2008	49,343	4,659,254	31,501	22,260	5.2%
2007	47,692	4,282,107	29,575	22,202	5.3%

\* Not available until April, 2017

\*\* Not available until April, 2018

**Sources:**

- (1) U. S. Census Bureau
- (2) U. S. Department of Commerce - Bureau of Economic Analysis
- (3) N. C. Department of Public Instruction
- (4) U. S. Department of Labor - Bureau of Labor Statistics

**Schedule 15**  
**City of Burlington, North Carolina**  
**Principal Employers**  
**Current Year and Nine Years Ago**

<u>Employer</u>	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Alamance-Burlington School Sys	3,329	1	13.86 %	2,700	2	12.39 %
LabCorp, Inc.	2,903	2	12.09	3,200	1	14.69
Alamance Regional Medical Ctr	2,240	3	9.33	1,700	3	7.80
Elon University	1,403	4	5.84			
Wal-Mart Stores, Inc.	1,000	5	4.16	1,100	4	5.05
Alamance County Offices	956	6	3.98			
City of Burlington	806	7	3.36	875	5	4.02
GKN Driveline North America	800	8	3.33			
Alamance Community College	652	9	2.71			
Honda Power Equipment	671	10	2.79			
Gold Toe Brands				725	6	3.33
Culp, Inc.						
Burlington Industries, Inc.						
Westpoint Home Inc.						
Copland Industries, Inc.				350	7	1.61
Kernodle Clinic, Inc.				320	8	1.47
American multimedia, Inc.				298	9	1.37
Carolina Hosiery Mills, Inc.				250	10	1.15
<b>Total</b>	<b>14,760</b>		<b>61.45 %</b>	<b>11,518</b>		<b>52.87 %</b>

**Sources:**  
Alamance County Chamber of Commerce  
Employment Security Commission of North Carolina

**Schedule 16  
City of Burlington, North Carolina  
Full-time Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of June 30</u>									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General government										
Administration/Public Information	4	4	3	3	3	3	3	3	3	3
Customer Service/Collections	18	20	19	19	18	19	16	19	19	18
Finance	13	14	13	13	13	14	13	14	13	13
Information Technology	7	8	7	7	6	6	6	6	6	7
Legal	3	2	1	1	1	2	2	2	2	2
Human Resources	7	6	6	6	6	6	5	4	5	5
Planning	15	15	15	14	14	14	11	11	9	10
Inspections	10	9	9	9	9	9	10	11	14	13
Engineering/Traffic Control	14	14	14	14	14	14	18	17	18	18
Police										
Sworn Officers	125	121	125	123	122	124	115	112	106	105
Civilians	51	51	44	40	41	41	40	42	40	43
Fire										
Firefighter and officers	105	91	90	89	88	88	87	88	89	90
Civilians	1	1	1	1	1	1	1	1	2	2
Public Transportation										
Administration	2									
Public Works										
Administration	4	4	4	4	4	3	2	2	2	2
Maintenance	24	24	23	24	24	24	22	23	24	22
Street	20	20	22	22	22	23	23	24	24	23
Cemetery	14	15	16	15	14	16	16	16	13	14
Sanitation	16	17	17	18	17	21	21	22	23	21
Recreation	46	44	44	43	42	43	42	41	44	45
Water and Sewer	89	87	86	90	88	86	84	87	84	86

**Source:** Full-time Equivalent Employee information was provided by the City of Burlington's payroll system.

**Schedule 17**  
**City of Burlington, North Carolina**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Police										
Physical arrests	2,561	3,067	4,277	4,202	3,897	3,873	3,839	3,997	4,046	4,437
Parking violations	392	625	1,459	2,467	1,988	3,104	1,620	2,129	3,440	2,985
Traffic violations	4,686	5,630	7,175	6,727	5,248	5,903	5,612	4,793	6,063	8,651
Fire										
Emergency responses	8,640	8,197	7,688	7,914	7,481	4,992	5,056	5,064	4,375	4,501
Fires responses	2,331	2,326	1,946	2,074	2,173	2,125	2,061	1,610	2,036	1,438
Inspections	3,044	3,313	2,990	3,064	2,863	2,712	2,648	2,844	2,528	2,951
Refuse collection										
Refuse collected (tons per day)	35	33	66	66	72	72	73	69	79	76
Recyclables collected (tons per day)	7.7	7	27	29	21	23	29	33	30	31
Other Public Works										
Street resurfacing (miles)	0.1	9.42	3.15	3.59	7.73	5.8	13.4	0	7	35
Potholes repaired	141	108	162	89	63	100	542	335	101	100
Recreation and Parks										
Athletic field permits issued	159	157	157	155	150	94	103	82	82	75
Community center admissions	211,900	190,300	168,700	166,550	163,400	162,500	151,100	145,255	140,132	128,725
Water										
New connections	34	38	35	34	36	32	33	61	83	81
Water mains breaks	36	57	71	50	53	72	81	78	101	83
Average daily consumption (thousands of gallons)	10,831	10,333	10,284	11,313	12,114	10,995	11,875	10,200	12,461	11,586
Peak daily consumption (thousands of gallons)	14,471	16,296	15,964	16,106	21,577	18,460	19,000	19,000	18,897	16,670
Wastewater										
Average daily sewage treatment (thousands of gallons)	12,308	10,449	11,879	10,730	10,550	11,794	12,000	11,200	11,170	10,900

**Sources:** Various city departments.

**Schedule 18**  
**City of Burlington, North Carolina**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	4	4	6	7	7	7	7	6	4	3
Patrol units	151	151	151	151	151	148	144	141	134	133
Fire Stations		5	5	5	5	5	5	5	5	5
Refuse collection										
Collection trucks	22	22	21	22	19	19	20	18	16	15
Other public works										
Streets (miles)	244.1	243.71	243.62	243.29	243.29	238.89	237.90	238	238	234
Highways (miles)	70.58	70.58	69.73	69.73	66.79	62.24	62.27	61	61	61
Streetlights	5,165	5,139	5,019	4,979	4,844	4,760	4,754	4,738	4,706	4,492
Traffic Signals	40	41	40	36	36	36	35	35	35	32
Recreation and parks										
Acreage	638.45	638.45	638.45	638.45	638.45	638.45	631.45	631.45	631.45	631.45
Playgrounds	22	21	21	21	21	21	16	16	16	16
Baseball/softball diamonds	17	17	17	17	17	17	17	17	17	17
Soccer/football fields	15	15	15	15	15	15	12	12	12	12
Community centers	6	6	6	6	6	6	6	6	6	6
Water										
Water mains (miles)	372.60	393.77	390.00	388.76	387.29	385.82	385.12	383.00	376.15	360.22
Fire hydrants	2,208	2,256	2,196	2,190	2,284	2,064	2,064	2,032	1,900	1,900
Storage capacity (thousands of gallons)	14,000	14,000	14,000	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Wastewater										
Sanitary sewers (miles)	361.70	387.79	386.36	385.06	384.36	383.70	382.85	382.85	378.24	364.55
Storm sewers (miles)	197.10	198.13	221.30	147.90	219.63	219.63	213.00	113.00	100.00	100.00
Treatment capacity (thousands of gallons per day)	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000

**Sources:** Various city departments.



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

To The Honorable Mayor and  
Members of the City Council  
City of Burlington  
Burlington, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United State of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Burlington, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprises the City of Burlington's basic financial statements and have issued our report thereon dated November 18, 2016. The financial statements of the Burlington Downtown Corporation were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Burlington's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Burlington's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Burlington's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

STOUT STUART MCGOWEN & KINGS LLP

November 18, 2016



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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; WITH OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To The Honorable Mayor and  
Members of the City Council  
City of Burlington  
Burlington, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited the City of Burlington, North Carolina, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Burlington's major federal programs for the year ended June 30, 2016. The City of Burlington's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs

**Management Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Burlington's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Burlington's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Burlington's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City of Burlington complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

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## Report on Internal Control Over Compliance

Management of the City of Burlington is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Burlington's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

STOUT STUART MCGOWEN & KINGS LLP

November 18, 2016



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REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB UNIFORM GUIDANCE; AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To The Honorable Mayor and  
Members of the City Council  
City of Burlington  
Burlington, North Carolina

**Report on Compliance for Each Major State Program**

We have audited City of Burlington, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Burlington's major state programs for the year ended June 30, 2016. The City of Burlington's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major state program.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Burlington's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Burlington's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination on the City of Burlington's compliance.

**Opinion on Each Major State Program**

In our opinion, the City of Burlington complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State program for the year ended June 30, 2016.

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## Report on Internal Control Over Compliance

Management of the City of Burlington is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Burlington's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

STOUT STUART MCGOWEN & KINGS LLP

November 18, 2016

CITY OF BURLINGTON, NORTH CAROLINA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Fiscal Year Ended June 30, 2016

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Section I. Summary of Auditor's Result:

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Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

Material weakness(es) identified' \_\_\_\_\_ Yes   X   No

Significant Deficiency(s) identified that are not considered to be material weaknesses \_\_\_\_\_ Yes   X   None Reported

Noncompliance material to financial statements noted \_\_\_\_\_ Yes   X   No

Federal Awards

Internal control over major federal program:

Material weakness(es) identified' \_\_\_\_\_ Yes   X   No

Significant Deficiency(s) identified that are not considered to be material weaknesses \_\_\_\_\_ Yes   X   None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 \_\_\_\_\_ Yes   X   No

Identification of major federal program:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
14.218	Community Development Block Grant
14.239	HOME Investment Partnership Program
20.507	Urbanized Area Formula Grant

Dollar threshold used to distinguish between Type A and Type B programs   \$750,000  

Auditee qualified as low-risk auditee \_\_\_\_\_   X   Yes \_\_\_\_\_ No

CITY OF BURLINGTON, NORTH CAROLINA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Fiscal Year Ended June 30, 2016

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Section I. Summary of Auditor's Result

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State Awards

Internal control over major State program:

Material weakness(es) identified: \_\_\_\_\_ Yes        X   No

Significant Deficiency(s) identified that are not considered to be material weaknesses: \_\_\_\_\_ Yes        X   None Reported

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

Any audit findings disclosed that are required to be reported in accordance with State Single Audit Implementation Act: \_\_\_\_\_ Yes        X   No

Identification of major State program

Program Name

Powell Bill

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Section II. Financial Statement Finding

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None reported

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Section III. Federal Award Findings and Questioned Costs

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None reported

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Section IV. State Award Findings and Questioned Costs

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None reported

CITY OF BURLINGTON, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Fiscal Year Ended June 30, 2016

None

CITY OF BURLINGTON, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 For the Year Ended June 30, 2016

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct and Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Federal Grants:				
Cash Programs:				
<u>U.S. Department of Housing and Urban Development Direct Program:</u>				
Community Development Block Grant - Entitlement Grant	14.218	533,421		
Passed-through Greensboro Consortium:				
Home Investment Partnership Program	14.239	617,187		
Passed-through N.C. Housing Financing Agency:				
Stewart B. McKinney Homeless Assistance Act	14.000	75,000		
<u>U.S. Department of Justice</u>				
Direct Program:				
Office of Justice:				
Federal Asset Forfeiture Funds	16.005	126,175		
Passed-through North Carolina Department Of Crime Control and Public Safety:				
Edward Byrne Memorial Justice Assistance Grant	16.738	1,105		
<u>U.S. Department of Transportation</u>				
Direct Program:				
Federal Transit Administration:				
Urbanized Area Formula Grant	20.507	852,891		213,223
Passed-through North Carolina Department of Transportation:				
Highway Planning and Construction Grants:				
State Planning and Research	20.205-5	185,184		
Federal Transit Technical Studies Grant	20.505	21,552		74,398
<u>U.S. Department of Homeland Security</u>				
Passed-through North Carolina Department of Public Safety:				
Disaster Grants – Public Assistance	97.036	<u>31,692</u>		
Total assistance - federal programs		<u>2,444,207</u>		<u>287,621</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 For the Year Ended June 30, 2016

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct and Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
State Grants:				
Cash Assistance:				
<u>N.C. Department of Transportation:</u>				
Powell Bill			1,453,384	
Transit Development Program			46,716	
Highway Construction Program			147	
<u>Office of the Governor:</u>				
Revitalization Grant			96,107	
<u>N.C. Department of Public Safety:</u>				
Governor's Crime Commission				
Body Worn Camera Grant			88,515	
Total assistance - State programs			<u>1,684,869</u>	
Total assistance		<u>\$ 2,444,207</u>	<u>\$ 1,684,869</u>	<u>\$ 287,621</u>

Notes to the Schedule of Expenditures Federal and State Financial Awards:

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Burlington under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Burlington, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Burlington.

City of Burlington:  
 GASB 34 CALCULATION OF MAJOR FUNDS  
 June 30, 2016

Note: Revenue includes operating and nonoperating but not other financing sources. Amounts should be taken from the fund statements instead of the government-wide.

Type of Fund	Computes "X" if Meets			Liabilities	Computes "X" if Meets			Expenditures/ Expenses	Computes "X" if Meets	Computes "MAJOR" if Fund is Major If a "Category" Has an "X" in Both Columns. Then Fund is a Major Fund
	Assets	10% Rule	5% Rule		Revenue	10% Rule	5% Rule			
General Fund	40,851,020	N/A	N/A	3,316,275	N/A	N/A	53,370,643	N/A	N/A	YES, ALWAYS MAJOR
Special Revenue Funds:										
MFO Planning/Trans.	465,602	-	-	89	-	-	180,624	-	-	-
Capital Reserve	-	-	-	-	-	-	-	-	-	-
Substance Abuse	67,642	-	-	-	-	-	51,196	-	-	-
Rico	327,375	-	-	565	-	-	45,102	-	-	-
Home Program	10,410,158	X	X	6,932,190	X	X	438,449	-	-	MAJOR
Community Dev.	22,757	-	-	7,090	-	-	426,962	-	-	-
Downtown	62,903	-	-	62,903	-	-	125,312	-	-	-
Gulford MacIntosh	23,383	-	-	23,383	-	-	184,896	-	-	-
Rehab Loan	2,029,562	-	-	3,405	-	-	100,632	-	-	-
Medicare Part D	2,815	-	-	-	-	-	1,978	-	-	-
Bureau of Justice Asst. Comm. Oriented Policing	-	-	-	-	-	-	-	-	-	-
Governor's Crime Commission Human Trafficking	9,853	-	-	4,810	-	-	27,257	-	-	-
Edward Byrne Justice Assistance	122,600	-	-	-	-	-	1,105	-	-	-
Public Transportation	873,154	-	-	956,199	-	-	1,338,843	-	-	-
Rental Rehab	943,863	-	-	-	-	-	(632)	-	-	-
Total Special Revenue	15,361,667	-	-	7,990,644	-	-	2,662,184	-	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds:										
ERP System	637,666	-	-	19,395	-	-	26	-	-	-
Fire Station No.6	962,561	-	-	221,435	-	-	155	-	-	-
Drainage Improvement	443,660	-	-	-	-	-	11	-	-	-
Total Capital Projects	2,043,887	-	-	240,830	-	-	192	-	-	-
Total Governmental Funds	58,256,574	-	-	11,547,749	-	-	56,033,019	-	-	-
10 % of Total Governmental Funds	5,825,657	-	-	1,154,775	-	-	5,603,302	-	-	-
Enterprise Funds:										
Water and Sewer	215,929,221	X	X	41,423,213	X	X	30,367,965	X	X	MAJOR
Storm Water	2,946,593	-	-	47,998	-	-	1,098,704	-	-	-
Other Enterprise Fund 1	-	-	-	-	-	-	-	-	-	-
Total Enterprise Funds	218,875,814	-	-	41,471,211	-	-	31,466,669	-	-	-
10% of Total Enterprise Funds	21,887,581	-	-	4,147,121	-	-	3,146,667	-	-	-
Total Governmental & Enterprise Funds	277,132,388	-	-	53,018,960	-	-	87,499,688	-	-	-
5% of Total Governmental & Enterprise Funds	13,856,619	-	-	2,650,948	-	-	4,374,984	-	-	-