

CITY OF BURLINGTON NORTH CAROLINA

Connecting the Triad & Triangle



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF BURLINGTON

FISCAL YEAR ENDED JUNE 30, 2017



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

TABLE OF CONTENTS

June 30, 2017

<u>Exhibit</u>		<u>Page Number</u>
INTRODUCTORY SECTION:		
	Letter of Transmittal	i-viii
	GFOA Certificate of Achievement	ix
	Organizational Chart	x
	List of Principal Officers	xi
FINANCIAL SECTION:		
	Independent Auditor's Report on the Basic Financial Statements and Supplementary Information	xii-xiv
	Management's Discussion and Analysis	xv-xxxix
	Basic Financial Statements	
	Government-Wide Financial Statements:	
1	Statement of Net Position	1
2	Statement of Activities	2
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	3
3	Reconciliation of the Government Funds Balance Sheet to the Statement of Net Assets	3
4	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4
4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	6
6	Statement of Net Position - Proprietary Funds	7
7	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	8
8	Statement of Cash Flows - Proprietary Funds	9-10

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2017

<u>Exhibit</u>	<u>Page Number</u>
Notes to the Financial Statements	11-47
Required Supplemental Financial Data:	
Other Postemployment Benefits - Schedule of Funding Progress	48
Other Postemployment Benefits - Schedule of Employer Contributions	49
Other Postemployment Benefits - Notes to the Required Schedules	49
Schedule of the Proportionate Share of the Net Pension Liability-Local Government Employees' Retirement System	50
Schedule of Contributions-Local Government Employees' Retirement System	51
Schedule of the Proportionate Share of the Net Pension Liability- Firefighters' and Rescue Squad Workers' Pension	52
Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance	53
Schedule of Total Pension Liability as a Percentage of Covered Payroll	54
Individual Fund Statements and Schedules:	
Balance Sheet- General Fund	55
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual - General Fund	56-71
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Reserve Fund	72
Combining Balance Sheet for Non-Major Governmental Funds	73
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance for Non-Major Governmental Funds	74

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2017

<u>Exhibit</u>	<u>Page Number</u>
Special Revenue Funds:	
Combining Balance Sheet	75-76
Combining Statements of Revenues, Expenitures and Changes in Fund Balances	77-78
Schedule of Revenues and Expenditures - Budget and Actual:	
Community Development Fund	79-90
Rehabilitation Loan Program Fund	91
Rental Rehabilitation Loan Program Fund	92
Downtown Special Tax District Fund	93
HOME Program Project Fund	94-95
Governor's Crime Commision Human Trafficking	96
RICO Fund	97
Edward Byrne Justice Assistance Grant Fund	98
Guilford Mackintosh Fund	99
Controlled Substance Tax Fund	100
MPO Planning Transportation Fund	101
Medicare Part D Grant Project Fund	102
Bureau of Justice Community Oriented Policing Grant	103
General Capital Project Funds:	
Combining Balance Sheet	104
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance	105
Schedule of Revenues, Expenditures - Budget and Actual:	
Drainage Improvement Project Fund	106
ERP System Project Fund	107
Transportation Sidewalks & Intersection Project Fund	108
Animal Shelter Project Fund	109
Fire Station No. 6 Project Fund	110

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2017

<u>Exhibit</u>	<u>Page Number</u>
Enterprise Funds:	
Nonmajor Enterprise Funds - Combining Statement of Net Position	111
Nonmajor Enterprise Funds - Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	112
Nonmajor Enterprise Funds - Combining Statement of Cash Flows	113
Schedule of Revenues and Expenditures - Budget (Modified Accrual Basis) and Actual:	
Public Transportation Fund	114-115
Storm Water Fund	116
Water and Sewer Fund	117-122
Water and Sewer Capital Projects - Water Capital Reserve Fund	123
Water and Sewer Capital Projects - Sewer Capital Reserve Fund	124
Water and Sewer Capital Projects - Tank Removal Project Fund	125
Water and Sewer Capital Projects- Hwy. 87 Ossipee	126
Internal Service Funds:	
Statement of Net Assets	127
Combining Schedules of Revenues, Expenses, and Changes in Net Assets	128
Combining Statement of Cash Flows	129-130
Schedule of Revenues and Expenditures - Budget (Modified Accrual Basis) and Actual:	
Dental Self Insurance Fund	131
Workers Compensation Self Insurance Fund	132
Group Health Benefits Self Insurance Fund	133

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2017

<u>Exhibit</u>	<u>Page Number</u>
Other Schedules:	
Schedule of Ad Valorem Taxes Receivable	134
Analysis of Current Tax Levy	135
STATISTICAL SECTION:	
Net Assets by Component	136-137
Changes in Net Assets	138-139
Fund Balances, Governmental Funds	140-141
Changes in Fund Balances, Governmental Funds	142-143
Assessed Value and Actual Value of Taxable Property	144
Direct and Overlapping Property Tax Rates	145
Principal Property Tax Payers	146
Property Tax Levies and Collections	147
Ratios of Outstanding Debt by Type	148
Ratios of General Bonded Debt Outstanding	149
Direct and Overlapping Governmental Activities Debt	150
Legal Debt Margin Information	151
Pledged-Revenue Coverage Last Fiscal Year	152
Demographic and Economic Statistics	153
Principal Employers	154
Full-Time Equivalent City Government Employees by Function/Program	155
Operating Indicators by Function/Program	156
Capital Asset Statistics by Function/Program	157

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2017

<u>Exhibit</u>	<u>Page Number</u>
COMPLIANCE SECTION:	
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	158-159
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act	160-161
Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with Applicable Sections OMB Circular A-133 and the State Single Audit Implementation Act	162-163
Schedule of Findings and Questioned Costs	164-165
Summary Schedule of Prior Audit Findings	166
Schedule of Expenditures of Federal and State Awards	167-168
Major Fund Determination	169



CITY OF BURLINGTON

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

FINANCE DEPARTMENT

Phone (336) 222-5060

October 31, 2017

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, 2017, 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, 2017, 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, 2017, 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, 2017, 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 35.06 square miles and a population of 52,709. 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 18.37 square miles. These annexations represent industrial and institutional properties. The City generally annexes on a voluntary basis.

The City of Burlington operates under the council-manager form of government. Policy-making and legislative authority is 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 6, 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 79.

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, 2017, 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. Also, per Reference-USA, there have been over 297 new business filings over the last 6 months for Burlington. Below you will find noted some of the more significant economic activity occurring in the area.

Burlington's retail development is still thriving. Academy Sports recently completed a 75,000 square foot building with plans to lease up to more than an additional 80,000 square feet. There is a Lidl and Sheetz currently under construction on North Church Street. It is also our understanding that Lidl, Sheetz, and Wendy's are all under contract for projects on University Drive corridor.

The Burlington-Alamance Regional Airport is growing with leaps and bounds. They have expanded their campus by approximately 50 acres and continue toward a goal of a new terminal and operations area for incoming aircraft. They have also welcomed four new corporate aircraft to the field with tremendous operational growth.

Alamance Foods, a local privately-owned business that has been in Burlington for over 100 years, expanded once again with the construction of a new manufacturing/distribution facility located on a 43.98 acre tract of land. The new, 500,000 feet center represents a \$16 million investment in the community and 30 new jobs in the community. The new facility opened August, 2017.

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 in technology and machinery at the current manufacturing facility, which will create 42 new jobs in the next 2 years.

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 500 new jobs. 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 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, 2017**

<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	2,500
Alamance Regional Medical Ctr	Health Care	2,240
Wal-Mart Stores, Inc.	Retail Sales	1,000
City of Burlington	Local Government	806
Kayser-Roth Corp	Textiles	465
Kernodle Clinic	Medical Services	325
Twin Lakes Community	Retirement/Assisted Living	291
American Multimedia	Multimedia	250
ITG	Textiles	250

Alamance County's unemployment rate continues to stay below 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>	<u>17</u>
Jan	6.1	5.5	5.7	5.4	10.8	12.4	10.4	9.1	8.6	6.0	5.5	5.0	5.0
Feb	6.5	5.7	5.4	5.4	11.2	12.3	10.0	9.0	8.0	6.1	5.3	4.8	4.6
Mar	5.9	5.2	4.9	5.2	11.2	11.7	9.5	8.5	7.5	6.0	5.1	4.7	4.4
Apr	5.7	5.1	4.8	5.1	11.5	11.1	9.3	8.1	7.2	5.2	5.0	4.4	3.9
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	4.1
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	4.1
Jul	6.4	6.2	5.4	6.5	12.3	10.9	10.2	9.3	7.7	6.3	6.0	5.1	4.3
Aug	6.2	5.9	5.1	6.7	12.0	10.5	10.1	8.9	7.2	6.2	5.6	5.0	4.3
Sept	5.9	5.3	4.7	6.2	11.8	9.8	9.4	8.0	6.5	5.3	5.0	4.6	
Oct	5.8	5.0	4.7	6.3	11.8	9.7	9.3	8.1	6.5	5.2	5.1	4.6	
Nov	5.9	5.3	4.7	8.3	11.8	10.2	8.8	8.0	6.2	5.1	5.1	4.5	
Dec	5.2	4.8	5.0	9.4	12.2	9.8	8.7	8.1	5.8	4.9	4.9	4.5	

Source: Bureau of Labor Statistics

The following is a comparison of average annual unemployment rates (%) for the County, State and United States. All three have made significant improvements from last year.

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

<u>Year</u>	<u>County</u>	<u>State</u>	<u>US</u>	<u>Year</u>	<u>County</u>	<u>State</u>	<u>US</u>
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	2017	4.3*	4.6*	4.5*

*Through August 2017

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 completed a master plan for redevelopment of the downtown area.

Another major milestone for the City of Burlington was the one-year anniversary of the mass transit system to the City. Gibsonville and Alamance County participate with the City of Burlington. The bus system has been named the "LINK Transit System" and an advisory board was established by the respective governing boards. The buses began rolling in June 2016, with ridership reaching 88,800 in its first year.

The City Council has put major emphasis on economic growth with the hiring of a Director of Economic Development. Peter Bishop was hired in 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 final phase of the Haw River Interceptor was completed during the 2016-2017 fiscal year.

(2) The study on the Ed Thomas Water plant is still being conducted 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. The City completed the conversion of its payroll module January 1, 2017. The final module to be installed is the utility billing/payments module. This module conversion has begun recently and should be completed in 2018.

(4) Transportation

The new transportation system, Link Transit, 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. June, 2017 marked the first anniversary of the Link Transit System, with 88,800 riders. Routes take riders to shopping centers and to Alamance Community College.

(5) Fire Station

Fire Station #6 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 City Council approved a 3-phase improvement plan to be made to North Park Recreation facility and surrounding area. On July 22, the City celebrated the completion of Phase 1 at RKRE8 North Park Celebration. Phase 2 will be completed in the 2017-2018 fiscal year. There are also three studies being conducted by consultants for City Council. They are as follows: 1) to assess the need of a new police station, 2) to assess the need for a recreation center of the west side of town, and 3) a study on the Maple Avenue corridor to determine what changes need to be made to improve the main corridor entrance into the City of Burlington. No other specific plans for capital projects have been decided by Council.

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

Housing Rehabilitation: The total CDBG expenditures for housing projects include the costs for lead-based painting hazards inspections and temporary relocations. Of the total expenditures for housing projects, the City spent approximately \$26,924 of its CDBG loan fund proceeds for two housing rehabilitations, \$1,000 for lead-based paint hazards inspections for houses, and \$526 for temporary relocations. During the program year, the City used HOME funds primarily for housing rehabilitation projects, over \$119,000. The City of Burlington also expended \$64,820 of Urgent Repair Funds from the NC Housing Finance Agency and NC Homebuilder's Association. The City collected \$125,754.86 in CDBG loan payments during this current program year. The City also invested \$65,000

of CDBG funds in the North Carolina Construction Training Partnership Program (CTP) to provide job training and job placement in the construction industry and housing assistance for low-income area residents. To date, 18 individuals completed the program, with 10 individuals gaining employment. The individuals also helped to rehab one house this current program year.

Public Facilities: The City expended \$37,000 to make two bathrooms ADA compliant and to remove asbestos flooring in the Thataways facility. The City expended \$54,390 to complete interior renovations of Ralph Scott Lifeservices' StarPoint Day Services Facility for people with intellectual disabilities. The City used \$31,935 to renovate two bathrooms at a Family Abuse Services shelter facility that provides transitional housing for families experiencing domestic violence and abuse. The City also expended \$18,200 to improve the interior of Residential Treatment Services' Hall Avenue facility for individuals in crisis due to mental illness or detox.

Public Infrastructure: The City completed a sidewalk infrastructure project on Hatch St. in East Burlington that started in program year 2015. The City expended \$37,851.09 this program year to complete this project. The City also expended \$35,870.35 on the Richmond Hill project, providing funding for site plan development.

Public Services: The City allocated \$30,000 to Allied Churches to partially fund a Coordinated Assessment position and used funds for the operation of its rapid re-housing program. The Coordinated Assessment position diverted 311 from homelessness, while the Rapid Re-Housing program served 50 clients during this program year. The City expended \$9999.98 at the public library branch at the North Park Community Center. During the program year, the library circulated 8,022 materials for use in the library and in the patrons' homes, an increase of 36.52% over the previous program year. For the program year, the door count at the branch library was 6,620 patrons. The City expended \$25,119 on Burlington Development Corporation's HOPE and STEPS programs. During the year four families (5 individuals) were served by the HOPE program (permanent supportive housing) and three families (17 individuals) by the STEPS (rapid re-housing) program.

Administration: The City expended \$40,563 on Administration. The City used the money to fund the Community Development Technician and Rehab Specialist positions. Funds were also used to cover the cost of a consultant to complete the City's Annual Action Plan for program year 2017.

The CDBG Division also established multiple projects for the upcoming fiscal year 2017-18.

(7) Plans For Debt Issuance

There are plans to continue the annual installment purchase agreement that provides funding for approximately \$1 million to \$2 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, 2016. This was the eighteenth 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.

The preparation of this comprehensive annual financial report would not have been possible without the dedication and collective efforts of the entire staff of the Finance and Risk Management Department. We would like to take 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

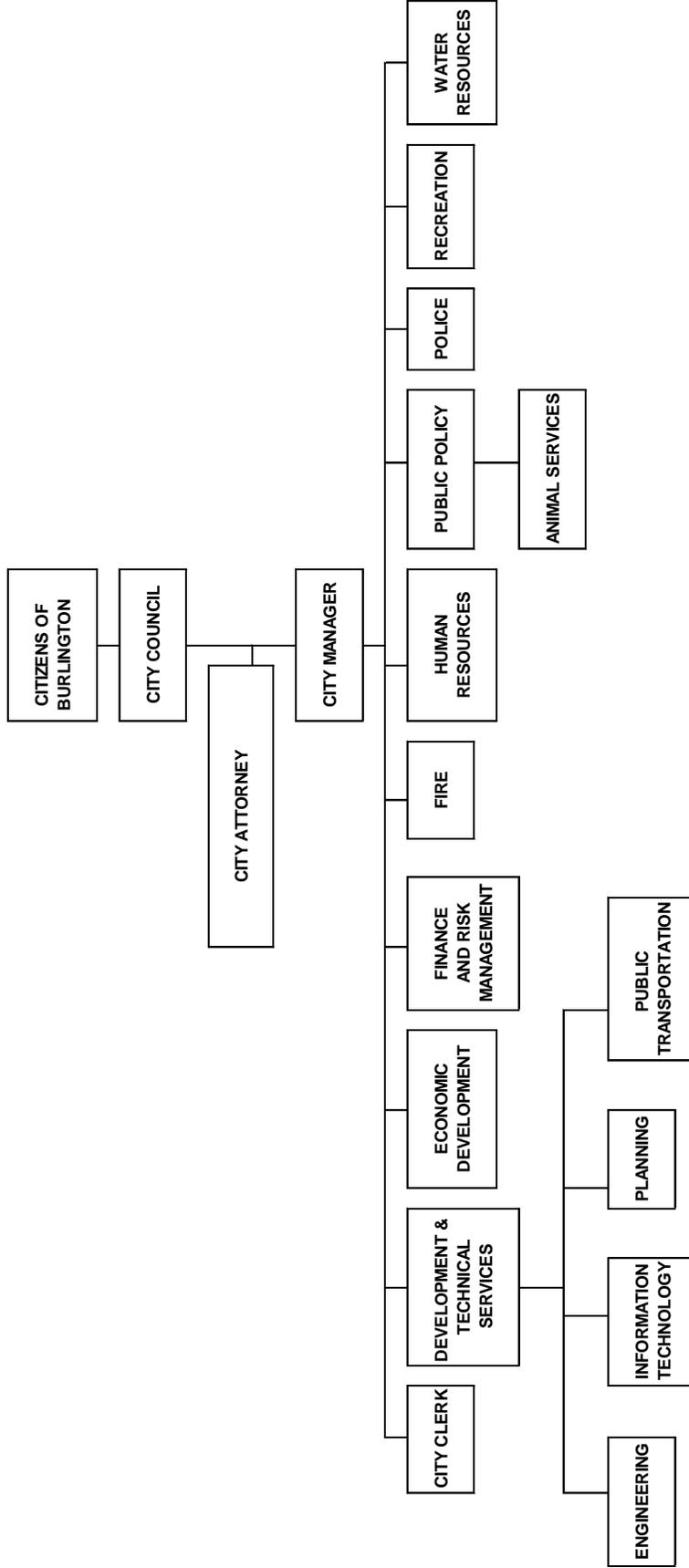
**City of Burlington
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

CITY OF BURLINGTON, NORTH CAROLINA
ORGANIZATIONAL CHART



CITY OF BURLINGTON

List of Principal Officials For the Fiscal Year Ended June 30, 2017

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 Economic Development	Peter F. Bishop
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
STUART
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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, 2017, 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, 2017, 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 Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions on pages 48 and 49, respectively, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 50 and 51, respectively, and the Firefighter's and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability on page 52 and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 53 and 54 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 October 30, 2017 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

October 30, 2017

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, 2017. 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 \$302,125,830 (net position). Of this amount, \$82,598,429 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2,330,970 (0.78%) compared to fiscal year 2016. The governmental net position decreased by \$4,161,274(3.39%), and the business-type net position increased by \$6,492,244 (3.66%).
- During the year, the City's governmental expenses were \$58,664,325, an increase of \$1,997,648, while expenses in the business-type activities were \$28,279,140, an increase of \$4,856,212.
- At the end of the current fiscal year, the City of Burlington's governmental funds reported combined ending fund balances of \$57,217,974, a decrease of \$204,944 in comparison with the prior year. Approximately \$9,911,190 (or 17.3%) is available for spending, with \$38,737,397 designated for specific purposes.
- As of year-end, the unassigned fund balance for the General Fund was \$9,734,666, or 17.3% of total General Fund expenditures of \$56,289,022.
- The General Fund budget for fiscal year ending 6/30/17 was adopted with a \$.58 per \$100 assessed valuation tax rate, which is the same as fiscal year 2015-2016.
- The City of Burlington's total long-term debt increased \$10,713,342. There was an increase of \$12,357,191 in the governmental activities and a decrease of \$1,643,849 in the business-type activities.

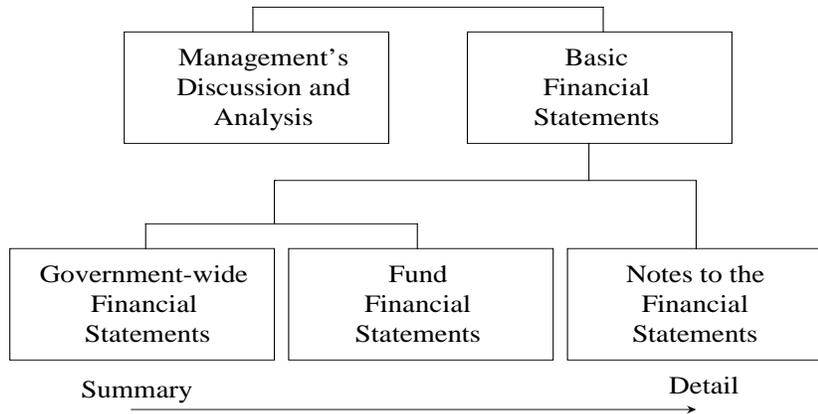
The City has maintained its GO bond rating with both Standard & Poor's Corporation at AA and Moody's at Aa2. Moody's most recent review of the City's GO Bonds occurred in July 2016 and the rating was confirmed at Aa2. The City has also maintained the same ratings on its 2011 and 2010 Revenue Bonds. The 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 explains 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 3-6 of this report.

Proprietary funds of two different types are maintained by the City of Burlington. *Enterprise funds* are used to report the same functions presented as business-type activities in the government wide financial statements. 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 7-10 of this report.

C. Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-47 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 48 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 \$302,125,830 as of June 30, 2017. The City's net position increased by \$2,330,970 for the fiscal year ended June 30, 2017. The majority of the increase is due to the increase in capital assets which comes from primarily 2 items: the new final phase of the Haw River Interceptor and the resurfacing of streets. An increase in restricted net position is offset by an even larger decrease in unrestricted net position. The increase in capital assets is reduced by this net reduction between restricted and unrestricted net position. The largest portion of the total net position (59.2%) 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 (32.99%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$82,598,429 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 \$9,734,666 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	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current and other assets	\$ 75,628,662	\$ 76,451,057	\$ 73,377,838	\$ 65,434,963	\$149,006,500	\$ 141,886,020
Capital assets	68,334,021	66,097,677	151,527,078	153,224,420	219,861,099	219,322,097
Total assets	<u>143,962,683</u>	<u>142,548,734</u>	<u>224,904,916</u>	<u>218,659,383</u>	<u>368,867,599</u>	<u>361,208,117</u>
Deferred outflow s of resources	7,788,574	1,709,201	996,018	301,622	8,784,592	2,010,823
LIABILITIES						
Current and other liabilities	6,898,110	7,206,378	7,716,825	5,570,721	14,614,935	12,777,099
Noncurrent liabilities	25,711,125	13,198,426	34,332,457	35,906,438	60,043,582	49,104,864
Total liabilities	<u>32,609,235</u>	<u>20,404,804</u>	<u>42,049,282</u>	<u>41,477,159</u>	<u>74,658,517</u>	<u>61,881,963</u>
Deferred inflow s of resources	709,457	1,259,292	158,387	282,825	867,844	1,542,117
NET POSITION						
Net investment in capital assets	61,866,098	58,866,501	117,000,177	115,837,458	178,866,275	174,703,959
Restricted	15,836,565	12,410,511	24,824,561	21,486,577	40,661,126	33,897,088
Unrestricted	40,729,902	51,316,827	41,868,527	39,876,986	82,598,429	91,193,813
Total net position	<u>\$118,432,565</u>	<u>\$ 122,593,839</u>	<u>\$183,693,265</u>	<u>\$177,201,021</u>	<u>\$302,125,830</u>	<u>\$ 299,794,860</u>

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 2.2% 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 tags for their vehicles. 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 tags. The City of Burlington has seen a steady growth in the amount of vehicle taxes collected, with 8.7% more collected in 2017 versus 2016.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.32%, which is comparable to the statewide average of 99.02%.
- Sales tax revenues increased by 3.4%, 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.

The Capital Reserve Fund's Restricted Net Assets decreased by \$2,529,583. There was \$3,909,500 in expenses as transfers out to the following capital projects/equipment needs; sidewalks and intersection improvements, animal shelter, North Park renovations, and a ladder fire truck. There were revenues

to offset these capital expenditures. The revenue was from three sources: residual equity transferred in from capital projects that were completed but had remaining funds left in the amount of \$907,029, and interest income earned and transfer from the General Fund for \$472,888.

Figure 3

City of Burlington's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 7,694,351	\$ 8,352,154	\$34,764,492	\$30,737,029	\$42,458,843	\$39,089,183
Operating Grants & Contributions	2,528,586	2,837,797			2,528,586	2,837,797
Capital Grants & Contributions			-	1,078,696	-	1,078,696
General Revenues:					-	-
Property taxes, levied for general purpose	27,870,953	27,967,844			27,870,953	27,967,844
Other taxes	12,881,088	12,434,490			12,881,088	12,434,490
Grants and Contributions not restricted to specific programs	5,176,015	4,810,731	857,837		6,033,852	4,810,731
Other	1,521,632	966,209	16,144	566,184	1,537,776	1,532,393
Total Revenues	57,672,625	57,369,225	35,638,473	32,381,909	93,311,098	89,751,134
Expenses:						
General Government	8,666,518	8,929,272			8,666,518	8,929,272
Public Safety	28,337,065	26,462,848			28,337,065	26,462,848
Public Works	12,118,548	10,183,802			12,118,548	10,183,802
Economic and Physical Development	1,112,715	3,007,984			1,112,715	3,007,984
Cultural and Recreation	8,378,403	8,014,310			8,378,403	8,014,310
Interest on long-term debt	51,076	68,461			51,076	68,461
Water and Sewer			28,279,140	23,422,928	28,279,140	23,422,928
Total Expenses	58,664,325	56,666,677	28,279,140	23,422,928	86,943,465	80,089,605
Change in Net Position before Transfers	(991,700)	702,548	7,359,333	8,958,981	6,367,633	9,661,529
Transfers	1,131,061	-	(1,131,061)	-	-	-
Increase in net position	139,361	702,548	6,228,272	8,958,981	6,367,633	9,661,529
Net position-beginning	122,593,839	122,060,395	177,201,021	169,042,658	299,794,860	291,103,053
Prior Period Adjustments	(4,300,635)	(169,104)	263,972	(800,618)	(4,036,663)	(969,722)
Net position-beginning (re-stated)	118,293,204	121,891,291	177,464,993	168,242,040	295,758,197	290,133,331
Net position-ending	118,432,565	122,593,839	183,693,265	177,201,021	302,125,830	299,794,860

Governmental activities

Governmental activities decreased the City's net position by \$4,161,274, thereby offsetting 64.1% of the increase in the net position incurred by business type activities of the City of Burlington. The biggest factor affecting the City's net position is the implementation of Governmental Accounting Standards Board (GASB) No. Statement 73, Accounting and Financial Reporting for Pensions and

Related Assets. As a result of implementing this GASB, net position for the governmental activities decreased \$4,383,680.

Offsetting the decrease mentioned above are increases that came from the following funds:

- Sales tax revenues increased approximately \$405,911 over the prior year in the General Fund, maintaining the increase in sales from the last year, attributable to an overall favorable outlook on the economy by consumers.
- Two transfers into the General Fund from the Capital Reserve Fund were made. First, \$1,400,000 was transferred for a ladder fire truck. Likewise, a second transfer for \$990,000 was made for the first phase of North Park renovations.

Other items affecting the changes in net position are below:

- 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 \$952,912 decrease in net position.
- Property taxes decreased slightly by \$96,891 over the prior year in the General Fund. This is attributed to collections being slightly less than the prior year.
- Charges for services decreased by \$657,803 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.
- One other accrual increased from the prior year as well, the OPEB liability went up approximately \$205,952.

Figure 4

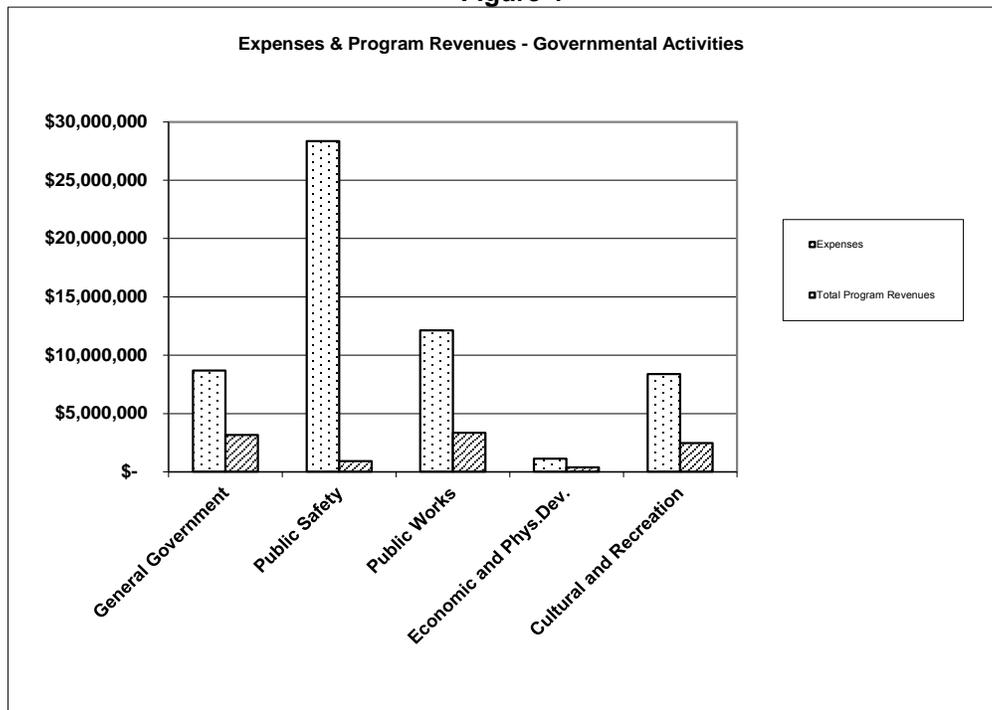
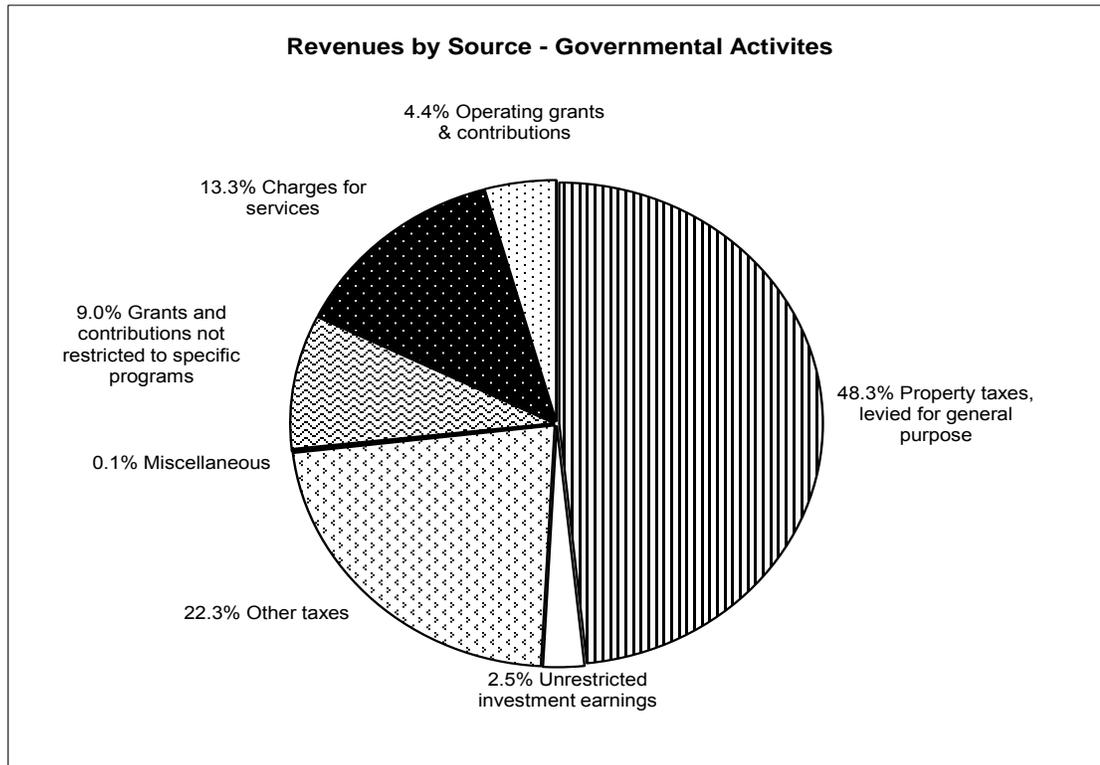


Figure 4 continued



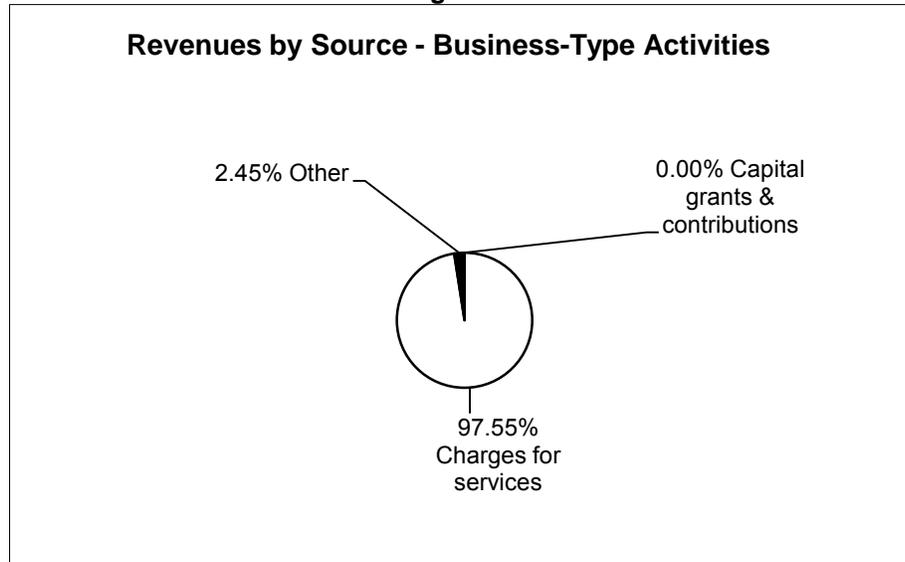
- Ad valorem taxes provided 48.3% of the revenues for governmental activities in the General Fund, with other taxes and licenses providing 22.3% of revenues in the General Fund also.
- The Transportation Fund was reclassified from a special revenue fund to an enterprise fund, which created a \$1,338,000 decrease in expenses for Economic Development in the governmental activities.
- Expenses increased approximately \$1,997,648 or 3.67%. The biggest contributor to this was the net increase to personnel related expenses of \$1,160,249. Of the increase in personnel expense, having fire station #6 fully staffed saw an increase of \$411,000. Insurance was the next biggest factor at \$355,797. With the City's growth, retirement expense saw an increase from the prior year by \$180,557. Part-time employee compensation also contributed with a net increase of \$154,280. Of that, Recreation made up 68,536. Public works had an \$850,342 increase in capital, primarily due to street resurfacing completed in fiscal year 2017. Utilities had a net increase of \$123,297. In efforts to prolong the life of city equipment, maintenance and equipment had a net increase of \$188,277. The last major component of the increase was due to professional services of \$125,700. Of this increase, \$73,983 is for the Police department with the bulk being for employee assessments (job performance studies). To combat the increases, there was a decrease to automotive expenses of \$85,232. In addition to, equipment not capitalized had a net decrease \$205,401 with the bulk of the savings coming for Police administration. Lastly, maintenance and service contracts had a net decrease of \$157,103. With \$93,033 of the savings coming from Fire Emergency Services.

Business-type activities

Business-type activities increased the City of Burlington's net position by \$6,492,244, accounting for all of the growth in the government's net position. (The growth in the business-type activities was offset by a significant decrease in governmental activities.) Key elements of the increase in net position include increases and decreases and are as follows:

- In fiscal year 2016-2017, business type activities revenues increased 13.1% for the Water Resources Fund. The first factor was due to a 3.0% rate increase instituted by the City of Burlington for the 2016-2017 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.
- 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.
- Interest expense decreased by \$118,508. 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 \$36,344.
- The Transportation fund had its first full year of operations. Therefore, its total expenses of \$2.7 million results in almost half of the increase in expenses for business type activities.

Figure 5



- Water & Sewer expenses increased \$557,652 or 3.47% for the preceding year. Expenses directly related to personnel saw an increase of \$238,089. Of this increase, \$126,795 came from hiring additional employees at McIntosh Water Plant, South Burlington Wastewater Plant and in the Sewer-line services division. Fees for sewer services from Greensboro increased \$405,448. Outfall Rehab increased \$44,968 due to cut and clearing sewer right of ways. Utilities had a net increase of \$56,997 with \$35,984 coming from the East Burlington Plant. With the addition of staff members,

retirement expense saw an increase of \$40,794. Maintenance and repairs account also had a net increase of \$41,710 with \$26,215 coming from repairs being made to the South Burlington Plant. To offset some of the increases, Water & Sewer experienced decreases. Maintenance and Service contracts had a net decrease of \$153,467 with the bulk of the savings coming from the East Burlington Wastewater Plant. Postage had a decrease of \$34,936. In addition, depreciation expenses had a net increase of \$96,002 from the previous year.

- The City operates three enterprise funds, the Water Resources Fund that constitutes most of the business-type activities, the Storm Water Fund, and the Transportation Fund. There is a small allocation of the internal service funds included in the business-type activities.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

The General Fund is the chief operating fund of the City of Burlington. At the end of the current fiscal year, fund balance available in the General Fund was \$9,734,666, while total fund balance reached \$38,170,335. 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 17.3% of total General Fund expenditures.

At June 30, 2017, the governmental funds of the City of Burlington reported a combined fund balance of \$57,217,974, a \$204,944 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 \$2,529,583, due to transfers to the General Fund for the acquisition of a new fire truck, sidewalk improvements and for Phase 1a of the North Park master plan.
- The RICO fund had a decrease in fund balance by \$150,069 after receiving monies from prior drug raids, and expending the money on purchases in the current year.
- The Home Program, the Community Development Block Grant, and the Rental Rehabilitation Loan Programs when netted altogether, used and thus decreased fund balance by \$81,457.
- There was a \$635,590 increase in fund balance in the General Fund primarily from Revenues with increases in property taxes, sales taxes and permits. As mentioned above, sales taxes are up due in part to consumer confidence and a variety of shopping opportunities at 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 \$11,082,407 increase in appropriations, and the main items can be briefly summarized as follows:

- \$1,951,100 capital equipment financed consisting of the annual PC refresh for employees, 2 new trucks for sanitation (one sideloader and one rear-loader), 1 backhoe, cooling tower replacement, audio/video equipment for the council chambers as well as various other equipment.
- \$1,195,630 for projects carried forwards from the prior year [the main projects carried forward were attributed to maintenance-paved streets and consisted of resurfacing/patching or sidewalk construction (\$944,500)].
- \$4,149,248 in year-end adjustments, the largest portion attributable to a transfer to Group Health Insurance Fund for insurance claims and due to police vacant positions, which caused increases in overtime
- Other major adjustments include \$1,400,000 for a ladder truck, \$990,000 for Phase 1a of the North Park master plan, \$245,029 for costs associated with hiring 6 new police officers, acquisition of a new sanitation truck \$160,000 and \$148,000 for professional services relating to the Maple Avenue Corridor plan.

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 98.46% rate.
- Vehicle property tax collection experienced an increase which can be attributed to the continued success of vehicle property taxes being collected by the NC State Division of Motor Vehicles when vehicle tags are renewed.
- Sales taxes were up \$1,257,130 primarily due to the steady increase in consumer spending.
- State shared, hold harmless, and privilege licenses were up by \$893,631, primarily due to receiving more than expected for the State shared franchise tax.
- Unrestricted intergovernmental fees were down by \$135,912 (28.6%), mainly due to the amount of fuel purchased by Alamance County from the City.
- Permits and fees were \$210,644 (30%) over final amended budget primarily due to the increase in both residential and commercial construction being greater than anticipated.
- Investment interest actual earnings were \$450,672 (50.0%) above final amended budgeted revenues due to the continued the increase interest rate environment.
- General government actual expenditures were \$4,141,034 (6.5%) under final amended budgeted expenditures due to budgeted expenses that were not incurred. Legal expenses were \$290,129 were down due to a full time attorney being hired and no longer contracting out legal services. The Planning department had \$133,654 in unspent

funds primarily due to professional services that were not done. The Recreation department had a \$600,000 of capital expenditures that were projects not completed. Likewise, the Fire department had a ladder truck ordered for \$1,400,000 that did not arrive before year end.

- Public Works actual expenditures were \$916,574 (7.3%) under final amended budgeted expenditures primarily due to capital unspent for equipment that had been ordered and had not been received and also for street resurfacing projects that were not finished.

Proprietary funds: The City of Burlington's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Water Resources Fund, Storm Water Fund and Public Transportation Fund combined at the end of the fiscal year amounted to \$42,548,657. The total growth in net position was \$6,955,943. 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, 2017, totals \$219,861,099 (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 \$539,001. The capital asset increases are explained below. In accordance with GASB 68, the pension liabilities were added to the government wide statements which are \$10,732,701. Also, in accordance with GASB 73, the pension liabilities were added to the government wide statements which are \$5,983,262.

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 \$2,236,343. The changes (outside of depreciation) are explained below:

- Infrastructure had a net increase of \$1,217,530. This increase consisted of streets that were resurfaced/patched for \$926,081, a park parking lot for \$130,668, sidewalk improvements \$79,198, and ballfield renovations throughout the city for \$81,582.
- Construction in progress had a net decrease \$3,173,332. The majority of this decrease is due to the finishing various projects including, the building of the new Fire Station number 6 for \$3,907,601 (includes furnishings/equipment), the finishing of the street resurfacing/patching and widening projects for \$926,081, Customizing 4 Police vehicles for \$161,767, Police server/switches upgrade for \$77,298, and Downtown Wi-Fi project for \$60,017. Offsetting these decreases were increases in various projects that were started in the prior year and continued this year including street resurfacing/patching for \$840,525, Fire Station number 6 for \$283,368, downtown wi-fi for \$46,951, and sidewalks for \$78,948. Other items that started in this fiscal year but not completed include wireless communication consoles for \$71,412, building renovations \$53,675, Fairchild Stadium renovations for \$109,551, and North Park renovations for \$441,419.
- Buildings had a net increase of \$4,165,440. This represents the completion of the building of the new Fire Station number 6 for \$3,644,585, new and remodeling of various building projects as follows: purchase of Moorefield's florist building for \$130,386,

replacement of cooling tower at the Municipal building for \$107,928, various Recreation building upgrades \$229,694, Aquatics Center roof restoration for \$29,832, and heating/cooling units replaced at Fire Station number 5 for \$23,015.

- Equipment had a net increase of \$1,404,796. All of this amount was used to purchase computer hardware and software, fiber, audio visual equipment, police and fire radios, cameras and call center equipment, lawn mowers, turf equipment, and tractors.
- Vehicles net increase \$2,174,518. The increase in vehicles is due to the purchase of: 1 ladder firetruck and 1 standard truck for fire with accessories for \$1,279,249, 21 police vehicles for \$685,839, 3 sanitation trucks for \$600,269, 2 street department trucks for \$71,271, 2 emergency response vehicles for \$106,462, and 1 van for animal services. The \$510,419 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 \$1,697,342. The changes are explained below:

- The net decrease in buildings is \$2,036,750, primarily due to depreciation. Assets added were approximately \$642,689, consisting of \$150,677 for 3 replacement flocculators, \$134,350 for a launder cover for a clarifier and replace 2 clarifiers, \$52,524 for a sludge boiler replacement, \$197,628 for building repairs/upgrades, \$38,261 for a storage building, \$22,164 for repairing a fishing pier, and \$47,085 for various other general maintenance and repairs to buildings.
- Improvements other than buildings increased \$2,592,750. This is a result of the completion of the third and final phase of the Haw River outfall line at one of our waste water treatment plants for \$3,167,416, the completion of Highway 87 water line for \$2,013,775, and major sewer line repairs for \$475,149 less depreciation expense for improvements other than buildings in the amount of \$3,043,446.
- Infrastructure had a net increase of \$10,080. This includes \$10,800 for repairs and depreciation expense of \$720.
- General equipment had a net decrease \$40,979. Increases consisted of purchases of: a stationary reel mixer for \$72,869, a total of 4 GIS Logger Trimble Rangers for \$31,300, a gator for \$16,024, and 4 other pieces of equipment for \$40,478. Depreciation in the amount of \$201,651 nets against the previously mentioned increases.
- Vehicles had a net decrease of \$155,420. This increase consists of 3 vehicles for water resources \$75,807, 1 sweeper truck for storm water \$211,974, and ADA compliant audio/visual equipment for the transit buses for \$41,427. The decreases of \$484,628 represent the typical activity of disposals of vehicles from year to year as well as depreciation.
- Construction in progress had a net decrease \$2,056,943. The majority of the decrease was due to the finishing of the Haw River sewer outfall replacement project in the amount of \$3,167,416, and the Highway 87 water line for \$2,013,775. Other items completed are the finishing of 3 replacement flocculators for \$150,677 and other miscellaneous projects for \$60,129. Offsetting these decreases were the starting of a water and sewer building upgrades for \$90,063, a new water line project \$85,153, the finishing costs for the sewer outfall project for \$2,998,057, the replacement of 3 flocculators at one of our waste water treatment plants for \$47,045, a sewer lift station for \$93,772, and a new dock and boathouse for \$20,961.

➤ No major demolitions were recorded this year.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 8,628,374	\$ 8,628,374	\$ 6,945,444	\$ 6,945,444	\$ 15,573,818	\$ 15,573,818
Buildings and system	27,572,591	24,562,449	47,144,621	49,181,371	74,717,212	73,743,820
Improvements other than buildings			93,244,322	90,661,652	93,244,322	90,661,652
Machinery and equipment	3,864,834	3,302,738	1,418,019	1,458,998	5,282,853	4,761,736
Infrastructure	18,857,596	18,571,699	89,447	79,367	18,947,043	18,651,066
Vehicles and motorized equipment	8,544,830	6,993,290	2,282,010	2,437,430	10,826,840	9,430,720
Construction in progress	865,796	4,039,128	403,215	2,460,158	1,269,011	6,499,286
Total	\$ 68,334,021	\$ 66,097,678	\$ 151,527,078	\$ 153,224,420	\$ 219,861,099	\$ 219,322,098

Additional information on the City's capital assets can be found in note III.4 of the Basic Financial Statements on pages 23-25.

Long-term debt: As of June 30, 2017, the City of Burlington had total bonded debt outstanding of \$39,019,643. 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			
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 4,492,742	\$ 5,072,860	\$ 1,567,000	\$ 2,785,000	\$ 6,059,742	\$ 7,857,860
Installment purchases	1,975,181	2,158,285	-	-	1,975,181	2,158,285
Revenue bonds**	-	-	32,959,901	34,601,962	32,959,901	34,601,962
Compensated absences	2,517,662	2,499,966	358,104	398,265	2,875,766	2,898,231
OPEB	4,414,742	4,208,790	779,072	742,728	5,193,814	4,951,518
Net pension liability (LGERS)	8,816,795	1,903,292	1,555,905	335,876	10,372,700	2,239,168
Total pension liability (LEO)	5,983,262	6,144,882	-	-	5,983,262	6,144,882
Total	\$ 28,200,384	\$ 21,988,075	\$ 37,219,982	\$ 38,863,831	\$ 65,420,366	\$ 60,851,906

The City of Burlington's total debt increased by \$4,568,460 (7.5%) during the past fiscal year. The majority of this increase (\$8,133,532) comes from the increase in the City's net pension liability for the Local Government Retirement System. Offsetting the increases in the pension liabilities are the decreases (\$3,623,283) in general obligation bonds, revenue bonds, and installment financing for both the governmental activities and business type activities which represents the normal shrinkage in debt due to payments made throughout the year. The City issued \$1,951,100 in installment financings,

bearing an interest rate of 1.090%, to acquire certain vehicles and other equipment for general government uses, to be paid back over a 3-year period.

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 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 \$380,888,201. The City has no bonds authorized but un-issued at June 30, 2017.

Additional information regarding the City of Burlington's long-term debt can be found in note III.6, beginning on page 38-42 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 5.02%, the rate has fallen to 4.53% in Alamance County, where the City of Burlington is located. This rate is slightly below the US average of 4.66 and state average of 4.86%.
- Interest rates on certificates of deposit, commercial paper, etc. averaged 0.86%, a 50% increase over last fiscal year. The economy is continuing its slow growth pattern.
- Commercial construction permits remained steady from 1,192 permits issued in the prior year to 1,139 issued for the fiscal year ending 6/30/17. Residential construction permits increased from 2,981 in the prior year to 3,376.
- The City's largest taxpayer, Laboratory Corporation of America (LabCorp) continues to grow despite the economy. The company posted net revenue of \$2.5 billion for the quarter ending 6/30/17, up 5% over last year.
- Apartments continue to grow. Over 575 units were approved in fiscal year 2016-2017. Several others are still under construction from previous years approvals.
- Several businesses have expanded their operations within the City, including but not limited to Lab Corp, Alamance Foods, Hunt Electric Supply, and National Agents Alliance.

BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2017

Governmental activities: General Fund revenues are budgeted for a \$1.54 million increase over the prior year's budget. Property taxes are projected at a net \$215,790 increase (14% 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 \$391,572 or (25.5% 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 Federal Reserve Board could raise the interest rate again in December, thus interest earnings are projected to increase minimally. 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.

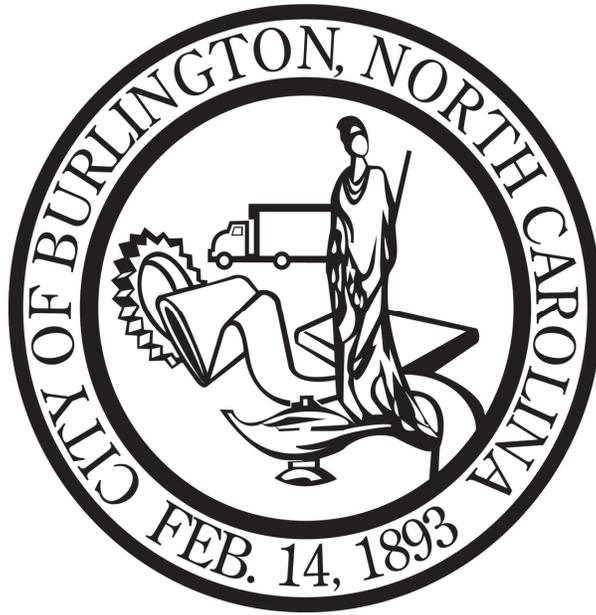
Budgeted expenditures, like the revenues, have an increase of \$1.54 million when comparing the General Fund expenditures to the prior year. The largest portion of the increase (\$1,081,243) is due to personnel costs and is for four reasons. First, 3 new positions were approved, one in public works and two for the aquatics center. Second, there was an average 2% merit pay increase approved by Council. Third, Council chose to keep the police merit-based pay plan for continuity in the police department. Fourth, Council has decided to have a classification study done for one third of the staff each year. Other increases in the budget are as follows: \$581,679 increase in health care insurance, \$118,245 increase in police operations, \$111,825 increase in drug testing due to expanding the number of drugs being tested for, and \$107,361 increase in the City's contribution to the public transportation system. Offsetting these increases is a \$238,626 decrease in capital purchased and a \$355,561 decrease in contributions to the capital reserve fund.

Business-type activities: Total revenue is projected to increase by 0.69% over the previous fiscal year. The majority of the increase is due to a 2% increase in water rates for fiscal year ending June 30, 2018 over the prior fiscal year ending June 30, 2017. 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 0.69% over the previous fiscal year. In the next year's budget, there are an increase in costs for professional services in the amount of \$264,000. Other increases are personnel costs due to an average 2% merit approved by Council by \$132,078, an increase in health insurance costs of \$104,088, a increase in transfers to the water capital reserve fund and the sewer capital reserve fund by \$118,497, an increase in repairs and maintenance for \$99,000 and an increase of \$50,000 for which the City of Burlington pays another municipality to treat sewage for an area closer to their service area. Offsetting these increases is a decrease in capital expenditures by \$511,400 and a decrease in debt of \$95,788.

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.



**BASIC
FINANCIAL STATEMENTS**

City of Burlington, North Carolina
Statement of Net Position
June 30, 2017

Exhibit 1

1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Burlington Downtown Corporation
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 51,072,861	\$ 64,278,892	\$ 115,351,753	\$ 159,611
Taxes receivables (net)	904,845	-	904,845	26,466
Accrued interest receivable on taxes	931,088	-	931,088	-
Accounts receivable (net)	22,030,331	8,200,618	30,230,949	7
Internal balances	680,130	(680,130)	-	-
Inventories	-	1,041,799	1,041,799	-
Prepaid items	9,407	3,600	13,007	-
Restricted assets:				
Cash and cash equivalents	-	533,059	533,059	-
Total current assets	75,628,662	73,377,838	149,006,500	186,084
Capital assets (Note 1):				
Land, non-depreciable improvements, and construction in progress	9,494,170	7,348,659	16,842,829	-
Other capital assets, net of depreciation	58,839,851	144,178,419	203,018,270	-
Total noncurrent assets	68,334,021	151,527,078	219,861,099	-
Total assets	\$ 143,962,683	\$ 224,904,916	\$ 368,867,599	\$ 186,084
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	\$ 7,788,574	\$ 996,018	\$ 8,784,592	
Total deferred outflows of resources	\$ 7,788,574	\$ 996,018	\$ 8,784,592	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 4,304,166	\$ 2,583,655	\$ 6,887,821	\$ 559
Accrued interest payable	104,685	1,712,585	1,817,270	-
Customer deposit	-	533,059	533,059	-
Payable from restricted assets	-	-	-	-
Current portion of long-term liabilities	2,489,259	2,887,526	5,376,785	-
Total current liabilities	6,898,110	7,716,825	14,614,935	559
Noncurrent liabilities:				
Net pension liability - LGERS	8,816,795	1,555,906	10,372,701	
Total pension liability - LEO	5,983,262	-	5,983,262	
Other postemployment benefits	4,414,742	779,072	5,193,814	
Due in more than one year	6,496,326	31,997,479	38,493,805	-
Total noncurrent liabilities	25,711,125	34,332,457	60,043,582	-
Total liabilities	32,609,235	42,049,282	74,658,517	559
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding	138,358	79,116	217,474	
Pension deferrals	556,688	79,271	635,959	
Prepaid taxes	14,411	-	14,411	-
Total deferred inflows of resources	709,457	158,387	867,844	-
NET POSITION				
Net Investment in capital assets	61,866,098	117,000,177	178,866,275	-
Restricted for:				
Capital projects	3,196,217	24,824,561	28,020,778	-
Public safety	590,896	-	590,896	-
Economic development	3,480,065	-	3,480,065	-
Stabilization by State Statute	8,569,387	-	8,569,387	-
Unrestricted	40,729,902	41,868,527	82,598,429	185,525
Total net position	\$ 118,432,565	\$ 183,693,265	\$ 302,125,830	\$ 185,525

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, 2017

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Unit
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental Activities:								
General government	\$ 8,666,518	\$ 3,049,535	\$ 101,004	\$ -	\$ (5,515,979)	\$ (5,515,979)	\$ -	
Public safety	28,337,065	576,346	327,830	-	(27,432,889)	(27,432,889)	-	
Public works	12,118,548	1,397,109	1,938,899	-	(8,782,540)	(8,782,540)	-	
Economic and physical development	1,112,715	216,399	160,853	-	(735,463)	(735,463)	-	
Cultural and recreation	8,378,403	2,454,962	-	-	(5,923,441)	(5,923,441)	-	
Interest on long-term debt	51,076	-	-	-	(51,076)	(51,076)	-	
Total governmental activities (See Note 1)	58,664,325	7,694,351	2,528,586	-	(48,441,388)	(48,441,388)	-	
Business-type activities:								
Non-major enterprise funds	1,915,455	2,270,980	-	-	-	355,525	355,525	
Water and sewer	26,363,685	32,493,512	-	-	-	6,129,827	6,129,827	
Total business-type activities	28,279,140	34,764,492	-	-	-	6,485,352	6,485,352	
Total primary government	\$ 86,943,465	\$ 42,458,843	\$ 2,528,586	\$ -	\$ (48,441,388)	\$ 6,485,352	\$ (41,956,036)	\$ -
Component unit:								
Burlington Downtown Corporation	\$ 278,125	\$ 138,454	\$ 96,625					(43,046)
Total component units	\$ 278,125	\$ 138,454	\$ 96,625	\$ -	\$ -	\$ -	\$ -	(43,046)
General revenues:								
Taxes:								
Property taxes, levied for general purpose					27,870,953		27,870,953	
Local options sales tax					12,397,130		12,397,130	
Other taxes and licenses					483,958		483,958	
Grants and contributions not restricted to specific programs					5,176,015		5,176,015	
Unrestricted investment earnings					1,447,835		1,447,835	
Miscellaneous					73,797		73,797	
Transfers					1,131,061	(1,131,061)	-	
Total general revenues, special items, and transfers					48,580,749	(257,080)	48,323,669	
Change in net position					139,361	6,228,272	6,367,633	(43,046)
Total net position previously reported					122,593,839	177,201,021	299,794,860	228,571
Restatement					(4,300,635)	263,972	(4,036,663)	-
Total net position-restated					118,293,204	177,464,993	295,758,197	228,571
Net position-ending					\$ 118,432,565	\$ 183,693,265	\$ 302,125,830	\$ 185,525

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

**City of Burlington
Balance Sheet
Governmental Funds
June 30, 2017**

Exhibit 3

3

	MAJOR FUND		Total Non-Major Funds	Total Governmental Funds
	General	HOME Program Project Fund		
ASSETS				
Cash and cash equivalents	\$ 33,610,853	\$ 98,236	\$ 4,874,135	\$ 38,583,224
Restricted cash	8,122,418	-	-	8,122,418
Receivables, net:				
Taxes	842,524	-	62,321	904,845
Accounts	7,778,983	-	284,631	8,063,614
Housing rehabilitation loans	-	-	2,056,994	2,056,994
Home incentive loans	-	10,665,555	56,921	10,722,476
Prepaid expenses	9,407	-	-	9,407
Total assets	\$ 50,364,185	\$ 10,763,791	\$ 7,335,002	\$ 68,462,978
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 3,162,517	\$ 80,656	\$ 82,312	\$ 3,325,485
Total liabilities	3,162,517	80,656	82,312	3,325,485
Deferred Inflows of Resources				
Property taxes receivable	842,524	-	-	842,524
Unearned revenue	4,864	7,009,810	62,321	7,076,995
Total deferred inflows of resources	847,388	7,009,810	62,321	7,919,519
Fund balances:				
Restricted:				
Stabilization by State Statute	8,569,387	-	-	8,569,387
Historic Books	1,418	-	-	1,418
Animal Shelter	562	-	-	562
Economic Development	-	3,477,143	3,158,202	6,635,345
Public Safety	-	-	263,393	263,393
Committed:				
Capital Improvements	-	-	3,181,729	3,181,729
Capital Reserve Fund	8,183,945	-	-	8,183,945
Assigned				
Subsequent Years Expenditures	1,636,986	196,182	410,521	2,243,689
General Government	4,316,000	-	-	4,316,000
Parks and Recreation	1,836,316	-	-	1,836,316
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	9,734,666	-	176,524	9,911,190
Total fund balances	46,354,280	3,673,325	7,190,369	57,217,974
Total liabilities and fund balances	\$ 50,364,185	\$ 10,763,791	\$ 7,335,002	

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 - \$ 124,859,945 accumulated depreciation - (\$56,525,924.)	68,334,021
Deferred outflows of resources related to pensions are not reported in the funds.	7,788,574
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.	931,088
Other long-term debt (post employment benefits) are not due and therefore are not reported in the funds.	(4,414,742)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	680,130
Liabilities for earned revenues considered deferred inflows of resources in fund statements	8,084,693
Deferred inflows of resources related to pensions are not reported in the funds	(556,688)
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.	4,396,200
Net pension liability - LGERS	(8,816,795)
Net pension liability - LEO	(5,983,262)
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-\$4,492,742 installment purchases-\$1,975,181 compensated absences-\$2,517,662, accrued interest-\$104,685 and bond issuance cost \$138,358.	(9,228,628)
Net position of governmental activities	\$ 118,432,565

City of Burlington
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2017

	Major Fund		Total Non-Major Funds	Total Governmental Funds
	General Fund	HOME Program Project Fund		
REVENUES				
Ad valorem taxes	\$ 27,661,978	\$ -	\$ 128,630	\$ 27,790,608
Other taxes and licenses	12,885,026	-	-	12,885,026
Unrestricted intergovernmental	5,012,719	-	156,358	5,169,077
Restricted intergovernmental	3,122,685	-	747,071	3,869,756
Permits and fees	1,386,668	-	-	1,386,668
Sales and services	4,173,370	-	49,057	4,222,427
Investment earnings	912,177	-	15	912,192
Miscellaneous	388,169	408,658	28,863	825,690
Total revenues	55,542,792	408,658	1,109,994	57,061,444
EXPENDITURES				
Current:				
General government	7,328,111	-	-	7,328,111
Public safety	24,080,825	-	907,226	24,988,051
Public works	10,016,705	-	-	10,016,705
Economic and physical development	-	225,983	886,733	1,112,716
Culture and recreation	7,058,908	-	182,724	7,241,632
Debt service:				
Principal	2,677,205	-	-	2,677,205
Interest and other charges	119,834	-	-	119,834
Capital outlay	5,007,434	-	-	5,007,434
Total expenditures	56,289,022	225,983	1,976,683	58,491,688
Excess (deficiency) of revenues over expenditures	(746,230)	182,675	(866,689)	(1,430,244)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	3,806,473	12,681	3,197,048	7,016,202
Transfers to other funds	(6,905,336)	-	(919,712)	(7,825,048)
Issuance of installment purchase	1,951,100	-	-	1,951,100
Total other financing sources (uses)	(1,147,763)	12,681	2,277,336	1,142,254
Net change in fund balance	(1,893,993)	195,356	1,410,647	(287,990)
Fund balances-beginning	48,248,273	3,477,969	5,696,677	57,422,919
Prior period adjustment	-	-	83,045	83,045
Fund balances-beginning adjusted	48,248,273	3,477,969	5,779,722	57,505,964
Fund balances-ending	\$ 46,354,280	\$ 3,673,325	\$ 7,190,369	\$ 57,217,974

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, 2017

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

Net changes in fund balances - total governmental funds	\$	(287,990)
<p>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- \$5,007,434 exceeded depreciation-(\$4,063,027).</p>		
		944,407
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
		1,814,659
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
<p>Change in deferred revenue for economic development loans receivable</p>		
		398,133
<p>Change in accrued interest receivable</p>		
		(229,527)
<p>Change in unavailable revenue for tax revenues</p>		
		531,157
<p>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- (\$1,951,100), principal expenditures- \$2,134,205 change in accrued interest payable- (\$16,267) and net change ammortization \$37,118 and 15,373.</p>		
		219,329
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
<p>Pension expense</p>		
		(2,540,945)
<p>Net pension obligation LEO</p>		
<p>Compensated absences</p>		
		(14,696)
<p>Other post employment benefits</p>		
		(205,952)
<p>Net revenue of internal service funds determined to be governmental-type.</p>		
		<u>(489,214)</u>
<p>Total changes in net position of governmental activities</p>		
	\$	<u>139,361</u>

The notes to the financial statements are an intergral 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, 2017

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 26,762,034	\$ 26,762,034	\$ 27,661,978	\$ 899,944
Other taxes and licenses	11,592,000	11,592,000	12,885,026	1,293,026
Unrestricted intergovernmental	4,255,000	4,255,000	5,012,719	757,719
Restricted intergovernmental	2,371,482	2,512,882	3,122,685	609,803
Permits and fees	1,216,300	1,216,300	1,386,668	170,368
Sales and services	4,042,056	4,172,216	4,173,370	1,154
Investment earnings	301,000	301,000	792,936	491,936
Miscellaneous	121,000	199,000	388,169	189,169
	<u>50,660,872</u>	<u>51,010,432</u>	<u>55,423,551</u>	<u>4,413,119</u>
Expenditures:				
Current:				
General government	8,815,780	8,713,218	7,986,319	726,899
Public safety	23,859,456	27,447,376	26,186,479	1,260,897
Public works	10,585,833	12,452,448	11,194,413	1,258,035
Cultural and recreation	6,446,063	8,524,211	8,124,772	399,439
Principal retirement	2,522,775	2,677,225	2,677,205	20
Interest and other charges	120,951	119,951	119,834	117
	<u>52,350,858</u>	<u>59,934,429</u>	<u>56,289,022</u>	<u>3,645,407</u>
Revenues over (under) expenditures	<u>(1,689,986)</u>	<u>(8,923,997)</u>	<u>(865,471)</u>	<u>8,058,526</u>
Other financing sources (uses):				
Transfers from other funds	-	2,472,000	2,472,000	-
Transfers to other funds	-	(3,495,836)	(2,995,836)	500,000
Sale of properties and materials	50,000	50,000	73,797	23,797
Installment Financing	-	1,951,100	1,951,100	-
	<u>50,000</u>	<u>977,264</u>	<u>1,501,061</u>	<u>523,797</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,639,986)</u>	<u>(7,946,733)</u>	<u>635,590</u>	<u>\$ 8,582,323</u>
Fund balances appropriated	<u>1,636,986</u>	<u>6,761,704</u>		
Fund balances, beginning of year	<u>(3,000)</u>	<u>(1,185,029)</u>	<u>37,534,745</u>	
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,170,335</u>	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Interest Income			\$ 119,241	
Transfer from General Fund			353,647	
Transfer from other funds			907,029	
Transfer to other funds			(3,909,500)	
Fund balance beginning			<u>10,713,528</u>	
Fund Balance Ending (Exhibit 4)			<u>\$ 46,354,280</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, 2017

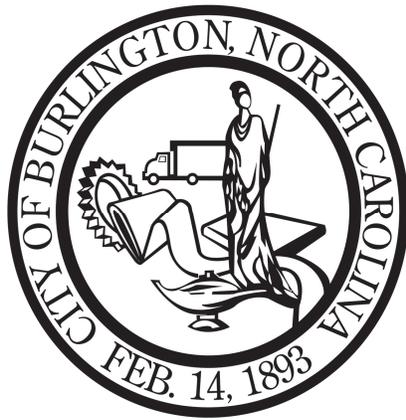
	<u>Business-Type Activities</u>			Internal Service Funds
	Water and Sewer Fund	Non-Major Enterprise Funds	Total	
ASSETS				
Cash and cash equivalents	\$ 61,060,313	\$ 3,218,579	\$ 64,278,892	\$ 4,367,219
Accounts receivable (net) - billed	5,626,977	871,829	6,498,806	28,981
Accounts receivable (net) - unbilled	1,641,318	60,494	1,701,812	-
Due from other funds	356,294	(356,294)	-	-
Prepaid assets	3,600	-	3,600	-
Inventories	1,041,799	-	1,041,799	-
Restricted assets:				
Cash and cash equivalents	<u>533,059</u>	<u>-</u>	<u>533,059</u>	<u>-</u>
Total current assets	<u>70,263,360</u>	<u>3,794,608</u>	<u>74,057,968</u>	<u>4,396,200</u>
Capital assets:				
Land and other non-depreciable assets	7,348,659	-	7,348,659	-
Other capital assets, net of depreciation	<u>142,625,226</u>	<u>1,553,193</u>	<u>144,178,419</u>	<u>-</u>
Capital assets (net)	<u>149,973,885</u>	<u>1,553,193</u>	<u>151,527,078</u>	<u>-</u>
Total noncurrent assets	<u>149,973,885</u>	<u>1,553,193</u>	<u>151,527,078</u>	<u>-</u>
Total assets	<u>\$ 220,237,245</u>	<u>\$ 5,347,801</u>	<u>\$ 225,585,046</u>	<u>\$ 4,396,200</u>
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan	\$ 986,058	\$ 9,960	\$ 996,018	\$ -
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 2,165,794	\$ 2,130,446	\$ 4,296,240	\$ 978,682
Due to other funds	-	-	-	-
Compensated absences - current	88,631	895	89,526	-
Other postemployment benefits	-	-	-	-
General obligation bonds payable - current	1,168,000	-	1,168,000	-
Revenue bonds payable	1,630,000	-	1,630,000	-
Liabilities payable from restricted assets:				
Customer deposits	<u>533,059</u>	<u>-</u>	<u>533,059</u>	<u>-</u>
Total current liabilities	<u>5,585,484</u>	<u>2,131,341</u>	<u>7,716,825</u>	<u>978,682</u>
Noncurrent liabilities:				
Other noncurrent liabilities:				
Pension liability	1,540,347	15,559	1,555,906	-
Other postemployment benefits	779,072	-	779,072	-
Compensated absences	265,892	2,686	268,578	-
General obligation bonds payable - noncurrent (net)	399,000	-	399,000	-
Revenue bonds payable	<u>31,329,901</u>	<u>-</u>	<u>31,329,901</u>	<u>-</u>
Total noncurrent liabilities	<u>34,314,212</u>	<u>18,245</u>	<u>34,332,457</u>	<u>-</u>
Total liabilities	<u>39,899,696</u>	<u>2,149,586</u>	<u>42,049,282</u>	<u>978,682</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	78,325	791	79,116	-
Deferred gain on refunding	<u>79,271</u>	<u>-</u>	<u>79,271</u>	<u>-</u>
Total deferred inflows of resources	<u>157,596</u>	<u>791</u>	<u>158,387</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	115,446,984	1,553,193	117,000,177	-
Restricted for Capital projects	24,824,561	-	24,824,561	-
Unrestricted	<u>40,894,466</u>	<u>1,654,191</u>	<u>42,548,657</u>	<u>3,417,518</u>
Total net position	<u>\$ 181,166,011</u>	<u>\$ 3,207,384</u>	<u>184,373,395</u>	<u>\$ 3,417,518</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(680,130)	
Net position of business-type activities			<u>\$ 183,693,265</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, 2017

	<u>Business-Type Activities</u>			Governmental Activities-
	<u>Water and Sewer Fund</u>	<u>Non-Major Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
OPERATING REVENUES				
Charges for services	\$ 32,868,718	\$ 1,276,285	\$ 34,145,003	\$ 5,905,746
Other operating revenues	366,720	994,695	1,361,415	-
Total operating revenues	<u>33,235,438</u>	<u>2,270,980</u>	<u>35,506,418</u>	<u>5,905,746</u>
OPERATING EXPENSES				
Building and administrative	4,561,831	-	4,561,831	489,838
Customer services	1,653,726	1,615,756	3,269,482	103,488
Supervision - lines	350,797	-	350,797	-
Line maintenance and repairs	1,282,639	-	1,282,639	-
Line services and construction	599,359	-	599,359	-
Supervision - treatment	616,530	-	616,530	-
Water source of supply	204,784	-	204,784	-
Water plant operations	2,917,194	-	2,917,194	-
Sewage treatment plant operations	4,192,684	-	4,192,684	-
Laboratories	536,024	-	536,024	-
Plants maintenance	881,490	-	881,490	-
Lakes and marinas	411,170	-	411,170	-
Depreciation	6,109,082	299,699	6,408,781	-
Claims paid, excess loss coverage and claims administration	-	-	-	9,085,057
Total operating expenses	<u>24,317,310</u>	<u>1,915,455</u>	<u>26,232,765</u>	<u>9,678,383</u>
Operating income (loss)	<u>8,918,128</u>	<u>355,525</u>	<u>9,273,653</u>	<u>(3,772,637)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	857,837	-	857,837	64,097
Interest and other charges	(1,582,676)	16,144	(1,566,532)	-
Total nonoperating revenue (expenses)	<u>(724,839)</u>	<u>16,144</u>	<u>(708,695)</u>	<u>64,097</u>
Income (loss) before contributions and transfers	8,193,289	371,669	8,564,958	(3,708,540)
Capital contributions	-	-	-	-
Transfers to other funds	(741,926)	(1,440,000)	(2,181,926)	-
Transfers from other funds	-	308,939	308,939	2,755,628
Change in net position	7,451,363	(759,392)	6,691,971	(952,912)
Total net position - previously reported	174,523,707	2,893,745	-	-
Restatement	(809,059)	1,073,031	-	-
Total net position-restated	<u>173,714,648</u>	<u>3,966,776</u>	<u>4,370,430</u>	<u>4,370,430</u>
Total net position - ending	<u>\$ 181,166,011</u>	<u>\$ 3,207,384</u>	<u>\$ 3,417,518</u>	<u>\$ 3,417,518</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(463,699)</u>	
Change in net position - business-type activities			<u>\$ 6,228,272</u>	

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, 2017**

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Water and Sewer Fund</u>	<u>Non-Major Enterprise Funds</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 30,419,987	\$ 2,438,161	\$ 32,858,148	\$ 5,899,089
Cash paid for goods and services	(10,076,425)	(222,120)	(10,298,545)	(9,065,767)
Cash paid to or on behalf of employees for services	(6,613,357)	(310,052)	(6,923,409)	(489,838)
Net cash provided (used) by operating activities	<u>13,730,205</u>	<u>1,905,989</u>	<u>15,636,194</u>	<u>(3,656,516)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
(Increase) decrease in interfund payables	(347,017)	347,017	-	-
Transfers from other funds	-	308,939	308,939	2,755,628
Transfers to other funds	(741,926)	(1,440,000)	(2,181,926)	-
Total cash flows provided (used) by noncapital financing activities	<u>(1,088,943)</u>	<u>(784,044)</u>	<u>(1,872,987)</u>	<u>2,755,628</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(3,935,633)	(79,010)	(4,014,643)	-
Principal paid on bond maturities	(3,170,298)	-	(3,170,298)	-
Interest and fees paid on debt maturities	(1,712,402)	-	(1,712,402)	-
Net cash used by capital and related financing activities	<u>(8,818,333)</u>	<u>(79,010)</u>	<u>(8,897,343)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	857,837	16,144	873,981	64,097
Net increase (decrease) in cash and cash equivalents	4,680,766	1,059,079	5,739,845	(836,791)
Balances-beginning of the year	<u>56,912,606</u>	<u>2,159,500</u>	<u>59,072,106</u>	<u>5,204,010</u>
Balances-end of the year	<u>\$ 61,593,372</u>	<u>\$ 3,218,579</u>	<u>\$ 64,811,951</u>	<u>\$ 4,367,219</u>
Reconciliation of Cash and Cash Equivalents:				
Cash and Cash Equivalents - Current	\$ 61,060,313	\$ 3,218,579	\$ 64,278,892	\$ 4,367,219
Cash and Cash Equivalents - Restricted	533,059	-	533,059	-
Total Cash and Cash Equivalents - June 30, 2016	<u>\$ 61,593,372</u>	<u>\$ 3,218,579</u>	<u>\$ 64,811,951</u>	<u>\$ 4,367,219</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, 2017**

	<u>Water and Sewer Fund</u>	<u>Non-Major Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income (loss)	\$ 8,918,128	\$ 355,525	\$ 9,273,653	\$ (3,772,637)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	6,109,082	299,699	6,408,781	
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(1,876,994)	119,397	(1,757,597)	(6,656)
Increase in inventory	(35,978)	-	(35,978)	-
Decrease in net pension asset	-	-	-	-
(Increase) decrease in deferred outflows of resources pensions	(687,452)	(6,944)	(694,396)	-
Increase in net pension liability	1,206,830	12,200	1,219,030	-
Decrease in deferred inflows of resources-pension	(111,643)	(1,127)	(112,770)	-
Increase(decrease) in accounts payable and accrued liabilities	121,804	1,127,641	1,249,445	122,777
Increase (decrease) in accrued vacation pay	39,759	(402)	39,357	-
Increase in accrued OPEB liability	36,344	-	36,344	-
Increase in customer deposits	10,325	-	10,325	-
Total adjustments	<u>4,812,077</u>	<u>1,550,464</u>	<u>6,362,541</u>	<u>116,121</u>
Net cash provided (used) by operating activities	<u>\$ 13,730,205</u>	<u>\$ 1,905,989</u>	<u>\$ 15,636,194</u>	<u>\$ (3,656,516)</u>
Donated water and sewer lines	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2017

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:

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

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 2016 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 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-Government 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 Resources Fund

Customer deposits	\$ <u>533,059</u>
Total Business-type Activities	\$ <u>533,059</u>
Total Restricted Cash	\$ <u>533,059</u>

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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2016. 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, \$5000. 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	3

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 – The 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 the General Fund fund balance that the City of Burlington intends to use for specific purposes for the General Fund.

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 General Fund is the only fund that reports a positive, unassigned fund balance.

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, 2017 the Public Transportation Fund had a deficit of \$442,912 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. 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, 2017, the City's deposits had a carrying amount of \$9,474,194 and a bank balance of \$6,635,048. 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 \$159,611 and the bank balance was \$159,611. All of the bank balance was covered by federal depository insurance. At June 30, 2017, the City's petty cash fund totaled \$5,440.

III. Detail Notes on All Funds: (continued)

2. Investments

At June 30, 2017, the City's investments were as follows:

Investment Type	Valuation Measurement Method	Book Value at 6/30/2017	Maturity	Rating
US Treasuries	Fair Value Level 1	7,959,581	Various	AAA
Government Agency:				
Federal Farm Credit Bank	Fair Value Level 1	24,888,030	Various	AA+
Federal National Mortgage Assn	Fair Value Level 1	11,703,283	various	AA+
Federal Home Loan Bank	Fair Value Level 1	24,460,489	various	AA+
Federal Home Loan Mtg Corp	Fair Value Level 1	11,307,412	various	AA+
Commercial Paper:				
Commercial Paper - DCATLLC	Fair Value Level 1	1,644,578	various	A-1
Commercial Paper – GE	Fair Value Level 1	2,480,015	various	A-1
Commercial Paper – JP Morgan	Fair Value Level 1	2,672,685	various	A-1
Commercial Paper - Toyota	Fair Value Level 1	2,774,071	various	A-1
NC Capital Management Trust – Cash Portfolio	Amortized Cost	5,526,767	N/A	AAAm
NC Capital Management Trust – Term Portfolio	Fair Value Level 1	10,988,267	0.11 years	Unrated
Total:		106,405,178		

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

III. Detail Notes on All Funds: (continued)

Poor's as of June 30, 2017. 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.

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 9% 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 \$17,856.

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>6/30/17</u>
General Fund:	
Taxes receivable	\$ 631,143
Solid Waste receivables	511,576
Special Revenue Funds:	
Rehabilitation Loan Program Fund:	
Rehabilitation Loans	102,016
Home Incentive Loans	3,802
Rental Rehabilitation Loan Program Fund:	
Rehabilitation Loans	23,828
Downtown Special Tax District Fund:	
Taxes Receivable	35,855
Home Program Fund:	
Home Incentive Loans	458,299
Enterprise Fund:	
Water and Sewer Fund:	
Utility Receivables	<u>64,503</u>
Total	<u>\$ 1,837,022</u>

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

Capital asset activity for the Primary Government for the year ended June 30, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	8,628,374	\$ -	\$ -	\$ 8,628,374
Construction in progress	<u>4,039,128</u>	<u>2,086,939</u>	<u>5,260,271</u>	<u>865,796</u>
Total capital assets not being depreciated	<u>12,667,502</u>	<u>2,086,939</u>	<u>5,260,271</u>	<u>9,494,170</u>
Capital assets being depreciated:				
Buildings	44,758,531	4,165,440	-	48,923,971
Streets and sidewalks	35,008,058	1,217,530	-	36,225,588
Equipment	9,092,996	1,404,796	-	10,497,792
Vehicles	<u>17,543,906</u>	<u>2,684,937</u>	<u>510,419</u>	<u>19,718,424</u>
Total capital assets being depreciated	<u>106,403,491</u>	<u>9,472,703</u>	<u>510,419</u>	<u>115,365,775</u>
Less accumulated depreciation for:				
Buildings	20,196,082	1,155,298	-	21,351,380
Streets and sidewalks	16,436,359	931,633	-	17,367,992
Equipment	5,790,259	842,699	-	6,632,958
Vehicles	<u>10,550,616</u>	<u>1,133,397</u>	<u>510,419</u>	<u>11,173,594</u>
Total accumulated depreciation	<u>52,973,316</u>	<u>4,063,027</u>	<u>510,419</u>	<u>56,525,924</u>
Total capital assets being depreciated, net	<u>53,430,176</u>			<u>58,839,851</u>
Governmental activity capital assets, net	<u>66,097,678</u>			<u>68,334,021</u>

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

General government	\$ 301,376
Public safety	1,107,371
Public works	1,830,668
Cultural and recreational	<u>823,612</u>
Total depreciation expense	<u>\$ 4,063,027</u>

III. Detail Notes on All Funds: (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Public Transportation Fund				
Capital assets being depreciated:				
Building	\$ 28,153	\$ -	\$ -	\$ 28,153
Infrastructure	-	10,439	-	10,439
General equipment	-	-	-	-
Vehicle	<u>1,187,411</u>	<u>41,427</u>	<u>-</u>	<u>1,228,838</u>
Total capital assets being depreciated	<u>1,215,564</u>	<u>51,866</u>	<u>-</u>	<u>1,267,430</u>
Less accumulated depreciation for:				
Building	117	1,408	-	1,525
Infrastructure	-	44	-	44
General equipment	-	-	-	-
Vehicle	<u>59,371</u>	<u>238,173</u>	<u>-</u>	<u>297,543</u>
Total accumulated depreciation	<u>59,488</u>	<u>\$ 239,624</u>	<u>\$ -</u>	<u>299,111</u>
Total capital assets being depreciated, net	<u>1,156,076</u>			<u>968,319</u>
Public Transportation fund capital assets, net	<u>1,156,076</u>			<u>968,319</u>
Storm Water Fund				
Capital assets being depreciated:				
Building	\$ 173,394	\$ -	\$ -	\$ 173,394
Infrastructure	79,367	10,800	-	90,167
General equipment	214,217	16,344	-	230,561
Vehicle	<u>306,805</u>	<u>-</u>	<u>-</u>	<u>306,805</u>
Total capital assets being depreciated	<u>773,783</u>	<u>27,144</u>	<u>-</u>	<u>800,927</u>
Less accumulated depreciation for:				
Building	19,314	10,894	-	30,208
Infrastructure	-	720	-	720
General equipment	97,701	27,761	-	125,462
Vehicle	<u>38,963</u>	<u>20,700</u>	<u>-</u>	<u>59,663</u>
Total accumulated depreciation	<u>155,978</u>	<u>\$ 60,075</u>	<u>\$ -</u>	<u>216,053</u>
Total capital assets being depreciated, net	<u>617,805</u>			<u>584,874</u>
Storm water fund capital assets, net	<u>617,805</u>			<u>584,874</u>

III. Detail Notes on All Funds: (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	6,945,444	-	-	6,945,444
Construction in progress	<u>2,460,158</u>	<u>3,335,053</u>	<u>5,391,997</u>	<u>403,215</u>
Total capital assets not being depreciated	<u>9,405,602</u>	<u>3,335,053</u>	<u>5,391,997</u>	<u>7,348,659</u>
Capital assets being depreciated:				
Water lines	54,521,916	2,013,775	-	56,535,690
Sewer lines	81,772,023	3,601,182	-	85,373,205
Buildings, plant, & pumping equipment				
Water	53,896,132	332,064	-	54,228,196
Sewer	66,502,418	310,625	-	66,813,043
General equipment	3,207,397	144,327	-	3,351,725
Vehicles	<u>3,251,719</u>	<u>287,781</u>	<u>86,232</u>	<u>3,453,268</u>
Total capital assets being depreciated	<u>263,151,605</u>	<u>6,689,754</u>	<u>86,232</u>	<u>269,755,127</u>
Less accumulated depreciation for:				
Water and sewer lines	22,356,227	1,490,610	-	23,846,837
Water and sewer lines	23,276,059	1,552,072	-	24,828,132
Buildings, plant, & pumping, equipment				
Water	31,125,198	1,162,437	-	32,287,635
Sewer	40,274,483	1,504,314	-	41,778,797
General equipment	1,864,915	173,890	-	2,038,805
Vehicles	<u>2,210,168</u>	<u>225,759</u>	<u>86,232</u>	<u>2,349,695</u>
Total accumulated depreciation	<u>121,107,051</u>	<u>\$ 6,109,082</u>	<u>\$ 86,232</u>	<u>127,129,901</u>
Total capital assets being depreciated, net	<u>142,044,554</u>			<u>142,625,226</u>
Water and Sewer fund capital assets, net	<u>151,450,156</u>			<u>149,973,885</u>
Business-type activity capital assets, net	<u>\$ 153,224,037</u>			<u>\$ 151,527,078</u>

5. Construction Commitments

The government has active construction projects as of June 30, 2017. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Whitsett Lift Station Renovation	\$ 77,541	\$ 470,119
Street Resurfacing Project	838,415	58,683
Water System Improvements	1,500	208,550
Animal Services Center	116,122	363,878
Quick Hitter Trail Improvements	20,813	24,987
Police Needs Assessment	30,065	19,935
Recreation Needs Assessment	27,750	7,750
Asset Inventory Assessment	109,744	70,256
Maple Avenue Corridor Plan	66,406	219,794
Ellwood Street Water Main Replacement	<u>-</u>	<u>106,976</u>
Total	<u>\$ 1,288,356</u>	<u>\$ 1,550,928</u>

III. Detail Notes on All Funds: (continued)

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.

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, 2017, was 8.00% of compensation for law enforcement officers and 7.36% 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 \$2,279,619 for the year ended June 30, 2017.

III. Detail Notes on All Funds: (continued)

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, 2017, the City reported an liability of \$10,732,700 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. 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 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, 2016, the City's proportion was 0.489%, which was a increase of 0.46% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$2,752,434. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 194,885	\$ 363,471
Changes of assumptions	710,437	-
Net difference between projected and actual earnings on pension plan investments	5,734,797	-
Changes in proportion and differences between contributions and proportionate share of contributions		163,983
City contributions subsequent to the measurement date	2,279,619	
Total	<u>\$ 8,919,738</u>	<u>\$ 527,454</u>

\$2,279,619 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ (895,492)
2018	(896,529)
2020	(2,691,755)
2021	1,628,904
2022	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

III. Detail Notes on All Funds: (continued)

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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 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:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability (asset)	\$ 24,619,256	\$ 10,372,700	\$(1,527,083)

III. Detail Notes on All Funds: (continued)

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.

b. Law Enforcement Officers Special Separation Allowance

1. *Plan Description.*

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

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2015, 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

2. *Summary of Significant Accounting Policies.*

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

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

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

3. *Actuarial Assumptions*

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2016.

Mortality rates are based on the RP-2014 Mortality tables projected to the valuation date using MP-2015.

III. Detail Notes on All Funds: (continued)

4. *Contributions.*

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$391,401 as benefits came due for the reporting period.

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

At June 30, 2017, the City reported a total pension liability of \$5,983,262. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the City recognized pension expense of \$408,584.

	Deferred Outflows of	Deferred Inflows of
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	108,352
Benefit payments and plan administrative expense made subsequent to the measurement date	206,798	-
	<u>206,798</u>	<u>-</u>
Total	<u>\$ 206,798</u>	<u>\$ 108,352</u>

\$206,798 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Deferred Inflows of Resources (b)
2018	\$22,341
2019	\$22,341
2020	\$22,341
2021	\$22,341
2022	\$18,988
Thereafter	\$0

\$206,593 paid as benefits came due and \$205 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

III. Detail Notes on All Funds: (continued)

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 3.86 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	\$ 6,448,524	\$ 5,983,262	\$ 5,558,114

Law Enforcement Officers' Special Separation Allowance

	2017
Beginning balance as of December 15, 2015	\$ 6,144,882
Service Cost	219,380
Interest on the total pension liability	211,136
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(130,693)
Benefit payments	(461,443)
Other changes	-
Ending balance of the total pension liability as of December 15, 2016	<u>\$ 5,983,262</u>

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2017 were \$598,181 which consisted of \$391,402 from the City and \$206,779 from the law enforcement officers. The City has elected to contribute to the Supplemental Retirement

III. Detail Notes on All Funds: (continued)

Income Plan for general employees as well as for law enforcement officers. Contributions for the year ended June 30, 2017 for general employees were \$1,805,944, which consisted of \$1,142,326 from the City and \$663,618 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. The City does not contribute to the plan. Contributions provisions are established by Gereneal Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2016, the state contributed \$13,900,000 to the plan. The City of Burlington's proportionate share of the State's contribution is \$25,658.

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, 2017, 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 \$87,456. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. 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, 2016 and at June 30, 2015 was 0%.

III. Detail Notes on All Funds: (continued)

For the year ended June 30, 2017, the City recognized pension expense of \$25,658 and revenue of \$25,658 for support provided by the State. At June 30, 2017, 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, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 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.

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, 2017, the city made payments for post-employment health benefit premiums of \$ 1,037,904. The City obtains healthcare coverage through private insurers.

III. Detail Notes on All Funds: (continued)

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

Membership of the Plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	246	-
Active plan members	<u>315</u>	<u>83</u>
Total	<u>561</u>	<u>83</u>

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 \$1,836,305 or 88.3% 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 \$1,439,023 in fiscal year 2016. 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	\$ 2,155,874
Interest on net OPEB obligation	198,061
Adjustment to annual required contribution	<u>275,334</u>
Annual OPEB cost (expense)	2,078,601
Contributions made	<u>1,836,305</u>
Increase (decrease) in net OPEB obligations	242,296
Net OPEB obligation, beginning of year	<u>4,951,518</u>
Net OPEB obligation, end of year	<u>\$ 5,193,814</u>

III. Detail Notes on All Funds: (continued)

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
2015	\$ 2,166,483	70.7%	\$ 4,276,573
2016	\$ 2,113,968	68.1%	\$ 4,951,518
2017	\$ 2,078,601	88.3%	\$5,193,814

Funded Status and Funding Progress. As of June 30, 2016, 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 \$24,590,152. The covered payroll (annual payroll of active employees covered by the plan was \$19,207,118, and the ratio of the UAAL to the covered payroll was 128.0% 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 June 30, 2016 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 June 30, 2016 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 and not by the City. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-

III. Detail Notes on All Funds: (continued)

employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

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

3. 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	\$ -	\$ 635,959
Prepaid taxes not yet earned	-	14,411
Deferred gain on refunding		217,474
Contributions to pension plan in current fiscal year	<u>8,784,592</u>	<u>-</u>
 Total	 <u>\$ 8,784,592</u>	 <u>\$ 867,844</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 \$750,000 per claim occurrence. The commercial insurance provides \$1,000,000 in coverage for claims in excess of the City's assumed aggregate risk of \$2,575,885 annually. At June 30, 2017 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 \$2,000 per employee annually. At June 30, 2017, the Dental Self Insurance Fund had recorded a liability of \$57,461 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 unlimited reimbursement in coverage for claims in excess of the City's assumed claim risk of \$125,000 per member. The City also has commercial coverage for claims exceeding approximately \$6,971,985 in aggregate annually. At June 30, 2017 the Group Health Benefits Fund had a recorded liability of \$ 743,881 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, 2016</u>	<u>Estimated</u> <u>Claims</u> <u>Incurred</u>	<u>Claims</u> <u>Paid</u>	<u>Balance</u> <u>June 30,2017</u>
<u>2017</u>				
Workers Compensation				
Self Insurance Fund	\$ 113,258	\$ 435,101	\$ 435,101	\$ 113,258
Dental Self Insurance Fund	55,833	648,384	646,756	57,461
Group Health Benefits Fund	<u>627,655</u>	<u>7,585,001</u>	<u>7,468,775</u>	<u>743,881</u>
	<u>\$ 796,746</u>	<u>\$ 8,668,486</u>	<u>\$ 8,550,632</u>	<u>\$ 914,600</u>
	<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>

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, 2017, 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 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 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 1.144%. On August 8, 2016 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 8, 2016 with interest of 1.09%.

Annual debt service payments of the installment purchase as of June 30, 2017, including \$28,986 of interest, are as follows:

	<u>Governmental Activities</u>	
<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,324,840	\$ 21,897
2018	<u>650,341</u>	<u>7,089</u>
Present value of the minimum lease payments	<u>\$ 2,975,181</u>	
Total interest payments		<u>\$ 28,986</u>

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, 2017 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the General Fund:

\$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 \$17,742. 4,492,742

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. 1,567,000

\$ 6,059,742

III. Detail Notes on All Funds: (continued)

At June 30, 2017 the City of Burlington had a legal debt margin of \$ 380,888,201.

General Obligation Bonds

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

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
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	498,000	44,197	-	-
2023-2026	<u>1,891,000</u>	<u>86,506</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,475,000</u>	<u>\$ 403,135</u>	<u>\$ 1,567,000</u>	<u>\$ 20,644</u>

c. Revenue Bonds

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

\$ 5,510,000

Year Ending June 30	Principal	Interest
2018	\$ 1,095,000	\$ 242,838
2019	1,115,000	188,087
2020	670,000	143,488
2021	665,000	116,688
2022	660,000	90,088
2023-2024	<u>1,305,000</u>	<u>86,338</u>
	<u>\$ 5,510,000</u>	<u>\$ 867,527</u>

\$10,700,000 of Combined Enterprise System Revenue bonds, Series 2010B Build America Bonds (Direct Payment). Interest is payable semiannually on February 1st and August 1st 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
2018	\$ -	\$ 702,820
2019	-	702,820
2020	450,000	702,820
2021	465,000	678,466
2022	485,000	653,300
2023-2026	2,120,000	2,321,079
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>\$ 8,681,121</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 1st and August 1st at a fixed rate ranging from 3.0% to 5.0%. Principal amounts will be due on February 1st beginning in 2012 and maturing in 2037.

\$ 15,970,000

Year Ending June 30	Principal	Interest
2018	\$ 535,000	\$ 673,674
2019	555,000	652,275
2020	580,000	630,075
2021	605,000	606,875
2022	625,000	582,675
2023-2026	2,735,000	2,101,889
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>\$ 15,970,000</u>	<u>\$ 8,221,868</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 \$49,950,509 as of June 30, 2017. 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, 2017 were \$6,082,117 to provide a coverage ratio of 670%. The long-term debt service coverage ratio calculations for the year ended June 30, 2017, is as follows:

Operating revenues	\$ 33,235,438
Operating expenses*	18,208,228
Operating income	15,027,210
Nonoperating revenues (expenses)**	(987,563)
Income available for debt service	15,589,498
Debt service, principal and interest paid	
(Revenue bond only)	3,232,321
Debt service coverage ratio	482%

*Per rate covenants, this does not include the depreciation expense of \$6,109,082

** Per rate covenants, this does not include revenue bond interest paid of \$1,712,402

The City also has \$0 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 statements 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

	Restated Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion of Balance
Governmental activities:					
General Obligation bonds	\$ 5,018,000	\$ -	\$ 543,000	\$ 4,475,000	\$ 535,000
Add: Bond premium	<u>54,860</u>	<u>-</u>	<u>37,118</u>	<u>17,742</u>	<u>-</u>
Total General Obligation bonds	<u>\$ 5,072,860</u>	<u>\$ -</u>	<u>\$ 580,118</u>	<u>\$ 4,492,742</u>	<u>\$ 535,000</u>
Installment purchase	\$ 2,158,285	\$ 1,951,100	\$ 2,134,204	\$ 1,975,181	\$ 1,324,840
Compensated absences	2,499,966	1,337,263	1,319,567	2,517,662	629,416
Net pension liability (LGERS)	1,903,292	6,913,503	-	8,816,795	-
Total pension liability (LEO)	6,144,882		161,620	5,983,262	
OPEB liability-General Fund	<u>4,208,790</u>	<u>205,952</u>	<u>-</u>	<u>4,414,742</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$21,988,075</u>	<u>\$ 10,407,818</u>	<u>\$ 4,195,509</u>	<u>\$ 28,200,384</u>	<u>\$ 2,489,256</u>
Business-type activities:					
General obligation bonds	\$ 2,785,000	\$ -	\$ 1,218,000	\$ 1,567,000	\$ 1,168,000
Revenue Bonds	\$33,780,000	\$ -	\$ 1,600,000	\$ 32,180,000	\$ 1,630,000
Add: Bond premium	<u>821,962</u>	<u>-</u>	<u>42,061</u>	<u>779,901</u>	<u>-</u>
Total Revenue Bonds	<u>\$34,601,962</u>	<u>\$ -</u>	<u>\$ 1,642,061</u>	<u>\$ 32,959,901</u>	<u>\$ 1,630,000</u>
Compensated absences	\$ 398,265	\$ 328,359	\$ 368,520	\$ 358,104	\$ 89,526
Net pension liability (LGERS)	335,876	1,220,029	-	1,555,905	-
OPEB liability	<u>742,728</u>	<u>36,344</u>	<u>-</u>	<u>779,072</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$38,863,831</u>	<u>\$ 1,584,732</u>	<u>\$ 3,228,581</u>	<u>\$ 37,219,982</u>	<u>\$ 2,887,526</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	2,472,000	353,647
Group Health Benefits	-	1,447,934
MPO Planning Transportation	-	74,519
Workmen's Compensation	-	565,768
Transportation	-	308,939
Governor's Crime Comm. Human Trafficking	-	-
Bureau of Just Asst Comm Orient Police Grant	-	<u>245,029</u>
Total General Fund	<u>2,472,000</u>	<u>2,995,836</u>
<u>Capital Reserve Fund</u>		
General Fund	353,647	2,472,000
Animal Shelter	-	480,000
Trans. Sidewalks & Intersection Improv.	-	932,500
Fire Station No. 6	438,371	
Drainage Improvements	<u>468,660</u>	<u>25,000</u>
Total Capital Reserve	<u>1,260,678</u>	<u>3,909,500</u>
<u>Special Revenue Funds</u>		
MPO Planning Transportation		
General Fund	74,519	-
Home Program Project Fund		
Rental Rehabilitation Loan Program Fund	12,681	-
Rental Rehabilitation Loan Program Fund		
Home Program Project Fund		12,681
Bureau of Justice Asst Comm Orient Police		
General Fund	<u>245,029</u>	<u>-</u>
Total Special Revenue Fund	<u>332,229</u>	<u>12,681</u>

III. Detail Notes on All Funds: (continued)

	Transfers	
	<u>In</u>	<u>Out</u>
<u>Internal Service Funds</u>		
Group Health Benefits		
Group Health Benefits		
General Fund	1,447,934	-
Water & Sewer Fund	361,424	-
Workmen's Compensation Fund		
General Fund	565,768	-
Water & Sewer Fund	<u>380,502</u>	<u>-</u>
Total Internal Service Fund	<u>2,755,628</u>	<u>-</u>
<u>Water Fund</u>		
Water Capital Reserve	-	383,215
Sewer Capital Reserve	-	383,215
Workmen's Compensation	-	380,502
Group Health Insurance	<u>-</u>	<u>361,424</u>
Total Water Fund	<u>-</u>	<u>1,508,356</u>
<u>Water Capital Projects</u>		
Water Capital Reserve		
Water & Sewer Fund	383,215	-
Sewer Capital Reserve		
Water & Sewer Fund	<u>383,215</u>	<u>-</u>
Total Water Capital Projects	<u>766,430</u>	<u>-</u>
<u>Transportation Fund</u>		
General Fund	308,939	
Trans. Sidewalks & Intersection Improv.	<u>-</u>	<u>1,440,000</u>
Total Transportation Capital Projects	<u>308,939</u>	<u>1,440,000</u>
<u>Capital Projects</u>		
Drainage Improvements		
Capital Reserve Fund	25,000	468,660
Fire Station No. 6		
Capital Reserve Fund	-	438,371
Trans. Sidewalks & Intersection Improv.		
Capital Reserve Fund	932,500	-
Transportation Fund	1,440,000	-
Animal Shelter Fund		
Capital Reserve Fund	<u>480,000</u>	<u>-</u>
Total Capital Projects	<u>2,877,500</u>	<u>907,031</u>
Total Operating Transfers	<u>\$ 10,773,404</u>	<u>\$ 10,773,404</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 \$25,658 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, 2017. 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, 2017, the City determined that a group assets were incorrectly shown in the Water and Sewer Fund as of June 30, 2016 and not in the Public Transportation Fund. Therefore, an adjustment to beginning net position to take the asset out of the Water and Sewer Fund and put it in the Public Transportation Fund has been recorded. The effect is a decrease of \$1,156,076 to beginning net position in the Water and Sewer Fund and an increase to the beginning net position of the same amount in the Public Transportation Fund.

The net effect on beginning net position for the business-type activities in the government-wide statements is zero.

An increase of \$347,017 is being made to the beginning net position of the Water and Sewer Fund as of June 30, 2016 to adjust capital assets that were incorrectly reduced in the prior year's statements. This adjustment also affects the beginning net position for the business-type activities in the government-wide statements.

The beginning net position for the business-type activities is being decreased by \$83,045 to reflect the negative net position of the Public Transportation Fund which is being shown in the business-type activity statements for the year ending June 30, 2017. The Public Transportation Fund was shown as a government activity in the government-wide statements for the year ended June 30, 2016. The beginning net position for the government activities is being increased for the same amount.

F. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 68,334,021	\$ 151,527,078
Less: long-term debt	6,467,923	34,526,901
Add: unexpended debt proceeds	<u>-</u>	<u>-</u>
	<u>\$ 61,866,098</u>	<u>\$ 117,000,177</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:

Total fund balance – General Fund	\$	46,354,280
Less:		
Stabilization by State Statute		8,569,387
Historic Books		1,418
Animal Shelter		562
Capital Reserve Fund		8,183,945
Appropriated Fund Balance in 2015 budget		1,636,986
General Government		4,316,000
Economic Development		3,000,000
Public Works		3,125,000
Parks and Recreation		1,836,316
Public Safety:		
Police		3,250,000
Fire		2,200,000
Disaster Management		500,000
Working Capital/Fund Balance Policy		9,734,666
Remaining Fund Balance		-

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, 903 to the Council during the fiscal year ended June 30, 2017.

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, 2017. 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, 2017. 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

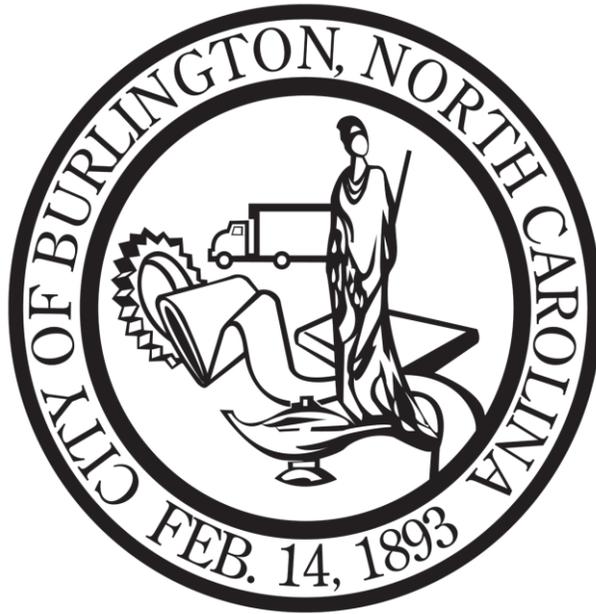
Federal and State Assisted Programs

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.

VII. Change in Accounting Principles/Restatement

The City implemented Governmental Accounting Standards Board (GASB) No. Statement 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, in the fiscal year ending June 30, 2017. The implementation of the statement required the City to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the City to the Law Enforcement Officers' Special Separation Allowance during the measurement period (fiscal year ending December 31, 2016). As a result, net position for the governmental activities decreased \$4,383,680.

See independent auditor's report.



**REQUIRED SUPPLEMENTAL
FINANCIAL DATA**

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

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

- 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
 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%
6/30/16	-	24,590,152	24,590,152	-%	19,207,118	128.00%

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%
2017	2,078,601	88.30%

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	6/30/2016
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	2023
* 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 Four Fiscal Years

Local Government Employees' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City of Burlington's proportion of the net pension liability (asset) (%)	0.48874%	0.4989%	0.4983%	0.5028%
City of Burlington's proportion of the net pension liability (asset) (\$)	10,372,700	2,239,168	(2,938,645)	6,060,671
City of Burlington's covered –employee payroll	29,241,727	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	35.47%	7.84%	(10.62%)	22.47%
Plan fiduciary net position as a percentage of the total Pension liability**	91.47%	98.09%	102.64%	94.35%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. The pension schedule is intended to show information for 10 years, information for additional years will be displayed as it becomes available.

**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 Four Fiscal Years

Local Government Employees' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	2,715,090	2,010,823	1,981,518	1,898,880
Contributions in relation to the contractually required contribution	2,715,090	<u>2,010,823</u>	<u>1,981,518</u>	<u>1,898,880</u>
Contribution deficiency(excess)	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Burlington's covered-employee payroll	30,144,885	29,241,727	27,673,809	26,647,845
Contributions as a percentage of covered-Employee payroll	9.01%	6.78%	7.41%	7.28%

*The pension schedule is intended to show information for 10 years, information for additional years will be displayed as it becomes available.

CITY OF BURLINGTON, NORTH CAROLINA
 SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION
 LIABILITY
 Last Fiscal Year*

Firefighters' and Rescue Squad Workers' Pension

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Burlington's proportionate share of the net pension liability(%)	0.000%	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	25,658	<u>6,948</u>	<u>21,722</u>
Total	<u>25,658</u>	<u>6,948</u>	<u>21,722</u>
Burlington's covered-employee payroll	5,031,523	4,687,076	4,206,632
Burlington's proportionate share of the net pension liability as a percentage of its covered-employee payroll	.51%	.15%	.52%
Plan fiduciary net position as a percentage of the total pension liability	84.94%	91.40%	93.42%

*The amounts presented for the prior fiscal year.

The pension schedule is intended to show information for 10 years, information for additional years will be displayed as it becomes available.

CITY OF BURLINGTON, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
JUNE 30, 2017

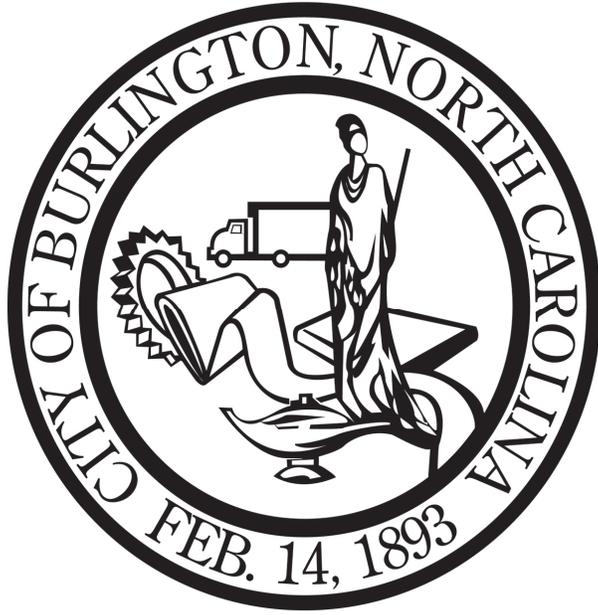
	<u>2017</u>
Beginning balance	6,144,882
Service Cost	219,380
Interest on the total pension liability	211,136
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes in assumptions or other inputs	(130,693)
Benefit payments	461,443)
Other changes	-
Ending balance of the total pension liability	<u>\$ 5,983,262</u>

CITY OF BURLINGTON, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
JUNE 30, 2017

	<u>2017</u>
Total pension liability	\$5,983,262
Covered payroll	\$7,709,975
Total pension liability as a percentage of covered payroll	77.60%

Notes to the schedules:

The City of Burlington has no assets accumulated in a trust that meets the criteria
In paragraph 4 of GASB Statement 73 to pay related benefits



GENERAL FUND
Individual Fund Schedule

CITY OF BURLINGTON, NORTH CAROLINA
GENERAL FUND
BALANCE SHEET
For the Fiscal Year Ended June 30, 2017

June 30,
2017

ASSETS

Cash and cash equivalents	\$	33,610,853
Receivables (net):		
Taxes		842,524
Accounts		7,717,456
Prepaid expenses		<u>9,407</u>
Total assets	\$	<u><u>42,180,240</u></u>

LIABILITIES AND FUND BALANCES

LIABILITIES:		
Accounts payable and accrued liabilities	\$	3,162,517
Deferred revenues		<u>847,388</u>
Total liabilities		<u>4,009,905</u>
FUND BALANCES:		
Restricted :		
Stabilization by State Statute		8,569,387
Historic Books		1,418
Animal Shelter		562
Assigned		
Subsequent Years Expenditures		-
General Government		-
Economic Development		-
Public Works		-
Parks and Recreation		-
Public Safety		-
Unassigned		<u>29,598,968</u>
Total fund balances		<u>38,170,335</u>
Total liabilities and fund balances	\$	<u><u>42,180,240</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ 26,285,034	\$ 27,362,992	\$
Prior year	475,000	286,602	
Penalties and interest	120,000	315,290	
Tax discounts	(90,000)	(77,694)	
Economic Dev Incentives	(28,000)	(225,212)	
Total	<u>26,762,034</u>	<u>27,661,978</u>	<u>899,944</u>
Other Taxes and Licenses:			
Payment in lieu of taxes	100,000	120,933	
Privilege licenses	2,000	3,938	
Cable TV franchise tax	350,000	363,025	
Local option sales tax	11,140,000	12,397,130	
Total	<u>11,592,000</u>	<u>12,885,026</u>	<u>1,293,026</u>
Unrestricted Intergovernmental Revenues:			
Utility franchise tax	3,400,000	4,179,646	
Beer and wine tax	215,000	236,447	
Alamance County fuel Purchase	450,000	320,709	
ABC revenue	165,000	257,538	
Alamance Jr. Tennis Foundation	25,000	18,379	
Total	<u>4,255,000</u>	<u>5,012,719</u>	<u>757,719</u>
Restricted Intergovernmental Revenues:			
ABC police contract	35,000	58,493	
Powell Bill allocation	1,350,000	1,438,606	
NC Dept of Transportation	460,000	500,293	
On-behalf of Payments- Fire and rescue		25,658	
Camp Green Leaves	14,500	15,953	
PTCOG Grants	12,000		
Alamance - Burlington Schools:			
School Guards			
Afterschool Programs	130,000	185,505	
Contributions – Fire	2,300	70	
Fire grants			
Animal Shelter	21,471	21,983	
Spay/Neuter Clinic	60,000	55,626	
Teen to Teen Theatre	5,000	94	
Junior Police Academy		40,861	
Recreation	65,000	34,517	
Senior Programs	65,980	71,847	
Reimbursed Cost	104,766	493,423	

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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues: (continued)			
Restricted Intergovernmental			
Revenues: (continued)			
Police Donations - Melvin Hall	3,650	3,649	
DOT Reimbursement			
N Park in Motion Program		103	
NCHFA Urgent Repair Grant	150,000	75,000	
Donations – Miscellaneous		930	
Donations – Splash Pad Park			
Miscellaneous State Grants	21,000	100,074	
Federal Grant	12,215		
	<u>2,512,882</u>	<u>3,097,027</u>	<u>584,145</u>
Total			
Permits and Fees:			
Building permits and			
& inspection fees	669,000	825,581	
Fees and permits – other	547,300	561,087	
	<u>1,216,300</u>	<u>1,386,668</u>	<u>170,368</u>
Total			
Sales and Services:			
Animal Control - Alamance			
County	373,725	373,725	
Miscellaneous	318,111	315,246	
Recreation revenues	2,091,380	1,945,840	
Cemetery lots and fees	119,000	141,450	
Sanitation fees	1,270,000	1,397,109	
	<u>4,172,216</u>	<u>4,173,370</u>	<u>1,154</u>
Total			
Investment Earnings:			
Investment earnings	300,000	750,672	
Interest Subsidy			
Interest earned			
street assessment	1,000	(8,162)	
Vacant Lot/Demo Interest		50,426	
	<u>301,000</u>	<u>792,936</u>	<u>491,936</u>
Total			
Miscellaneous:			
Miscellaneous	199,000	388,169	
	<u>199,000</u>	<u>388,169</u>	<u>189,169</u>
Total			
Total Revenues	<u>51,010,432</u>	<u>55,423,551</u>	<u>4,413,119</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General Government:			
City Council:			
Salaries and employee			
Benefits	83,710	72,072	
Operating expenditures	<u>82,000</u>	<u>66,655</u>	
Total		138,727	
Reimbursement from Water and Sewer Fund	<u>(38,249)</u>	<u>(38,249)</u>	
Total City Council	<u>127,461</u>	<u>100,478</u>	<u>26,983</u>
Public Administration:			
Salaries and employee			
Benefits	313,543	307,928	
Operating expenditures	25,400	<u>25,788</u>	
Total		333,716	
Reimbursement from Water and Sewer Fund	<u>(114,004)</u>	<u>(114,004)</u>	
Total Public Administration	<u>224,939</u>	<u>219,712</u>	<u>5,227</u>
Public Information:			
Salaries and employee			
Benefits	159,166	154,692	
Operating expenditures	103,120	87,833	
Capital Outlay	115,000	<u>102,884</u>	
Total		345,409	
Reimbursement from Water and Sewer Fund	<u>(89,863)</u>	<u>(89,863)</u>	
Total Public Information	<u>287,423</u>	<u>255,546</u>	<u>31,877</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
General Government: (continued)			
Finance:			
Supervision:			
Salaries and employee			
Benefits	656,923	514,583	
Operating expenditures	<u>26,000</u>	<u>23,828</u>	
Total		538,411	
Reimbursement from			
Water and Sewer Fund	<u>(272,000)</u>	<u>(272,000)</u>	
Net	410,923	<u>266,411</u>	
Collections:			
Salaries and employee			
Benefits	352,488	340,572	
Operating expenditures	93,950	<u>169,342</u>	
Total		509,914	
Reimbursement from			
Water and Sewer Fund	<u>(232,088)</u>	<u>(232,088)</u>	
Net	214,350	277,826	
Purchasing:			
Salaries and employee			
Benefits	277,098	284,063	
Operating expenditures	21,000	<u>11,285</u>	
Total Purchasing	298,097	295,348	2,749
Total Finance	<u>923,370</u>	<u>839,585</u>	<u>83,785</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
General Government: (continued)			
Information Technologies:			
Salaries and employee			
Benefits	659,328	657,372	
Operating expenditures	594,529	543,638	
Capital Outlay	<u>153,860</u>	<u>156,523</u>	
Total		1,357,533	
Reimbursement from Water and Sewer Fund	<u>(449,937)</u>	<u>(449,937)</u>	
Total Information Technologies	<u>957,780</u>	<u>907,596</u>	<u>50,184</u>
Legal:			
Salaries and employee			
Benefits	388,064	243,394	
Operating expenditures	<u>229,224</u>	<u>83,765</u>	
Total		327,159	
Reimbursement from Water and Sewer Fund	<u>(171,150)</u>	<u>(171,150)</u>	
Total Legal	<u>446,138</u>	<u>156,009</u>	<u>290,129</u>
Human Resources:			
Salaries and employee			
Benefits	267,936	255,607	
Operating expenditures	<u>484,891</u>	<u>493,890</u>	
Total		749,497	
Reimbursement from Water and Sewer Fund	<u>(151,378)</u>	<u>(151,378)</u>	
Total Human Resources	<u>601,449</u>	<u>598,119</u>	<u>3,330</u>
Planning GIS Division:			
Salaries and employee			
Benefits	232,597	226,627	
Operating expenditures	<u>47,497</u>	<u>48,504</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
General Government: (continued)			
Planning GIS Division (continued):			
Capital Outlay			
Total		275,131	
Reimbursement from Water and Sewer Fund	(183,384)	(183,384)	
Total Planning GIS Division	96,710	91,747	4,963
Planning:			
Salaries and employee Benefits	643,485	624,561	
Operating expenditures	270,340	155,609	
Total		780,170	
Reimbursement from Water and Sewer Fund	(183,384)	(183,384)	
Total Planning	730,441	596,786	133,655
Code Enforcement:			
Salaries and employee Benefits	270,056	262,712	
Operating expenditures	116,546	63,523	
Capital Outlay			
Total	386,602	326,235	60,367
Engineering:			
Salaries and employee Benefits	591,740	580,636	
Operating expenditures	75,291	41,740	
Capital Outlay			
Total		622,376	
Reimbursement from Water and Sewer Fund	(231,178)	(231,178)	
Total Engineering	435,853	391,198	44,655

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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
General Government: (continued)			
General Administration and Building:			
Salaries and employee			
Benefits	1,661,062	1,756,783	
Insurance	549,490	559,902	
Operating expenditures	1,022,000	925,569	
Special Projects	262,500	261,054	
Total General Administration and Building	<u>3,495,052</u>	<u>3,503,308</u>	<u>(8,188)</u>
Total General Government	<u>8,713,218</u>	<u>7,986,319</u>	<u>726,967</u>
Public Safety:			
Police:			
Administration:			
Salaries and employee			
Benefits	926,917	844,606	
Operating expenditures	1,031,320	997,174	
Capital Outlay	602,960	556,049	
Total	<u>2,561,197</u>	<u>2,397,829</u>	<u>163,368</u>
Retirees:			
Salaries and employee			
Benefits	509,917	495,450	
Operating expenditures			
Total	<u>509,917</u>	<u>495,450</u>	<u>14,467</u>
Records:			
Salaries and employee			
Benefits	274,716	256,339	
Operating expenditures	202,081	206,652	
Capital Outlay			
Total	<u>476,797</u>	<u>462,991</u>	<u>13,806</u>
Training and Personnel Services:			
Salaries and employee			
Benefits	365,432	412,725	
Operating expenditures	334,225	336,230	
Capital Outlay			
Total	<u>699,657</u>	<u>748,955</u>	<u>(49,298)</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Public Safety: (continued)			
CID/Special Ops:			
Salaries and employee			
Benefits	2,395,343	2,222,882	
Operating expenditures	219,704	205,038	
Capital Outlay	14,000	20,742	
Total	<u>2,629,047</u>	<u>2,448,662</u>	<u>180,385</u>
Field Operations Division:			
Salaries and employee			
Benefits	6,149,845	5,986,107	
Operating expenditures	98,170	79,880	
Capital Outlay			
Total	<u>6,248,015</u>	<u>6,065,987</u>	<u>182,028</u>
Community Policing:			
Salaries and employee			
Benefits	1,418,675	1,148,991	
Operating expenditures	93,589	100,111	
Capital Outlay	21,000	21,617	
Total	<u>1,533,264</u>	<u>1,270,719</u>	<u>262,545</u>
Identification:			
Salaries and employee			
benefits	274,354	282,837	
Operating expenditures	124,264	122,349	
Capital Outlay	5,250	6,025	
Total	<u>403,868</u>	<u>411,211</u>	<u>(7,343)</u>
Communication:			
Salaries and employee			
Benefits	960,513	874,000	
Operating expenditures	434,087	390,240	
Capital Outlay	256,600	220,274	
Total	<u>1,651,200</u>	<u>1,484,514</u>	<u>166,686</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Public Safety: (continued)			
Special Response Team:			
Salaries and employee benefits			
Operating expenditures	65,746	60,687	
Total	<u>65,746</u>	<u>60,687</u>	<u>5,059</u>
Emergency Management:			
Salaries and employee Benefits	68,134	69,312	
Operating expenditures	9,560	7,649	
Total	<u>77,694</u>	<u>76,961</u>	<u>733</u>
Total Police	<u>16,856,402</u>	<u>15,923,966</u>	<u>932,436</u>
Animal Services:			
Field:			
Salaries and employee Benefits	98,033	99,288	
Operating expenditures	47,776	44,573	
Total	<u>145,809</u>	<u>143,861</u>	<u>1,948</u>
Spay/Neuter Clinic:			
Salaries and employee Benefits		17,935	
Operating expenditures	79,200	51,644	
Total	<u>79,200</u>	<u>69,579</u>	<u>9,621</u>
Shelter:			
Salaries and employee Benefits	809,786	751,379	
Operating expenditures	322,160	292,128	
Capital Outlay		1,352	
Total	<u>1,131,946</u>	<u>1,044,859</u>	<u>87,087</u>
Total Animal Services	<u>1,356,955</u>	<u>1,258,299</u>	<u>98,656</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Public Safety: (continued)			
Fire:			
Administration:			
Salaries and employee			
Benefits	212,727	214,738	
Operating expenditures	23,425	20,173	
Capital Outlay			
Total	236,152	234,911	1,241
Standards and Personnel			
Development:			
Salaries and employee			
Benefits	176,680	182,736	
Operating expenditures	34,410	19,328	
Capital Outlay			
Total	211,090	202,064	9,026
Fire Code Compliance:			
Salaries and employee			
Benefits	430,700	362,763	
Operating expenditures	24,450	14,096	
Capital Outlay			
Total	455,150	376,859	78,291
Emergency Response			
Services:			
Salaries and employee			
Benefits	6,032,797	6,013,164	
Operating expenditures	410,200	408,432	
Capital Outlay	1,400,000	1,307,713	
Total	7,842,997	7,729,309	113,688
Emergency Services			
Facilities:			
Operating expenditures	182,630	199,558	
Capital Outlay	127,000	82,918	
Total	309,630	282,476	27,154

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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Fire: (continued)			
Training Center:			
Operating expenditures	59,500	32,385	
Capital Outlay			
Total	<u>59,500</u>	<u>32,385</u>	<u>27,115</u>
Emergency Response			
Equipment:			
Operating expenditures	119,500	146,210	
Capital Outlay			
Total	<u>119,500</u>	<u>146,210</u>	<u>(26,710)</u>
Total Fire	<u>9,234,019</u>	<u>8,978,556</u>	<u>255,463</u>
Total Public Safety	<u>27,447,376</u>	<u>26,160,821</u>	<u>1,286,555</u>
Public Works:			
Public Works Department:			
Supervision:			
Salaries and employee			
Benefits	231,745	221,683	
Operating expenditures	20,450	22,040	
Capital Outlay			
Total	<u>252,195</u>	<u>243,723</u>	<u>8,472</u>
Building Maintenance:			
Salaries and employee			
Benefits	657,416	618,187	
Operating expenditures	55,800	54,365	
Capital Outlay	35,000	39,074	
Total	<u>748,216</u>	<u>711,626</u>	<u>36,590</u>
Municipal Building:			
Operating expenditures	233,500	254,805	
Capital Outlay	125,000	107,928	
Total	<u>358,500</u>	<u>362,733</u>	<u>(4,233)</u>
May Memorial Library:			
Operating expenditures	127,000	128,303	
Capital Outlay		28,707	
Total	<u>127,000</u>	<u>157,010</u>	<u>(30,010)</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Public Works: (continued)			
Equipment Maintenance:			
Salaries and employee			
Benefits	730,014	692,269	
Operating expenditures	779,235	253,921	
Capital Outlay	6,000	5,900	
Total	<u>1,515,249</u>	<u>952,090</u>	<u>563,159</u>
Streets:			
Salaries and employee			
Benefits	985,718	882,580	
Operating expenditures	515,800	494,797	
Capital Outlay	1,437,000	1,165,288	
Total	<u>2,938,518</u>	<u>2,542,665</u>	<u>395,853</u>
Cemetery:			
Salaries and employee			
benefits	798,897	725,482	
Operating expenditures	202,965	256,398	
Capital Outlay	122,000	102,127	
Total	<u>1,123,862</u>	<u>1,084,007</u>	<u>39,855</u>
Sanitation:			
Salaries and employee			
benefits	961,206	869,242	
Operating expenditures	1,302,600	1,365,627	
Capital Outlay	625,000	600,269	
Total	<u>2,888,806</u>	<u>2,835,138</u>	<u>53,668</u>
Sustainability:			
Salaries and employee			
benefits	182,243	182,620	
Operating expenditures	14,400	17,975	
Capital Outlay			
Total	<u>196,643</u>	<u>200,595</u>	<u>(3,952)</u>
Inspections:			
Salaries and employee			
benefits	691,070	585,171	
Operating expenditures	72,245	45,546	
Capital Outlay			
Total	<u>763,315</u>	<u>630,717</u>	<u>132,598</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Public Works: (continued)			
Reimbursement from Water and Sewer Fund	<u>(183,385)</u>	<u>(183,385)</u>	<u> </u>
Total Inspections	<u>579,930</u>	<u>447,332</u>	<u>132,598</u>
Total Public Works	<u>10,728,919</u>	<u>9,536,919</u>	<u>1,192,000</u>
Transportation:			
Traffic Control Supervisor:			
Salaries and employee benefits	554,556	502,533	
Operating expenditures	298,300	290,471	
Total	<u>852,856</u>	<u>793,004</u>	<u>59,852</u>
Street Signs - Marking:			
Salaries and employee benefits	166,023	169,687	
Operating expenditures	54,650	33,490	
Total	<u>220,673</u>	<u>203,177</u>	<u>17,496</u>
Street Lighting:			
Operating expenditures	650,000	661,313	
Total	<u>650,000</u>	<u>661,313</u>	<u>(11,313)</u>
Total Transportation	<u>1,723,529</u>	<u>1,657,494</u>	<u>66,035</u>
Cultural and Recreation:			
Supervision:			
Salaries and employee benefits	504,426	527,335	
Operating expenditures	81,138	60,989	
Total	<u>585,564</u>	<u>588,324</u>	<u>(2,760)</u>
Day Camps and Afterschools:			
Salaries and employee benefits	543,527	606,667	
Operating expenditures	146,887	152,386	
Total	<u>690,414</u>	<u>759,053</u>	<u>(68,639)</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Cultural and Recreation: (continued)			
Athletics			
Salaries and employee benefits	650,502	734,262	
Operating expenditures	735,020	569,954	
Capital Outlay	114,900	120,714	
Total	1,500,422	1,424,930	75,492
Special Events:			
Salaries and employee benefits	156,698	154,601	
Operating expenditures	200,840	232,011	
Capital Outlay	7,000		
Total	364,538	386,612	(22,074)
Fairchild Stadium:			
Operating expenditures	27,000	41,559	
Capital Outlay	173,000	109,551	
Total	200,000	151,110	48,890
Recreation Buildings:			
Salaries and employee benefits	1,084,315	1,117,775	
Operating expenditures	853,770	890,491	
Capital Outlay	1,342,500	737,113	
Total	3,280,585	2,745,379	535,206
Aquatics:			
Salaries and employee benefits	350,809	341,571	
Operating expenditures	206,700	227,288	
Capital Outlay	30,000	29,864	
Total	587,509	598,723	(11,214)
Camp Greenleaves:			
Salaries and employee benefits	45,987	42,451	
Operating expenditures	12,860	23,885	
Capital Outlay	30,000	17,707	
Total	88,847	84,043	4,804

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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Cultural and Recreation: (continued)			
Amusement Park:			
Salaries and employee benefits	114,694	130,269	
Operating expenditures	92,400	139,012	
Capital Outlay	37,000	9,333	
Total	<u>244,094</u>	<u>278,614</u>	<u>(34,520)</u>
Golf Course:			
Salaries and employee benefits	506,209	506,687	
Operating expenditures	238,083	307,407	
Capital Outlay	35,500	37,508	
Total	<u>779,792</u>	<u>851,602</u>	<u>(71,810)</u>
Paramount Theater:			
Salaries and employee benefits	119,266	158,175	
Operating expenditures	61,980	70,439	
Capital Outlay	21,200	27,768	
Total	<u>202,446</u>	<u>256,382</u>	<u>(53,936)</u>
Total Cultural and Recreation	<u>8,524,211</u>	<u>8,124,772</u>	<u>399,439</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Debt Service:			
Principal - bond	543,000	543,000	
Interest and other charges bond	92,832	92,833	(1)
Principal - capital lease	2,134,225	2,134,205	20
Interest and other charges capital lease	27,119	27,001	118
Total Debt Service	<u>2,797,176</u>	<u>2,797,039</u>	<u>137</u>
Total Expenditures	<u>59,934,429</u>	<u>56,289,022</u>	<u>3,645,407</u>
Revenues Over (Under) Expenditures	<u>(8,923,997)</u>	<u>(865,471)</u>	<u>(8,058,526)</u>
Other Financing Sources (Uses):			
Transfer from (to) other funds			
Transfer to Workers Comp	(565,768)	(565,768)	
Transfer to Transportation	(308,939)	(308,939)	
Year End Budget Amendment	(500,000)		500,000
Capital Reserve Fund	(353,647)	(353,647)	
Bureau of Justice Asst Comm Orient Pol	(245,029)	(245,029)	
Group Health	(1,447,934)	(1,447,934)	
MPO	(74,519)	(74,519)	
Issuance from Installment Financing	1,951,100	1,951,100	
Capital Reserve Fund	2,472,000	2,472,000	
Sale of properties & materials	50,000	73,797	23,797
Total Other Financing Sources (Uses)	<u>977,264</u>	<u>1,501,061</u>	<u>523,797</u>
Revenues and Other Sources Over (Under) Expenditures and Other Financing Uses	<u>(7,946,733)</u>	635,658	<u><u>\$ (7,311,075)</u></u>
Fund balance, appropriated	<u>\$ 7,946,733</u>		
Net change in fund balance	<u><u>\$</u></u>		
Fund balance, beginning		<u>37,534,745</u>	
Fund balance, ending		<u><u>\$ 38,170,335</u></u>	

CITY OF BURLINGTON, NORTH CAROLINA
 CAPITAL RESERVE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ _____	\$ 119,241	\$ _____
Total Revenues	_____	119,241	119,241
Expenditures:			
Infrastructure	1,236,897	_____	1,236,897
Total Expenditures	1,236,897	_____	1,236,897
Revenues Over (Under) Expenditures	(1,236,897)	119,241	1,356,138
Other Financing Sources (Uses):			
Transfer from (to) other funds			
General Fund	353,647	353,647	
Drainage Improvement	468,700	468,660	
Fire Station No. 6	439,550	438,369	
General Fund	(3,909,500)	(3,909,500)	
Total Other Financing Sources (Uses)	(2,647,603)	(2,648,824)	_____
Revenues and Other Sources Over (Under) Expenditures	(3,884,500)	(2,529,583)	\$ 1,354,917
Fund balance, appropriated	\$ 3,884,500		
Net change in fund balance	\$ _____		
Fund balance, beginning		10,713,528	
Fund balance, ending		\$ 8,183,945	

CITY OF BURLINGTON, NORTH CAROLINA
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017

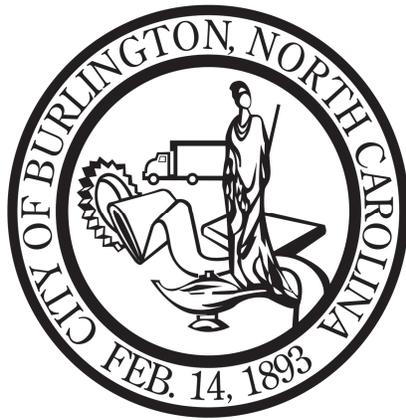
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS:			
Cash and cash equivalents	\$ 1,677,918	\$ 3,196,217	\$ 4,874,135
Receivables, net:			
Taxes	62,321		62,321
Accounts	284,631		284,631
Housing rehabilitation loans	2,056,994		2,056,994
Home Incentive loans	56,921		56,921
Due from other funds			
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 4,138,785</u>	<u>\$ 3,196,217</u>	<u>\$ 7,335,002</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable and accrued			
Liabilities	\$ 67,824	\$ 14,488	\$ 82,312
Deferred Revenue	62,321		62,321
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>130,145</u>	<u>14,488</u>	<u>144,633</u>
Fund Balances:			
Restricted:			
Stabilization by State Statute			
Economic Development	3,158,202		3,158,202
Public Safety	263,393		263,393
Committed for Capital			
Development		3,181,729	3,181,729
Assigned for Subsequent			
Expenditures	410,521		410,521
Unassigned	176,524		176,524
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>4,008,640</u>	<u>3,181,729</u>	<u>7,190,369</u>
Total Liabilities and fund			
balances	<u>\$ 4,138,785</u>	<u>\$ 3,196,217</u>	<u>\$ 7,335,002</u>

CITY OF BURLINGTON, NORTH CAROLINA
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 For the Fiscal Year Ended June 30, 2017

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES:			
Ad valorem taxes	\$ 128,630	\$	\$ 128,630
Unrestricted intergovernmental	156,358		156,358
Restricted intergovernmental	745,686	1,385	747,071
Sales and service	49,057		49,057
Investment earnings	15		15
Miscellaneous	28,863		28,863
	<hr/>	<hr/>	<hr/>
Total revenues	1,108,609	1,385	1,109,994
EXPENDITURES:			
Current:			
Public Safety	473,861		473,861
Cultural and Recreation	182,724		182,724
Economic and physical Development	726,916		726,916
Capital Outlay		593,182	593,182
	<hr/>	<hr/>	<hr/>
Total Liabilities	1,383,501	593,182	1,976,683
Revenues over (under) Expenditures	<hr/> (274,892)	<hr/> (591,797)	<hr/> (866,689)
OTHER FINANCING SOURCES (USES):			
Transfer from other funds	319,548	2,877,500	3,197,048
Transfer to other funds	(12,681)	(907,031)	(919,712)
	<hr/>	<hr/>	<hr/>
Total other financing sources	306,867	1,970,469	2,277,336
Revenue and other sources over expenditures and other uses	31,975	1,378,672	1,410,647
Fund balances:			
Fund balances - beginning	3,976,665	1,803,057	5,779,722
	<hr/>	<hr/>	<hr/>
Fund balances-ending	\$ 4,008,640	\$ 3,181,729	\$ 7,190,369
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



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, 2017

	Community Development Fund	Rehabilitation Loan Program Fund	Rental Rehabilitation Loan Program Fund	Downtown Special Tax District Fund	Governor's Crime Commission Human Trafficking	RICO Fund	Edward Byrne Justice Assistance Grant Fund
ASSETS:							
Cash and cash equivalents	\$ (6,302)	\$ 261,929	\$ 355,819	\$ -	\$ 30,157	\$ 177,306	\$ 118,776
Receivables, net:							
Taxes				62,321			
Accounts		33,213	152,178				
Housing rehabilitation loans		1,619,525	437,469				
Home Incentive loans		56,921					
Due from other funds							
Total Assets	<u>\$ (6,302)</u>	<u>\$ 1,971,588</u>	<u>\$ 945,466</u>	<u>\$ 62,321</u>	<u>\$ 30,157</u>	<u>\$ 177,306</u>	<u>\$ 118,776</u>
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Accounts payable and accrued Liabilities	\$ -	\$ 6,522	\$ -	\$ -	\$ 2,101	\$ -	\$ -
Due to other funds							
Deferred Revenue				62,321			
Total Liabilities	<u>-</u>	<u>6,522</u>	<u>-</u>	<u>62,321</u>	<u>2,101</u>	<u>-</u>	<u>-</u>
Fund Balances:							
Restricted:							
Stabilization by State Statute	-	-	-	-	-	-	-
Economic Development	(123,752)	1,817,616	922,768		28,056		
Public Safety						105,324	118,776
Assigned Subsequent Expenditures	117,450	147,450	22,698			71,982	
Unassigned							
Total Fund Balances	<u>(6,302)</u>	<u>1,965,066</u>	<u>945,466</u>	<u>-</u>	<u>28,056</u>	<u>177,306</u>	<u>118,776</u>
Total Liabilities and fund balances	<u>\$ (6,302)</u>	<u>\$ 1,971,588</u>	<u>\$ 945,466</u>	<u>\$ 62,321</u>	<u>\$ 30,157</u>	<u>\$ 177,306</u>	<u>\$ 118,776</u>

<u>Guilford Mackintosh Fund</u>	<u>Controlled Substance Tax Fund</u>	<u>MPO Planning Transportation Fund</u>	<u>Medicare Part D Grant Project Fund</u>	<u>Bureau of Justice Assistance Community Oriented Policing Grant</u>	<u>Totals</u>
\$ -	\$ 90,324	\$ 471,856	\$ 1,619	\$ 176,524	\$ 1,677,918
47,118		52,122			62,321
					284,631
					2,056,994
					56,921
<u>\$ 47,118</u>	<u>\$ 90,234</u>	<u>\$ 523,978</u>	<u>\$ 1,619</u>	<u>\$ 176,524</u>	<u>\$ 4,138,785</u>
\$ 47,118	\$ -	\$ 12,083	\$ -	\$ -	\$ 67,824
<u>-</u>	<u>6,522</u>	<u>12,083</u>	<u>-</u>	<u>-</u>	<u>62,321</u>
					130,145
-	-	-	-	-	-
	39,293	511,895	1,619		3,158,202
	50,941				263,393
				176,524	410,521
					176,524
<u>-</u>	<u>90,234</u>	<u>511,895</u>	<u>1,619</u>	<u>176,524</u>	<u>4,008,640</u>
<u>\$ 47,118</u>	<u>\$ 90,234</u>	<u>\$ 523,978</u>	<u>\$ 1,619</u>	<u>\$ 176,524</u>	<u>\$ 4,138,785</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, 2017

	Community Development Fund	Rehabilitation Loan Program Fund	Rental Rehabilitation Loan Program Fund	Downtown Special Tax District Fund	Governor's Crime Commission Human Trafficking	RICO Fund	Edward Byrne Justice Assistance Grant Fund
Revenues:							
Ad Valorem Taxes Unrestricted	\$ -	\$ -	\$ -	\$ 128,630	\$ -	\$ -	\$ -
intergovernmental Restricted	358,773				88,821	77,495	50,940
intergovernmental Sales and services							
Investment earnings		15					
Miscellaneous		<u>15,730</u>	<u>13,493</u>				
Total Revenue	<u>358,773</u>	<u>15,385</u>	<u>13,493</u>	<u>128,630</u>	<u>88,821</u>	<u>77,495</u>	<u>50,940</u>
Expenditures:							
Current:							
Public Safety	-	-	-	-	68,808	228,014	54,764
Cultural and Recreation							
Economic and physical development	<u>380,742</u>	<u>76,476</u>	<u>(791)</u>	<u>128,630</u>			
Total Expenditures	<u>380,742</u>	<u>76,476</u>	<u>(791)</u>	<u>128,630</u>	<u>68,808</u>	<u>228,014</u>	<u>54,764</u>
Revenues Over (Under) Expenditures	<u>(21,969)</u>	<u>(61,091)</u>	<u>14,284</u>	<u>-</u>	<u>23,013</u>	<u>(150,069)</u>	<u>(3,824)</u>
Other Financing Sources (Uses):							
Transfer from other funds	-	-	-	-	-	-	-
Transfer to other funds			(12,681)				
Transfer to component unit							
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(12,681)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(21,969)</u>	<u>(61,091)</u>	<u>1,603</u>	<u>-</u>	<u>23,013</u>	<u>(150,069)</u>	<u>(3,284)</u>
Fund balance, beginning	15,667	2,026,157	943,863	-	5,043	327,375	118,776
Fund balance, ending	<u>\$ (6,302)</u>	<u>\$ 1,965,066</u>	<u>\$ 945,466</u>	<u>\$ -</u>	<u>\$ 28,056</u>	<u>\$ 177,306</u>	<u>\$ 118,776</u>

<u>Guilford Mackintosh Fund</u>	<u>Controlled Substance Tax Fund</u>	<u>MPO Planning Transportation Fund</u>	<u>Medicare Part D Grant Project Fund</u>	<u>Bureau of Justice Assistance Community Oriented Policing Grant</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,630
133,667	22,691				156,358
49,057		112,536		56,671	745,686
					49,057
					15
					<u>28,863</u>
<u>187,724</u>	<u>22,691</u>	<u>112,536</u>	<u>-</u>	<u>56,671</u>	<u>1,108,609</u>
-	99	-	-	125,176	473,861
182,724					182,724
		140,663	1,196		726,916
<u>182,724</u>	<u>99</u>	<u>140,663</u>	<u>1,196</u>	<u>125,176</u>	<u>1,383,501</u>
-	22,592	(28,127)	(1,196)	(68,505)	(274,592)
-	-	74,519	-	245,029	319,548
					(12,681)
-	-	74,519	-	245,029	306,867
-	22,592	46,392	(1,196)	176,524	31,975
-	67,642	465,503	2,815	-	3,976,665
<u>\$ -</u>	<u>\$ 90,234</u>	<u>\$ 511,895</u>	<u>\$ 1,619</u>	<u>\$ 176,524</u>	<u>\$ 4,008,640</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, 2017

	Total Authorized Revenues	Actual		Total To Date	Variance Positive (Negative)
		Reported In Prior Years	Current Year		
Revenues:					
Restricted					
Intergovernmental:					
Federal Grants –					
Program Year:					
2017	402,011	-	285,975	285,975	(116,036)
2016	419,950	338,655	27,227	365,882	(54,068)
2015	412,593	54,031	45,571	99,602	(312,991)
2014	458,906	424,630	34,276	458,906	
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>6,329,130</u>	<u>5,604,708</u>	<u>358,773</u>	<u>5,963,481</u>	<u>(365,649)</u>
Miscellaneous Revenues:					
Urban renewal land sales and related income					
Sale of property:		145,641		145,641	145,641
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>160,646</u>	<u>-</u>	<u>160,646</u>	<u>160,646</u>
Total Revenues	<u>6,329,130</u>	<u>5,765,354</u>	<u>358,773</u>	<u>6,124,127</u>	<u>(205,003)</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, 2017

	Total Authorized <u>Revenues</u>	Actual		Total <u>To Date</u>	Variance Positive (Negative)
		Reported In Prior <u>Years</u>	Current <u>Year</u>		
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	36,800	62		62	36,738
Total Program Year 2004	531,000	486,232	-	486,232	44,768
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	89,908	89,908		89,908	
Total Program Year 2005	506,908	506,908	-	506,908	-

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, 2017

	Total Authorized <u>Revenues</u>	Actual			Variance Positive (Negative)
		Reported In Prior <u>Years</u>	Current <u>Year</u>	Total <u>To Date</u>	
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	67,281	67,281		67,281	
Total Program Year 2006	459,669	459,669	-	459,669	-
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	49,642	49,642		49,642	
Total Program Year 2007	374,661	374,661	-	374,661	-

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, 2017

	Total Authorized <u>Revenues</u>	Actual		Total <u>To Date</u>	Variance Positive <u>(Negative)</u>
		Reported In Prior <u>Years</u>	Current <u>Year</u>		
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	55,484	54,976		54,976	508
Total Program Year 2008	402,606	402,098	-	402,098	508
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	98,000	97,652		97,652	348
Total Program Year 2009	428,191	427,844	-	427,844	347

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, 2017

	Total Authorized <u>Revenues</u>	Actual			Variance Positive (Negative)
		Reported In Prior <u>Years</u>	Current <u>Year</u>	Total <u>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	<u>98,000</u>	<u>70,091</u>	<u>602</u>	<u>70,693</u>	<u>27,307</u>
Total Program Year 2010	<u>398,374</u>	<u>370,465</u>	<u>602</u>	<u>371,067</u>	<u>27,307</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, 2017

	Total Authorized <u>Revenues</u>	Actual		Total <u>To Date</u>	Variance Positive (Negative)
		Reported In Prior <u>Years</u>	Current <u>Year</u>		
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 Construction	10,171	10,170		10,170	1
Training Program	65,000	65,000		65,000	
Administration	98,000	57,305	390	57,695	40,305
Total Program Year 2011	517,072	476,376	390	476,766	40,306

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, 2017

	Total Authorized <u>Revenues</u>	Actual		Total <u>To Date</u>	Variance Positive <u>(Negative)</u>
		Reported In Prior <u>Years</u>	Current <u>Year</u>		
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	63,090	63,090		63,090	
Project					
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	<u>62,000</u>	<u>54,340</u>		<u>54,340</u>	<u>7,660</u>
Total Program Year 2012	<u>555,340</u>	<u>547,680</u>	<u>-</u>	<u>547,680</u>	<u>7,660</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, 2017

	Total Authorized <u>Revenues</u>	Actual		Total <u>To Date</u>	Variance Positive (<u>Negative</u>)
		Reported In Prior <u>Years</u>	Current <u>Year</u>		
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	17,838	17,839		17,839	(1)
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	<u>62,000</u>	<u>54,339</u>		<u>54,339</u>	<u>7,661</u>
Total Program Year 2013	<u>461,813</u>	<u>440,921</u>	<u>-</u>	<u>440,921</u>	<u>20,892</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, 2017

	Total Authorized <u>Revenues</u>	Actual		Variance Positive (Negative)
		Reported In Prior <u>Years</u>	Current <u>Year</u>	
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	9,399	9,399		9,399
Allied Churches Upgrade	74,281	65,168		65,168 9,113
Construction				
Training Program	65,000	65,000		65,000
Burl Development Corp	7,239			
Administration	<u>62,000</u>	<u>54,408</u>		<u>54,408 7,239</u>
Total Program Year 2014	<u>433,585</u>	<u>410,074</u>	<u>-</u>	<u>410,074 23,511</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, 2017

	Total Authorized Revenues	Actual		Total To Date	Variance Positive (Negative)
		Reported In Prior Years	Current Year		
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2015:					
Public Works Facilities,					
Site Improvements:					
Friendly Ave Culvert	72,917	25,449		25,449	47,468
Mebane St Crosswalk Project					
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 Construction	7,000	7,000		7,000	
Training Program	65,000	65,000		65,000	
Burl Development Corp Administration	19,903 68,093	27,142 42,593	15,659	27,142 58,252	(7,239) 9,841
Total Program Year 2015	410,510	363,518	15,659	379,177	31,333
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	38,034	52,041	9
Fairchild Park Gym upgrades	140,000	140,000		140,000	
Relocation Construction	4,000	4,000		4,000	
Training Program	65,000	65,000		65,000	
Burl Development Corp Administration	23,843 47,112	23,960	(183) 16,235	23,777 16,235	66 30,877
Total Program Year 2016	445,000	359,962	54,086	414,048	30,952

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, 2017

	Total Authorized <u>Revenues</u>	Actual			Variance Positive (Negative)
		Reported In Prior <u>Years</u>	Current <u>Year</u>	Total <u>To Date</u>	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2017:					
Provision of Public Services:					
North Park Library	10,000		10,000	10,000	
RTS Hall Avenue					
Upgrade	18,200		18,200	18,200	
Allied Churches					
Upgrade	15,000		15,000	15,000	
Thataway					
Upgrades	37,000		37,000	37,000	
Relocation	2,000		526	526	1,474
Construction					
Training Program	65,000		65,000	65,000	
Allied Church					
Assessment	15,000		15,000	15,000	
Family Abuse					
Service Upgrades	31,935		31,935	31,935	
Richmond Hill	83,555		35,870	35,870	47,685
Ralph Scott					
Life Upgrades	54,390		54,390	54,390	
Burl Development Corp	25,209		25,209	25,209	
Administration	47,112		1,875	1,875	45,237
Total Program Year 2017	404,401	-	310,005	310,005	94,396

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, 2017

	Total Authorized <u>Revenues</u>	Actual		Total <u>To Date</u>	Variance Positive (Negative)
		Reported In Prior <u>Years</u>	Current <u>Year</u>		
Expenditures (continued): Economic and Physical Development (continued):					
Total Expenditures	<u>6,329,130</u>	<u>5,626,408</u>	<u>380,742</u>	<u>6,007,150</u>	<u>321,980</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>138,946</u>	<u>(21,969)</u>	<u>116,977</u>	<u>116,977</u>
Other Financing Sources (Uses): Transfers from (to) other funds:					
Mebane St.					
St. John Culvert	(117,450)	(117,446)		(117,446)	4
Rehabilitation Loan	<u>215,999</u>				<u>(215,999)</u>
Total Other Financing (Uses)	<u>98,549</u>	<u>(117,446)</u>	<u>-</u>	<u>(117,446)</u>	<u>(215,995)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 98,549	<u>\$ 21,500</u>	(21,969)	<u>\$ (469)</u>	<u>\$ (99,018)</u>
Fund balance, appropriated	<u>(98,549)</u>				
Net change in fund balance	<u>\$ -</u>				
Fund balance, beginning			<u>15,667</u>		
Fund balance, ending			<u>\$ (6,302)</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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment Earnings	\$ -	\$ 15	\$ -
Miscellaneous			
Interest on loans		15,370	
	<u>16,000</u>	<u>15,385</u>	<u>(615)</u>
Total Revenues			
Expenditures:			
Economic and Physical			
Development:			
Operating Expenditures		37,051	
Provision for bad debts		39,425	
	<u>166,950</u>	<u>76,476</u>	<u>90,474</u>
Total Expenditures			
Revenues Over (Under)			
Expenditures	(150,950)	(61,091)	<u>\$ 89,859</u>
Fund balance, appropriated	<u>150,950</u>		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>2,026,157</u>	
Fund balance, ending		<u>\$ 1,965,066</u>	

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
From Inception and For The Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ -	\$ -
Miscellaneous			
Interest on loans		12,989	
Miscellaneous income		504	
Total Revenues	<u>2,000</u>	<u>13,493</u>	<u>11,493</u>
Expenditures:			
Economic and Physical Development:			
Provision for bad debts		(791)	
Total Expenditures	<u>10,000</u>	<u>(791)</u>	<u>10,791</u>
Revenues Over (Under) Expenditures	<u>(8,000)</u>	<u>14,284</u>	<u>22,284</u>
Other Financing Sources (Uses)			
Transfer from other funds:			
Home Program Project	(18,198)	(12,681)	(5,517)
Total other financing sources	<u>(18,198)</u>	<u>(12,681)</u>	<u>(5,517)</u>
Revenues Over (Under) Expenditures	(21,198)	1,603	<u>\$ 16,767</u>
Fund balance, appropriated	26,198		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>943,863</u>	
Fund balance, ending		<u>\$ 945,466</u>	

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND – DOWNTOWN SPECIAL TAX DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For The Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ -	\$ 129,112	\$ -
Tax discounts		(482)	
Total	<u>115,000</u>	<u>128,630</u>	<u>13,630</u>
Sales and Service:			
Parade Holiday Events			
Farmers Market			
Promotional Sales			
Total	<u>201,100</u>	<u></u>	<u>(201,100)</u>
Total Revenues	<u>316,100</u>	<u>128,630</u>	<u>(187,470)</u>
Expenditures:			
Economic and Physical Development:			
Salaries and employee benefits			
Operating expenditures		128,630	
Provision for bad debts			
Total Expenditures	<u>341,200</u>	<u>128,630</u>	<u>212,570</u>
Revenues Over (Under) Expenditures	<u>(25,100)</u>	<u>14,284</u>	<u>22,284</u>
Other Financing Sources (Uses)			
Transfer from other funds:			
Energy Efficiency			
Upgrade Main Street 2			
Total other financing sources	<u></u>	<u></u>	<u></u>
Revenues Over (Under) Expenditures	(25,100)		<u>\$ 25,100</u>
Fund balance, appropriated	25,100		
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 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For The Fiscal Year Ended June 30, 2017

	Total Authorized Revenues	Actual		Total To Date	Variance Positive (Negative)
		Reported In Prior Years	Current Year		
Revenues:					
Restricted					
Intergovernmental:					
Federal Grant	\$ 5,001,938	\$ 4,502,124	\$ -	\$ 4,502,124	\$ (499,814)
Federal Grant					
County	2,105,513	1,845,656		1,845,656	(259,857)
State Grant		2,667		2,667	2,667
Local Funds	<u>36,465</u>	<u>6,481</u>		<u>6,481</u>	<u>(29,984)</u>
Total	<u>7,209,179</u>	<u>6,356,928</u>		<u>6,356,928</u>	<u>(786,988)</u>
Miscellaneous					
Program income	1,061,163	689,335		689,335	(371,828)
Miscellaneous income	<u></u>	<u>25</u>		<u>25</u>	<u>25</u>
Total	<u>1,061,163</u>	<u>689,360</u>		<u>689,360</u>	<u>(371,803)</u>
Total Revenues	<u>8,270,342</u>	<u>7,046,288</u>		<u>7,046,288</u>	<u>(1,158,791)</u>
Expenditures:					
Economic and Physical					
Development:					
Administrative	484,439	398,635		398,365	85,804
Homebuyer assistance	166,167	53,353		53,353	112,814
CHDO project assistance	1,040,886	940,286		940,286	100,600
Rehabilitation-owner	6,719,492	2,723,488		2,723,488	3,996,004
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	910,000	393,462		393,462	516,538
Provision for bad debts	<u></u>	<u>436,738</u>		<u>436,738</u>	<u>(436,738)</u>
Total Expenditures	<u>9,736,515</u>	<u>5,163,685</u>		<u>5,163,685</u>	<u>4,572,830</u>
Revenues Over (Under)					
Expenditures	<u>(1,466,173)</u>	<u>1,882,603</u>		<u>1,882,603</u>	<u>3,414,039</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND – HOME FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For The Fiscal Year Ended June 30, 2017

	Total Authorized <u>Revenues</u>	Actual		Total <u>To Date</u>	Variance Positive <u>(Negative)</u>
		Reported In Prior <u>Years</u>	Current <u>Year</u>		
Other Financing Sources:					
Transfer from other funds:					
HOME Investment Partnership Project Fund		450,726		450,726	450,726
Rental Rehabilitation Loan Program	746,985	768,288		768,288	21,303
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>746,985</u>	<u>1,595,366</u>		<u>1,595,366</u>	<u>848,381</u>
Revenues and Other Sources Over (Under) Expenditures	\$ (719,188)	<u>\$ 3,477,969</u>	-	<u>\$ 3,477,969</u>	<u>\$ 4,262,420</u>
Fund balance, beginning	<u>719,188</u>		<u>3,477,969</u>		
Fund balance, ending	<u>\$ -</u>		<u>\$ 3,477,969</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, 2017

	Total Authorized Revenues	Actual		Total To Date	Variance Positive (Negative)
		Reported In Prior Years	Current Year		
Revenues:					
Restricted Intergovernmental:					
State Grant	\$ 96,890	\$ -	\$ 88,821	\$ 88,821	\$ (8,069)
Total Revenues	<u>96,890</u>	<u>-</u>	<u>88,821</u>	<u>88,821</u>	<u>(8,069)</u>
Expenditures					
Public Safety:					
Salaries and Employee benefits	53,210		63,190	63,190	(9,980)
Operating Expenditures	67,980	10,428	2,618	13,046	54,934
Equipment	8,000	16,829		16,829	(8,829)
Total Expenditures	<u>129,190</u>	<u>27,257</u>	<u>65,808</u>	<u>93,065</u>	<u>36,125</u>
Revenues Over (Under) Expenditures	<u>(32,300)</u>	<u>(27,257)</u>	<u>23,013</u>	<u>(4,244)</u>	<u>28,056</u>
Other Financing Sources:					
Transfer from other funds:					
General Fund	32,300	32,300		32,300	
Total Other Financing Sources	<u>32,300</u>	<u>32,300</u>	<u>-</u>	<u>32,300</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenditures Other Uses	\$ <u>-</u>	\$ <u>5,043</u>	23,013	\$ <u>28,056</u>	\$ <u>28,056</u>
Fund balance, beginning			<u>5,043</u>		
Fund balance, ending			\$ <u>28,056</u>		

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND – RICO FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For The Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental			
RICO Funds	\$ -	\$ 62,373	\$ -
Department of Treasury		15,572	
Investment Earnings			
Total Revenues		<u>77,945</u>	<u>77,945</u>
Expenditures:			
Public Safety:			
RICO Funds		<u>228,014</u>	
Total Expenditures	<u>226,777</u>	<u>228,014</u>	<u>(1,237)</u>
Revenues Over (Under)			
Expenditures	(226,777)	(150,069)	<u>\$ 76,708</u>
Fund balance, appropriated	<u>226,777</u>		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>327,375</u>	
Fund balance, ending		<u>\$ 177,306</u>	

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND – EDWARDS BYRNE 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, 2017

	Total Authorized Revenues	Actual			Variance Positive (Negative)
		Reported In Prior Years	Current Year	Total To Date	
Revenues:					
Restricted Intergovernmental:					
State Grant	\$ 959,383	\$ 863,967	\$ 50,940	\$ 914,907	\$ (44,476)
Total Revenues	<u>959,383</u>	<u>863,967</u>	<u>50,940</u>	<u>914,907</u>	<u>(44,476)</u>
Expenditures					
Public Safety:					
Operating Expenditures	366,854	260,273		260,273	106,581
Equipment	<u>684,106</u>	<u>540,051</u>	<u>54,764</u>	<u>594,815</u>	<u>89,291</u>
Total Expenditures	<u>1,050,960</u>	<u>800,324</u>	<u>54,764</u>	<u>855,088</u>	<u>195,872</u>
Revenues Over (Under) Expenditures	<u>(91,577)</u>	<u>63,643</u>	<u>(3,824)</u>	<u>59,819</u>	<u>151,396</u>
Other Financing Sources:					
Transfer from other funds:					
RICO Fund	<u>58,957</u>	<u>58,597</u>		<u>58,957</u>	
Total Other Financing Sources	<u>58,957</u>	<u>58,957</u>		<u>58,957</u>	
Revenues and Other Sources Over (Under) Expenditures Other Uses	<u>\$ (32,620)</u>	<u>\$ 122,600</u>	(3,824)	<u>\$ 118,776</u>	<u>\$ 151,396</u>
Fund balance, beginning			<u>122,600</u>		
Fund balance, ending			<u>\$ 118,776</u>		

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND – GUILFORD MACKINTOSH FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For The Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Unrestricted Intergovernmental:			
Guilford County Reimbursements	\$ -	\$ -	\$ -
	<u>140,000</u>	<u>133,667</u>	<u>(6,333)</u>
Total			
Sales and Service:			
Boat rentals		27,232	
Fishing fees		5,920	
Boat launch fees		6,640	
Concession sales		1,950	
Shelter rentals		4,200	
House rentals		3,115	
	<u>38,000</u>	<u>49,057</u>	<u>11,057</u>
Total			
Total Revenues	<u>178,000</u>	<u>182,724</u>	<u>4,724</u>
Expenditures:			
Cultural and Recreation:			
Salaries and employee benefits		137,049	
Operating expenditures		445,675	
	<u>178,000</u>	<u>182,724</u>	<u>(4,724)</u>
Total Expenditures			
Revenues Over (Under) Expenditures			<u>\$ -</u>
Fund balance, beginning		<u>-</u>	
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
From Inception and For The Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Unrestricted Intergovernmental Controlled substance funds	\$ -	\$ 22,691	\$ -
Total Revenues	<u> </u>	<u>22,691</u>	<u>22,691</u>
Expenditures:			
Public Safety:			
Salaries and employee benefits		99	
RICO Funds	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>46,898</u>	<u>99</u>	<u>46,799</u>
Revenues Over (Under) Expenditures	(46,898)	22,592	<u>\$ 69,490</u>
Fund balance, appropriated	<u>46,898</u>		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>67,642</u>	
Fund balance, ending		<u>\$ 90,234</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
From Inception and For The Fiscal Year Ended June 30, 2017

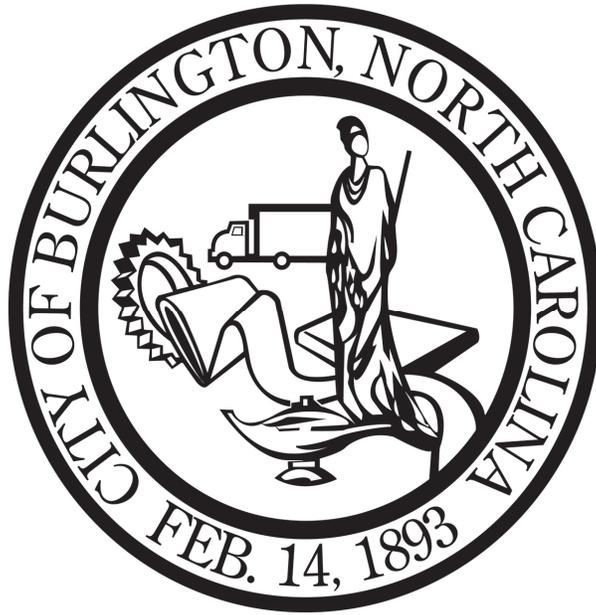
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental:			
State Grant	\$ -	\$ 112,536	\$ -
Bike/Pedes Trans Plan Fee			
Interest			
Total Revenues	<u>310,576</u>	<u>112,536</u>	<u>(198,040)</u>
Expenditures:			
Economic and Physical			
Development:			
Salaries and employee		79,763	
benefits		60,900	
Operating expenditures			
Special projects			
Total Expenditures	<u>385,095</u>	<u>140,663</u>	<u>244,432</u>
Revenues Over (Under)			
Expenditures	<u>(74,519)</u>	<u>(28,127)</u>	<u>46,392</u>
Other Financing Sources (Uses)			
Transfer from other funds:			
General Fund	<u>74,519</u>	<u>74,519</u>	
Total other financing sources	<u>74,519</u>	<u>74,519</u>	
Revenues Over (Under)			
Expenditures	-	46,392	<u>\$ 46,392</u>
Fund balance, appropriated	-		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>465,503</u>	
Fund balance, ending		<u>\$ 511,895</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, 2017

	Total Authorized Revenues	Actual			Variance Positive (Negative)
		Reported In Prior Years	Current Year	Total To Date	
Revenues:					
State Grant	\$ <u>48,100</u>	\$ <u>48,100</u>	\$ <u>-</u>	\$ <u>48,100</u>	\$ <u>-</u>
Total Revenues	<u>48,100</u>	<u>48,100</u>		<u>48,100</u>	
Expenditures:					
Operating Expenditures	<u>58,898</u>	<u>45,286</u>	<u>1,196</u>	<u>46,482</u>	<u>12,416</u>
Total Expenditures	<u>58,898</u>	<u>45,286</u>	<u>1,196</u>	<u>46,482</u>	<u>12,416</u>
Revenues and Other Sources Over (Under) Expenditures Other Uses	\$ <u>(10,798)</u>	\$ <u>2,814</u>	(1,196)	\$ <u>1,618</u>	\$ <u>(12,416)</u>
Fund balance, appropriated	10,798				
Net change in fund balance	\$ <u>-</u>				
Fund balance, beginning			<u>2,815</u>		
Fund balance, ending			\$ <u>1,619</u>		

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND – BUREAU JUST ASST COMM OREINTED POLICING GRANT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and For The Fiscal Year Ended June 30, 2017

	Total Authorized Revenues	Actual		Total To Date	Variance Positive (Negative)
		Reported In Prior Years	Current Year		
Revenues:					
Restricted Intergovernmental:					
State Grant	<u>\$ 1,592,823</u>	<u>\$ 839,320</u>	<u>\$ 56,671</u>	<u>\$ 895,991</u>	<u>\$ (696,832)</u>
Total Revenues	<u>1,592,823</u>	<u>839,320</u>	<u>56,671</u>	<u>895,991</u>	<u>(696,832)</u>
Expenditures					
Public Safety:					
Salaries and employee benefits	<u>1,971,132</u>	<u>972,397</u>	<u>125,176</u>	<u>1,097,573</u>	<u>873,559</u>
Total Expenditures	<u>1,971,132</u>	<u>972,397</u>	<u>125,176</u>	<u>1,097,573</u>	<u>873,559</u>
Revenues Over (Under) Expenditures	<u>(378,309)</u>	<u>(133,077)</u>	<u>(68,505)</u>	<u>(201,582)</u>	<u>176,727</u>
Other Financing Sources:					
Transfer from other funds:					
General Fund	<u>378,309</u>	<u>133,077</u>	<u>245,029</u>	<u>378,106</u>	<u>(203)</u>
Total Other Financing Sources	<u>378,309</u>	<u>133,077</u>	<u>245,029</u>	<u>378,106</u>	<u>(203)</u>
Revenues and Other Sources Over (Under) Expenditures Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>176,524</u>	<u>\$ 176,524</u>	<u>\$ 176,524</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 176,524</u>		



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, 2017

	Drainage Improvement Project Fund	ERP System Project Fund	Trans Sidewalks & Intersections Fund	Animal Shelter Fund	Fire Station No. 6 Fund	<u>Totals</u>
ASSETS:	\$ -	\$ 458,454	\$ 2,372,500	\$ 365,263	\$ -	\$ 3,196,217
Cash and cash equivalents						
Receivables:						
Accounts						
Due from other funds						
Total Assets		458,454	2,372,500	365,263		3,196,217
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable and accrued liabilities	\$	\$	\$	\$ 14,488	\$	\$ 14,488
Deferred Revenue						
Due to other funds						
Total Liabilities				14,488		14,488
Fund Balances						
Committed for Capital Improvements	\$	\$ 458,454	\$ 2,372,500	\$ 350,775	\$	\$ 3,181,729
Unassigned						
Total Fund Balances		458,454	2,372,500	350,775		3,181,729
Total Liabilities and Fund Balances	\$ -	\$ 458,454	\$ 2,372,500	\$ 365,263	\$ -	\$ 3,196,217

CITY OF BURLINGTON, NORTH CAROLINA
 ALL CAPITAL PROJECT FUNDS
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For The Fiscal Year Ended June 30, 2017

	Drainage Improvement Project Fund	ERP System Project Fund	Trans Sidewalks & Intersections Fund	Animal Shelter Fund	Fire Station No. 6 Fund	Totals
Revenues:						
Restricted						
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,385	\$ -	\$ 1,385
Investment Earnings	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u> </u>	<u> </u>	<u> </u>	<u>1,385</u>	<u> </u>	<u>1,385</u>
Expenditures:						
Capital						
Improvements	<u> </u>	<u>159,817</u>	<u> </u>	<u>130,610</u>	<u>302,755</u>	<u>593,182</u>
Total Expenditures	<u> </u>	<u>159,817</u>	<u> </u>	<u>130,610</u>	<u>302,755</u>	<u>593,182</u>
Revenues Over (Under) Expenditures	<u> </u>	<u>(159,817)</u>	<u> </u>	<u>(129,225)</u>	<u>(302,755)</u>	<u>(591,797)</u>
Other Financing Sources:						
Transfer from other funds	25,000		2,372,500	480,000		2,877,500
Transfer to other funds	<u>(468,660)</u>	<u> </u>	<u> </u>	<u> </u>	<u>(438,371)</u>	<u>(907,031)</u>
Total Other Financing Sources	<u>(443,660)</u>		<u>2,372,500</u>	<u>480,000</u>	<u>(438,371)</u>	<u>1,970,469</u>
Net change in fund balance	<u>(443,660)</u>	<u>(159,817)</u>	<u>2,372,500</u>	<u>350,775</u>	<u>(741,126)</u>	<u>1,378,672</u>
Total Fund Balances	<u>443,660</u>	<u>618,271</u>	<u> </u>	<u> </u>	<u> </u>	<u>1,803,057</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 458,454</u>	<u>\$ 2,372,500</u>	<u>\$ 350,775</u>	<u>\$ -</u>	<u>\$ 3,181,729</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
 From Inception and For The Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ -	\$ -
Total Revenues	<u> </u>	<u> </u>	<u> </u>
Expenditures:			
Supplies			
Construction	25,000	<u> </u>	25,000
Total Expenditures	<u>25,000</u>	<u> </u>	<u>25,000</u>
Revenues Over (Under) Expenditures	(25,000)		(25,000)
Other Financing Sources (Uses)			
Transfer from other funds:			
Capital Reserve	25,000	25,000	
Transfer to other funds:			
Capital Reserve	<u>(468,700)</u>	<u>(468,660)</u>	<u>40</u>
Revenues and Other Sources Over (Under) Expenditures	\$ (468,700)	(443,660)	<u>\$ (24,960)</u>
Fund balance, beginning		<u>443,660</u>	
Fund balance, ending		<u>\$ -</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, 2017

	Total Authorized Revenues	Actual		Total To Date	Variance Positive (Negative)
		Reported In Prior Years	Current Year		
Revenues:					
State Grant	\$ -	\$ 4,342	\$ -	\$ 4,342	\$ 4,342
Total Revenues		4,342		4,342	4,342
Expenditures					
Professional Services	50,000	152,875	32	152,907	(102,907)
Travel-Consultants		18,522	6,920	25,442	(25,442)
Software	2,099,250	1,037,943	142,350	1,180,293	918,957
Misc-Contract Fees – 1 yr					
Equipment-Hardware	157,000	439,416	9,287	448,703	(291,703)
Other Equipment	201,500	155,540	1,228	156,768	44,732
Supplies		36,026		36,026	(36,026)
Total Expenditures	2,507,750	1,840,322	159,817	2,000,139	507,611
Revenues Over (Under) Expenditures	(2,507,750)	(1,835,980)	(159,817)	(1,995,797)	511,953
Other Financing Sources:					
Transfer from other funds:					
Capital Reserve	812,650	812,650		812,650	
Water and Sewer	398,100	398,100		398,100	
General Fund	1,243,500	1,243,500		1,243,500	
Total Other Financing Sources	2,454,250	2,454,250		2,454,250	
Revenues and Other Sources Over (Under) Expenditures Other Uses	\$ (53,500)	\$ 618,270	(159,817)	\$ 458,453	\$ 511,953
Fund balance, appropriated	53,500				
Net change in fund balance	\$ -				
Fund balance, beginning			618,271		
Fund balance, ending			\$ 458,454		

CITY OF BURLINGTON, NORTH CAROLINA
 CAPITAL PROJECTS FUND – TRANSPORTATION SIDEWALKS & INTERSECTIONS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 From Inception and For The Fiscal Year Ended June 30, 2017

	Total Authorized Revenues	Actual			Variance Positive (Negative)
		Reported In Prior Years	Current Year	Total To Date	
Revenues:					
NCDOT Grant	\$ 143,000	\$ -	\$ -	\$ -	\$ (143,000)
Total Revenues	143,000				(143,000)
Expenditures					
Transit Ped Improv. Project	1,540,000				1,540,000
Graham Hopedale & Mebane	550,500				550,000
Oneal/Rockwood/Edgewood	100,000				100,000
Forestdale Widening	250,000				250,000
Mebane & Beaumont	75,000				75,000
Total Expenditures	2,515,500				2,515,500
Revenues Over (Under) Expenditures	(2,372,500)				2,372,500
Other Financing Sources:					
Transfer from other funds:					
Capital Reserve	932,500		932,500	932,500	
Transportation Fund	1,440,000		1,440,000	1,440,000	
Total Other Financing Sources	2,372,500		2,372,500	2,372,500	
Revenues and Other Sources Over (Under) Expenditures Other Uses	\$ -	\$ -	2,372,500	\$ 2,372,500	\$ 2,732,500
Fund balance, appropriated	-				
Net change in fund balance	\$ -				
Fund balance, beginning			-		
Fund balance, ending			\$ 2,372,500		

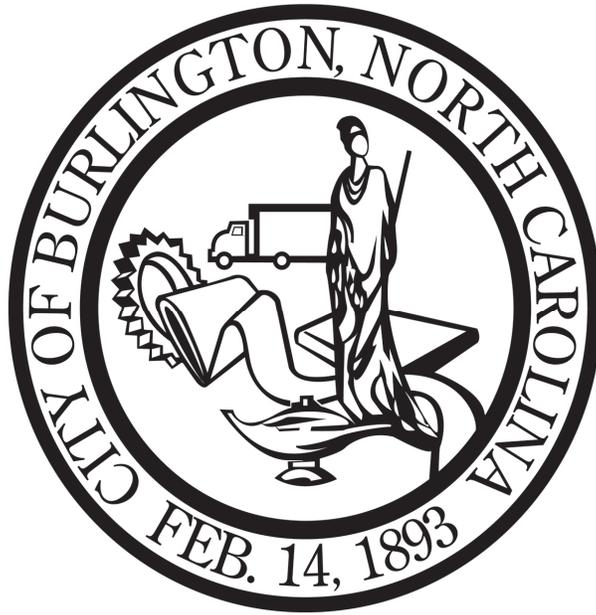
CITY OF BURLINGTON, NORTH CAROLINA
 CAPITAL PROJECTS FUND – ANIMAL SHELTER
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 From Inception and For The Fiscal Year Ended June 30, 2017

	Total Authorized Revenues	Actual		Total To Date	Variance Positive (Negative)
		Reported In Prior Years	Current Year		
Revenues:					
Donations – Animal Shelter Building	\$ -	\$ -	\$ 1,385	\$ 1,385	\$ 1,385
Total Revenues			1,385	1,385	1,385
Expenditures:					
Professional Services	480,000		130,610	130,610	349,390
Total Expenditures	480,000	1,196	130,640	130,610	349,390
Other Financing Sources:					
Transfer from other funds:					
Op. Transfer In General Fund	480,000		480,000	480,000	
Total Other Financing Sources	480,000		480,000	480,000	
Revenues and Other Sources Over (Under) Expenditures Other Uses	\$ -	\$ -	350,775	\$ 350,775	\$ 350,775
Fund balance, appropriated	-				
Net change in fund balance	\$ -				
Fund balance, beginning			-		
Fund balance, ending			\$ 350,775		

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, 2017

	Total Authorized Revenues	Actual		Total To Date	Variance Positive (Negative)
		Reported In Prior Years	Current Year		
Revenues:					
Investment Earnings	\$ -	\$ 427	\$ -	\$ 427	\$ 427
Total Revenues		427		427	427
Expenditures					
Professional Services	238,660	17,291	1,343	18,634	220,026
Equipment/Construction Not Capitalized			18,044	18,044	(18,044)
Buildings	4,334,088	3,377,825	249,468	3,627,293	706,795
Equipment	560,000	258,185	33,900	292,085	267,915
Contingency	95,020				95,020
Total Expenditures	5,227,768	3,653,301	302,755	3,956,056	1,271,712
Revenues Over (Under) Expenditures	(5,227,768)	(3,652,874)	(302,755)	(3,955,629)	1,272,139
Other Financing Sources:					
Transfer from other funds:					
Capital Reserve	4,094,000	4,094,000		4,094,000	
General Fund	300,000	300,000		300,000	
Transfer to other funds:					
Capital Reserve	(439,550)		(438,371)	(438,371)	1,179
Total Other Financing Sources	3,954,450	4,394,000	(438,371)	3,955,629	1,179
Revenues and Other Sources Over (Under) Expenditures Other Uses	\$(1,273,318)	\$ 741,126	(741,126)	\$ -	\$ 1,273,318
Fund balance, appropriated	1,273,318				
Net change in fund balance	\$ -				
Fund balance, beginning			741,126		
Fund balance, ending			\$ -		





ENTERPRISE FUNDS
Individual Fund Schedules

CITY OF BURLINGTON, NORTH CAROLINA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2017

	Public Transportation Fund	Storm Water Fund	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 10,815	\$3,207,764	\$ 3,218,579
Accounts receivable, net	674,338	257,985	932,323
Inventory	-	-	-
Due from other funds	-	-	-
Total current assets	<u>685,153</u>	<u>3,465,749</u>	<u>4,150,902</u>
Noncurrent assets:			
Depreciable capital assets, net	<u>968,319</u>	<u>584,874</u>	<u>1,553,193</u>
Total capital assets, net	<u>968,319</u>	<u>584,874</u>	<u>1,553,193</u>
Total Assets	<u>\$ 1,653,472</u>	<u>\$4,050,623</u>	<u>\$ 5,704,095</u>
Deferred Outflows of Resources			
Contributions to pension plan	<u>\$ -</u>	<u>\$ 9,960</u>	<u>\$ 9,960</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 2,096,384	\$ 34,062	\$ 2,130,446
Compensated absences - current	-	895	895
Due to other funds	-	356,294	356,294
Total current liabilities	<u>2,096,384</u>	<u>391,251</u>	<u>2,487,635</u>
Noncurrent liabilities:			
Pension liability	-	15,559	15,559
Compensated absences	-	2,686	2,686
Total noncurrent liabilities	<u>-</u>	<u>18,245</u>	<u>18,245</u>
Total Liabilities	<u>2,096,384</u>	<u>409,496</u>	<u>2,505,880</u>
Deferred Inflows of Resources			
Pension deferrals	<u>-</u>	<u>791</u>	<u>791</u>
Fund Balances			
Net investment in capital assets	968,319	584,874	1,553,193
Unrestricted	<u>(1,411,231)</u>	<u>3,065,422</u>	<u>1,654,191</u>
Total Net Position	<u>\$ (442,912)</u>	<u>\$3,650,296</u>	<u>\$ 3,207,384</u>

CITY OF BURLINGTON, NORTH CAROLINA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
For The Fiscal Year Ended June 30, 2017

	Public Transportation Fund	Storm Water Fund	Totals
Operating Revenues:			
Charges for services	\$ 43,987	\$ 1,232,298	\$ 1,276,285
Other operating revenues	992,675	2,020	994,695
Total Operating Revenues	<u>1,036,662</u>	<u>1,234,318</u>	<u>2,270,980</u>
Operating Expenses:			
Administration	66,139	252,573	318,712
Operating expenditures	1,115,781	181,263	1,297,044
Depreciation	239,624	60,075	299,699
Total Operating Expenses	<u>1,421,544</u>	<u>493,911</u>	<u>1,915,455</u>
Operating income (loss)	<u>(384,882)</u>	<u>740,407</u>	<u>355,525</u>
Non-Operating Revenues (Expenses):			
Interest on investments	-	16,144	16,144
Income (loss) before capital contributions and transfers	<u>(384,882)</u>	<u>756,551</u>	<u>371,669</u>
Transfers to other funds	(1,440,000)	-	(1,440,000)
Transfers from other funds	308,939	-	308,939
Change in net position	(1,515,943)	756,551	(759,392)
Total net position - previously reported	-	2,893,745	2,893,745
Restatement	1,073,031	-	1,073,031
Total net position - restated	<u>1,073,031</u>	<u>2,893,745</u>	<u>3,966,776</u>
Total net position, ending	<u>\$ (442,912)</u>	<u>\$ 3,650,296</u>	<u>\$ 3,207,384</u>

CITY OF BURLINGTON, NORTH CAROLINA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
For The Fiscal Year Ended June 30, 2017

	Public Transportation Fund	Storm Water Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,277,381	\$ 1,160,780	\$ 2,438,161
Cash paid for goods and services	(28,315)	(193,805)	\$ (222,120)
Cash paid to or on behalf of employees for services	(66,139)	(243,913)	(310,052)
Net cash provided by operating activities	<u>1,182,927</u>	<u>723,062</u>	<u>1,905,989</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Increase (decrease) in interfund payables	-	347,017	347,017
Transfers from other funds	308,939	-	308,939
Transfers to other funds	(1,440,000)	-	(1,440,000)
Total cash flows used by noncapital financing activities	<u>(1,131,061)</u>	<u>347,017</u>	<u>(784,044)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(51,866)	(27,144)	(79,010)
Net cash used by capital and related financing activities	<u>(51,866)</u>	<u>(27,144)</u>	<u>(79,010)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	-	16,144	16,144
Net increase (decrease) in cash and cash equivalents	-	1,059,079	1,059,079
Balances-beginning of the year	10,815	2,148,685	2,159,500
Balances-end of the year	<u>10,815</u>	<u>3,207,764</u>	<u>3,218,579</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	(384,882)	740,407	355,525
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	239,624	60,075	299,699
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	188,002	(68,605)	119,397
(Increase) decrease in deferred outflows of resources pensions	-	(6,944)	(6,944)
Increase in net pension liability	-	12,200	12,200
Decrease in deferred inflows of resources pensions	-	(1,127)	(1,127)
Increase (decrease) in accounts payable and accrued liabilities	1,140,183	(12,542)	1,127,641
Increase (decrease) in accrued vacation payable	-	(402)	(402)
Net cash provided by operating activities	<u>1,182,927</u>	<u>723,062</u>	<u>1,905,989</u>

CITY OF BURLINGTON, NORTH CAROLINA
PUBLIC TRANSPORTATION FUND
SCHEDULE OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Alamance Co. Contribution	\$ 25,000	\$ 85,000	
ACC Contribution	25,000		
Hayden Harman Contribution	10,000		
United Way Contribution	25,000		
Transit Vehicle Tax	200,000	219,416	
State Development Grant	200,000	48,101	
Federal Reimbursement	1,557,756	611,612	
Gibsonville Reimbursement	35,000	28,546	
PART Card Sales	100,000	542	
Fare Box Revenue		42,553	
\$1 Replacement Cards		892	
	<u>2,177,756</u>	<u>1,036,662</u>	<u>(1,141,094)</u>
Total Operating Revenues	\$ 2,177,756	\$ 1,036,662	\$ (1,141,094)
Nonoperating Revenues:			
Other fees and charges			
	<u> </u>	<u> </u>	<u> </u>
Total Nonoperating Revenues			
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>2,177,756</u>	<u>1,036,662</u>	<u>(1,141,094)</u>
Expenditures:			
Salaries and employee benefits	102,695	66,139	
Operating expenditures	1,409,000	1,111,869	
Capital Outlay	(437,850)	55,781	
	<u>1,073,845</u>	<u>1,233,789</u>	<u>(159,944)</u>
Total Expenditures	1,073,845	1,233,789	(159,944)
Revenues Over (Under) Expenditures	<u>1,103,911</u>	<u>(197,127)</u>	<u>(1,301,038)</u>
Other Financing Sources (Uses):			
Transfers from other funds:			
General Fund	308,939	308,939	
Transfers to other funds:			
Transportation Sidewalks			
Intersection Improvements	(1,440,000)	(1,440,000)	
Workmen's Compensation Self Insurance Fund			
Water Capital Reserve			
Sewer Capital Reserve			
	<u>(1,131,061)</u>	<u>(1,131,061)</u>	<u> </u>
Total Other Financing Sources (Uses)	(1,131,061)	(1,131,061)	
Revenues and Other Sources Over (Under) Expenditures	(27,150)	\$ (1,328,188)	\$ (1,301,038)
Fund Equity Appropriated	<u>27,150</u>		
	<u>\$ -</u>		

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 PUBLIC TRANSPORTATION FUND
 SCHEDULE OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)
 For the Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Positive <u>(Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over Expenditures and other uses			
Reconciling Items:		(1,328,188)	
Depreciation		(239,624)	
Capital Outlay		51,869	
Increase in Vacation Payable			
Pension Expense			
Net Income		<u>\$ (1,515,943)</u>	

CITY OF BURLINGTON, NORTH CAROLINA
 STORM WATER FUND
 SCHEDULE OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)
 For the Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
Stormwater Fees	\$ 804,087	\$ 1,232,298	\$ 428,211
Permit Fees	<u> </u>	<u> 2,020</u>	<u> 2,020</u>
Total Operating Revenues	<u>\$ 804,087</u>	<u>\$ 1,234,318</u>	<u>\$ 430,231</u>
Nonoperating Revenues:			
Other fees and charges	<u> </u>	<u> 16,144</u>	<u> 16,144</u>
Total Nonoperating Revenues	<u> </u>	<u> 16,144</u>	<u> 16,144</u>
Total Revenues	<u>804,087</u>	<u>1,250,462</u>	<u>446,375</u>
Expenditures:			
Salaries and employee benefits	271,722	243,913	27,809
Operating expenditures	105,365	59,779	45,586
Capital Improvements	355,000	10,800	344,200
Engineering/Professional fees	170,000	121,484	48,516
Equipment	<u>17,000</u>	<u>16,344</u>	<u>656</u>
Total Expenditures	<u>919,087</u>	<u>452,320</u>	<u>466,767</u>
Revenues Over (Under) Expenditures	<u>(115,000)</u>	<u>798,142</u>	<u>913,142</u>
Other Financing Sources (Uses):			
Transfers from other funds:			
Mebane St/Grand Oaks	<u> </u>	<u> </u>	<u> </u>
Revenues Over (Under) Expenditures	<u>(115,000)</u>	<u>\$ 798,142</u>	<u>\$ 913,142</u>
Fund Equity Appropriated	<u>115,000</u>		
	<u>\$ -</u>		
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures		798,142	
Reconciling Items:			
Depreciation		(60,075)	
Capital Outlay		27,144	
Decrease in Vacation Payable		(402)	
Pension Expense			
Increase Deferred Outflow		6,944	
Increase in Pension Liability		(16,329)	
Decrease Deferred Inflow		<u>1,127</u>	
Net Income		<u>\$ 756,551</u>	

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER FUND
 SCHEDULE OF REVENUES, EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)
 For the Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
Water sales	\$ 12,728,090	\$ 13,261,239	\$ -
Sewer charges	15,732,649	16,250,535	
Water taps	140,000	256,115	
Sewer taps	25,000	110,605	
	<u>28,625,739</u>	<u>29,878,494</u>	<u>1,252,755</u>
Total Operating Revenues			
Other Operating Revenues:			
Interest on investments	150,000	444,154	
Interest on assessments	2,700	5,231	
Miscellaneous	280,620	333,141	
Water and sewer assessments	5,000	(2,200)	
Water line assessments	5,000	21,950	
Sewer line assessments	5,000	12,640	
Water connection fees	5,000	6,200	
Sewer connection fees	5,000	8,000	
State Grant	150,000		
Other fees and charges	88,500	315,275	
	<u>696,820</u>	<u>1,144,391</u>	<u>447,571</u>
Total Nonoperating Revenues			
Total Revenues	<u>29,322,559</u>	<u>31,022,885</u>	<u>1,700,326</u>
Expenditures:			
Building and Administrative-Water:			
Salaries and employee benefits	852,812	444,543	
Operating expenditures	583,968	454,982	
Reimbursement to General Fund	2,300,000	2,300,000	
	<u>3,736,780</u>	<u>3,199,525</u>	<u>537,255</u>
Total			
Customer Services:			
Salaries and employee benefits	664,521	572,309	
Maintenance	390,107	229,470	
Other operating expenditures	607,485	851,947	
	<u>1,662,113</u>	<u>1,653,726</u>	<u>8,387</u>
Total			
Supervision:			
Salaries and employee benefits	297,677	300,585	
Maintenance	14,000	8,047	
Other operating expenditures	63,300	42,165	
	<u>374,977</u>	<u>350,797</u>	<u>24,180</u>
Total			

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER FUND
 SCHEDULE OF REVENUES, EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)
 For the Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Water Line - Maintenance and Repairs:			
Salaries and employee benefits	425,367	369,500	
Maintenance	201,500	262,095	
Other operating expenditures	89,100	40,841	
Total	<u>715,967</u>	<u>672,436</u>	<u>43,531</u>
Sewer Line - Maintenance and Repairs:			
Salaries and employee benefits	365,326	315,112	
Maintenance	135,500	134,086	
Other operating expenditures	174,650	161,005	
Total	<u>675,476</u>	<u>610,203</u>	<u>65,273</u>
Water Line Service and Construction:			
Salaries and employee benefits	217,378	178,248	
Maintenance	69,200	56,436	
Other operating expenditures	58,750	38,328	
Materials - taps	130,000	122,466	
Materials – lines	48,000	30,882	
Total	<u>523,328</u>	<u>426,360</u>	<u>96,968</u>
Sewer Line Service and Construction:			
Salaries and employee benefits	139,274	133,138	
Other operating expenditures	67,250	10,237	
Materials - taps	30,000	29,238	
Materials – lines	60,328	386	
Total	<u>296,849</u>	<u>172,999</u>	<u>123,850</u>
Supervision:			
Salaries and employee benefits	558,225	551,942	
Maintenance	15,000	4,129	
Other operating expenditures	85,850	60,459	
Total	<u>659,075</u>	<u>616,530</u>	<u>42,545</u>
Water Sources - Protection:			
Salaries and employee benefits		3,936	
Utilities	110,000	101,870	
Maintenance	6,000	85,215	
Other operating expenditures	31,900	13,763	
Total	<u>210,900</u>	<u>204,784</u>	<u>6,116</u>

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CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER FUND
 SCHEDULE OF REVENUES, EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)
 For the Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Ed Thomas Water Plant:			
Salaries and employee benefits	500,941	524,889	
Chemicals	467,000	483,417	
Utilities	220,000	180,455	
Maintenance	108,500	109,269	
Other operating expenditures	<u>56,470</u>	<u>37,879</u>	
Total	<u>1,352,911</u>	<u>1,335,909</u>	<u>17,002</u>
Lake Mackintosh Water Plant:			
Salaries and employee benefits	543,131	563,893	
Chemicals	490,000	475,359	
Utilities	285,000	253,453	
Maintenance	295,000	242,800	
Other operating expenditures	<u>59,350</u>	<u>45,780</u>	
Total	<u>1,672,481</u>	<u>1,581,285</u>	<u>91,196</u>
South Burlington Waste Treatment Plant:			
Salaries and employee benefits	662,137	588,353	
Chemicals	115,000	148,941	
Utilities	510,000	495,400	
Maintenance	552,000	667,588	
Other operating expenditures	<u>96,290</u>	<u>52,418</u>	
Total	<u>1,935,427</u>	<u>1,952,700</u>	<u>(17,273)</u>
East Burlington Waste Treatment Plant:			
Salaries and employee benefits	845,548	726,523	
Chemicals	150,000	144,212	
Utilities	500,000	507,669	
Maintenance	605,430	592,028	
Other operating expenditures	98,075	60,985	
Sludge disposal	<u>235,500</u>	<u>172,589</u>	
Total	<u>2,434,553</u>	<u>2,204,006</u>	<u>230,547</u>
Laboratories:			
Salaries and employee benefits	376,571	366,121	
Maintenance	44,500	39,158	
Other operating expenditures	<u>118,800</u>	<u>130,745</u>	
Total	<u>593,871</u>	<u>536,024</u>	<u>3,847</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER FUND
 SCHEDULE OF REVENUES, EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)
 For the Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Plants Maintenance:			
Salaries and employee benefits	639,780	651,623	
Maintenance	105,000	52,790	
Other operating expenditures	<u>256,775</u>	<u>177,077</u>	
Total	<u>1,001,555</u>	<u>881,490</u>	<u>120,065</u>
Lakes and Marinas:			
Salaries and employee benefits	312,911	322,642	
Utilities	30,800	22,929	
Maintenance	20,470	19,921	
Other operating expenditures	<u>46,814</u>	<u>45,678</u>	
Total	<u>410,995</u>	<u>411,170</u>	<u>(175)</u>
Debt Service:			
Principal water bonds	1,115,780	1,113,078	
Interest - water bonds	537,355	537,301	
Principal - sewer bonds	2,057,220	2,057,220	
Interest - sewer bonds	<u>1,175,220</u>	<u>1,175,101</u>	
Total	<u>4,885,575</u>	<u>4,882,700</u>	<u>2,875</u>

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CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER FUND
 SCHEDULE OF REVENUES, EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)
 For the Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Capital Outlay:			
Water lines	331,770	1,800	
Miscellaneous water	579,650	316,442	
Sewer lines	4,586,050	3,649,820	
Miscellaneous sewer	842,000	164,821	
Miscellaneous water & sewer	<u>798,660</u>	<u>245,326</u>	
Total Capital Outlay	<u>7,138,130</u>	<u>4,378,209</u>	<u>2,759,921</u>
Total Expenditures	<u>30,226,963</u>	<u>26,070,853</u>	<u>4,156,110</u>
Revenues Over (Under) Expenditures	<u>(904,404)</u>	<u>4,952,032</u>	<u>5,856,436</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	(361,424)	(361,424)	
Workmen's Compensation			
Self Insurance Fund	(380,502)	(380,502)	
Water Capital Reserve	(883,215)	(883,215)	500,000
Sewer Capital Reserve	<u>(883,215)</u>	<u>(883,215)</u>	<u>500,000</u>
Total Other Financing Sources (Uses)	<u>(2,508,356)</u>	<u>(1,508,356)</u>	<u>1,000,000</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(3,412,760)	<u>\$ 3,443,676</u>	<u>\$ 6,856,436</u>
Fund Equity Appropriated	3,412,760		
	<u>\$ -</u>		

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER FUND
 SCHEDULE OF REVENUES, EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)
 For the Fiscal Year Ended June 30, 2017

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

Revenues and other sources over expenditures and other uses

Reconciling Items:	\$ 3,443,676
Bond principal payments	3,170,298
Amortization of gain on defeasance	11,668
Amortization of bond premium	42,061
Capital outlay	4,378,209
Operating transfers (in) out	766,430
Increase in inventories	35,978
Decrease in accrued interest payable	75,997
Decrease in accrued vacation pay	40,161
Increase in accrued OPEB liability	(36,344)
Depreciation	(6,109,082)
Pension expense	
Increase deferred outflow	687,452
Increase in pension liability	(1,738,338)
Capital projects revenues	2,656,707
Capital projects expenditures	(85,153)
Decrease deferred inflow	<u>111,643</u>
Net Income	<u><u>\$ 7,451,363</u></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, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment Earnings	\$ -	\$ 220,522	\$ 220,522
Total Revenues	<u> </u>	<u>220,522</u>	<u>220,522</u>
Expenditures:			
Capital Outlay	1,483,715	<u> </u>	<u>1,483,715</u>
Total Expenditures	<u>1,483,715</u>	<u> </u>	<u>1,483,715</u>
Revenues Over (Under) Expenditures	<u>(1,483,715)</u>	<u>220,522</u>	<u>1,704,237</u>
Other Financing Sources (Uses):			
Transfer from other funds:			
Water and Sewer Fund	883,215	383,215	
Hwy 87 Ossipee Water Line	600,500	600,317	
Mebane St/Grand Oaks Water	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	<u>1,483,715</u>	<u>983,532</u>	<u>(500,183)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses		\$ 1,204,054	<u><u>\$ 1,204,054</u></u>
Fund balance Appropriated	<u> </u>		
Net change in fund balance	\$ -		
Fund balance, beginning		<u>12,113,482</u>	
Fund balance, ending		<u><u>\$ 13,317,536</u></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, 2017

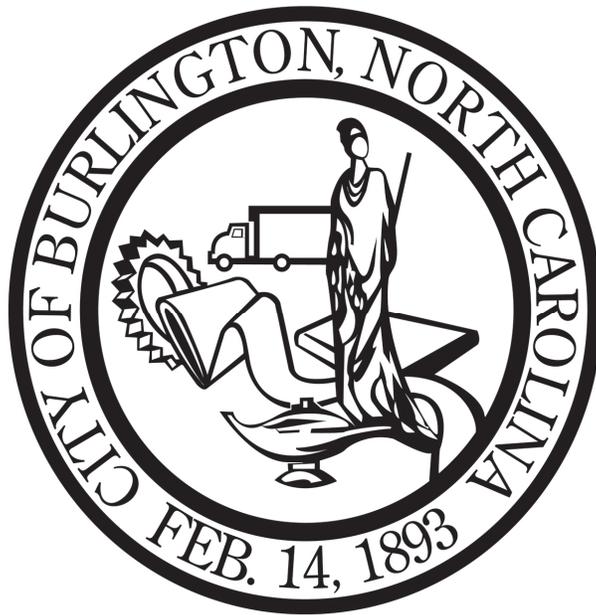
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment Earnings	\$ -	\$ 193,161	\$ 193,161
Total Revenues	<u> </u>	<u>193,161</u>	<u>193,161</u>
Expenditures:			
Capital Outlay	<u>883,215</u>	<u> </u>	<u>883,215</u>
Total Expenditures	<u>883,215</u>	<u> </u>	<u>883,215</u>
Revenues Over (Under) Expenditures	<u>(883,215)</u>	<u>193,161</u>	<u>1,076,376</u>
Other Financing Sources (Uses):			
Transfer from other funds:			
Water and Sewer Fund	883,215	383,215	(500,000)
Hwy 87 Ossipee Water Line			
Mebane St/Grand Oaks Water	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	<u>883,215</u>	<u>383,215</u>	<u>(500,000)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses		\$ 576,376	<u><u>\$ 576,376</u></u>
Fund balance Appropriated	<u> </u>		
Net change in fund balance	\$ -		
Fund balance, beginning		<u>10,680,174</u>	
Fund balance, ending		<u><u>\$ 11,256,550</u></u>	

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER CAPITAL PROJECTS – TANK REMOVAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)
 From Inception And For the Fiscal Year Ended June 30, 2017

	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		2,818		2,818	2,818
Sales tax refunds		520		520	520
Total Revenues	<u>335,000</u>	<u>506,092</u>	<u>-</u>	<u>506,092</u>	<u>171,092</u>
Expenditures:					
Tank Removal	835,000	866,696	-	866,696	(31,696)
Utilities		9,521	-	9,521	(9,521)
Remediation	120,600	-	-	-	120,600
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>(370,215)</u>	<u>-</u>	<u>(370,215)</u>	<u>250,475</u>
Other Financing Sources (Uses):					
Transfers from other funds:					
Water Capital Reserve Fund	500,000	500,000	-	500,000	-
Capital Reserve Fund	120,600	120,600	-	120,600	
Total Other Financing Sources	<u>620,600</u>	<u>620,600</u>	<u>-</u>	<u>620,600</u>	
Revenues and Other Sources					
Over (Under) Expenditures					
And Other Uses	\$ -	\$ 250,475	\$ -	\$ 250,475	\$ 250,475

CITY OF BURLINGTON, NORTH CAROLINA
WATER AND SEWER CAPITAL PROJECTS – HWY 87 OSSIPEE WATER LINE PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)
From Inception And For the Fiscal Year Ended June 30, 2017

	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)
Golden Leaf Grant	110,000				110,000
Ossipee Reimbursement			2,243,024	2,243,024	2,243,024
Total Revenues	<u>1,870,000</u>		<u>2,243,024</u>	<u>2,243,024</u>	<u>373,024</u>
Expenditures:					
Closing Cost	50,000				50,000
Hwy 87 Waterline	4,262,868	1,887,554	85,153	1,972,707	2,290,161
Contingency	312,583				312,583
Total Expenditures	<u>4,3625,451</u>	<u>1,887,554</u>	<u>85,153</u>	<u>1,972,707</u>	<u>2,652,744</u>
Revenues Over (Under) Expenditures	<u>(2,755,451)</u>	<u>(1,887,554)</u>	<u>2,157,871</u>	<u>270,317</u>	<u>3,025,768</u>
Other Financing Sources (Uses):					
Transfers from other funds:					
Water Capital Reserve Fund	330,000				(330,000)
Capital Reserve Fund					
Transfers to other funds:					
Water Capital Reserve Fund	(600,500)		(600,317)		(600,500)
Total Other Financing Sources	<u>(270,500)</u>		<u>(600,317)</u>		<u>(270,500)</u>
Revenues and Other Sources Over (Under) Expenditures And Other Uses	<u>\$ (3,025,951)</u>	<u>\$ (1,887,554)</u>	<u>\$ (1,557,554)</u>	<u>\$ 270,317</u>	<u>\$ 2,755,268</u>
Fund balance, appropriated	3,025,951				
Net change in fund balance	\$ -				
Fund balance, beginning			\$ (1,557,554)		
Fund balance, ending			\$ -		



INTERNAL SERVICE FUND
Combining Schedules
And Individual Fund Schedules

CITY OF BURLINGTON, NORTH CAROLINA
ALL INTERNAL SERVICE FUNDS
STATEMENT OF NET ASSETS
June 30, 2017

	<u>Dental Self Insurance Fund</u>	<u>Worker's Compensation Fund</u>	<u>Health Insurance Fund</u>	<u>Total Internal Service Fund</u>
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 1,326,027	\$ 551,438	\$ 2,489,754	\$ 4,367,219
Accounts Receivable	19,196	281	8,784	28,981
Due from other funds				
Prepaid Insurance				
Total Current Assets	<u>1,345,943</u>	<u>551,719</u>	<u>2,498,538</u>	<u>4,396,200</u>
LIABILITIES AND FUND BALANCES:				
Current Liabilities:				
Accounts payable and accrued liabilities	<u>109,028</u>	<u>114,561</u>	<u>755,093</u>	<u>978,682</u>
Total Current Liabilities	<u>109,028</u>	<u>114,561</u>	<u>755,093</u>	<u>978,682</u>
Net Assets:				
Unrestricted	<u>1,236,915</u>	<u>437,158</u>	<u>1,743,445</u>	<u>3,417,518</u>
Total Net Assets	<u>\$ 1,236,915</u>	<u>\$ 437,158</u>	<u>\$ 1,743,445</u>	<u>\$ 3,417,518</u>

CITY OF BURLINGTON, NORTH CAROLINA
ALL INTERNAL SERVICE FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
June 30, 2017

	<u>Dental Self Insurance Fund</u>	<u>Worker's Compensation Fund</u>	<u>Health Insurance Fund</u>	<u>Total Internal Service Fund</u>
Operating Revenues:				
Charges for service	\$ 541,564	\$ -	\$ 5,364,182	\$ 5,905,746
Total Operating Revenues	<u>541,564</u>	<u>-</u>	<u>5,364,182</u>	<u>5,905,746</u>
Operating Expenses:				
Salaries and employee benefits		315,596	174,242	489,838
Operating expenses	34,237	31,660	37,591	103,488
Claims paid, excess loss coverage and claims administration	<u>646,756</u>	<u>633,893</u>	<u>7,804,408</u>	<u>9,085,057</u>
Total Operating Expenses	<u>680,993</u>	<u>981,149</u>	<u>8,016,241</u>	<u>9,678,383</u>
Operating Income (loss)	<u>(139,429)</u>	<u>(981,149)</u>	<u>(2,652,059)</u>	<u>(3,772,637)</u>
Non-Operating Revenues:				
Interest earned on investments	<u>32,895</u>	<u>431</u>	<u>30,771</u>	<u>64,097</u>
Total Non-Operating Revenues	<u>32,895</u>	<u>431</u>	<u>30,771</u>	<u>64,097</u>
Income (loss) before transfer	(106,534)	(980,718)	(2,621,288)	(952,912)
Transfer from other funds	<u>-</u>	<u>946,270</u>	<u>1,809,358</u>	<u>2,755,628</u>
Change in net assets	(106,534)	(34,448)	(811,930)	(952,912)
Total net assets - beginning	<u>1,343,449</u>	<u>471,606</u>	<u>2,555,375</u>	<u>4,370,430</u>
Net Assets, End of Year	<u>\$ 1,236,915</u>	<u>\$ 437,158</u>	<u>\$ 1,743,445</u>	<u>\$ 3,417,518</u>

CITY OF BURLINGTON, NORTH CAROLINA
ALL INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS FINANCIAL PLAN AND ACTUAL (NON-GAAP)
For The Fiscal Year Ended June 30, 2017

	Dental Self Insurance Fund	Worker's Compensation Fund	Health Insurance Fund	Total Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 533,451	\$ (281)	\$ 5,365,919	\$ 5,899,089
Cash paid for goods and services	(680,595)	(664,386)	(7,720,786)	(9,065,767)
Cash paid to employees	<u> </u>	<u>(315,596)</u>	<u>(174,242)</u>	<u>(489,838)</u>
Net cash provided by Operating activities	<u>(147,144)</u>	<u>(980,263)</u>	<u>(2,529,109)</u>	<u>(3,656,516)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES				
(Increase) Decrease in due from other funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided (used) By noncapital financing activities	<u> </u>	<u> </u>	<u> </u>	<u> </u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Transfer from other funds:				
General Fund		565,768	1,447,934	2,013,702
Water Resources		<u>380,502</u>	<u>361,424</u>	<u>741,926</u>
Net cash provided by capital And related financing activities	<u> </u>	<u>946,270</u>	<u>1,809,358</u>	<u>2,755,628</u>
CASH FLOW FROM INVESTING ACTIVITIES:				
Interest earned on investments	<u>32,895</u>	<u>431</u>	<u>30,771</u>	<u>64,097</u>
Total Non-Operating Revenues	<u>32,895</u>	<u>431</u>	<u>30,771</u>	<u>64,097</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(106,534)	(980,718)	(2,621,288)	(952,912)
Transfer from other funds	<u>-</u>	<u>946,270</u>	<u>1,809,358</u>	<u>2,755,628</u>
Change in net assets	(114,249)	(33,562)	(688,980)	(836,791)
Balances – Beginning of Year	<u>1,440,276</u>	<u>585,000</u>	<u>3,178,734</u>	<u>5,204,010</u>
Balances – End of Year	<u>\$ 1,326,027</u>	<u>\$ 551,438</u>	<u>\$ 2,489,754</u>	<u>\$ 4,367,219</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 ALL INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF CASH FLOWS FINANCIAL PLAN AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2017

	<u>Dental Self Insurance Fund</u>	<u>Worker's Compensation Fund</u>	<u>Health Insurance Fund</u>	<u>Total Internal Service Fund</u>
Reconciliation of Operating Income To Net Cash Provided by Operating Activities:				
Operating income (loss)	(139,429)	(981,149)	(2,652,059)	(3,772,637)
Adjustments to reconcile operating Income to net cash provided by operating activities:				
(Increase) Decrease in accounts receivable	(8,113)	(281)	1,738	(6,656)
(Increase) Decrease in prepaid insurance				
(Increase) Decrease in accounts payable	398	1,167	121,212	122,777
Net cash provided by operating activities	<u>\$ (147,144)</u>	<u>\$ (980,263)</u>	<u>\$ (2,529,109)</u>	<u>\$ (3,656,516)</u>

CITY OF BURLINGTON, NORTH CAROLINA
DENTAL SELF INSURANCE FUND
SCHEDULE OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
City of Burlington	\$ -	\$ 421,006	\$ -
Employee Premium		<u>120,558</u>	
Total Operating Revenues	503,735	541,564	37,829
Non-operating Revenues:			
Investment Earnings		<u>32,895</u>	<u>32,895</u>
Total Revenues	<u>503,735</u>	<u>574,459</u>	<u>70,724</u>
Expenditures:			
City of Burlington Claims		645,128	
Operating Expenditures		<u>34,327</u>	
Total Expenditures	<u>631,570</u>	<u>679,365</u>	<u>(47,795)</u>
Revenues Over (Under) Expenditures	\$ (127,835)	<u>\$ (104,906)</u>	<u>\$ 22,929</u>
Fund balance appropriated	<u>127,835</u>		
Net change in fund balance	<u>\$ -</u>		
Reconciliation from financial plan basis (modified accrual) to full accrual basis:			
Revenues over expenditures		\$ (104,906)	
Reconciling Items:			
Decrease in allowance for unfiled claims		<u>(1,628)</u>	
Net Income		<u>\$ (106,534)</u>	

CITY OF BURLINGTON, NORTH CAROLINA
 WORKERS COMPENSATION SELF INSURANCE FUND
 SCHEDULE OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)
 For the Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
City of Burlington	\$ -	\$ -	\$ -
Total Operating Revenues			
Non-operating Revenues:			
Investment Earnings	269	431	162
Total Revenues	<u>269</u>	<u>431</u>	<u>162</u>
Expenditures:			
Salaries and employee benefits		315,596	
Operating expenditures		31,660	
Contractual services		197,922	
Workers compensation		435,101	
Safety training		870	
Total Expenditures	<u>1,046,539</u>	<u>981,149</u>	<u>65,390</u>
Revenues Over (Under) Expenditures	<u>\$ (1,046,270)</u>	<u>\$ (980,718)</u>	<u>\$ 65,552</u>
Other Financing Sources			
Transfer from other funds:			
General Fund		565,768	
Water and Sewer Fund		380,502	
Total Other Financing Sources	<u>946,270</u>	<u>946,270</u>	
Revenues and Other Sources Over (Under) Expenditures	<u>\$ (100,000)</u>	<u>\$ (34,448)</u>	<u>\$ 65,552</u>
Fund balance appropriated	<u>100,000</u>		
Net change in fund balance	<u>\$ -</u>		

Reconciliation from financial plan basis (modified accrual) to full accrual basis:

Revenues Over (Under) expenditures	\$ (34,448)
Reconciling Items:	
Decrease in allowance for unfiled claims	<u>-</u>
Net Income (loss)	<u>\$ (34,448)</u>

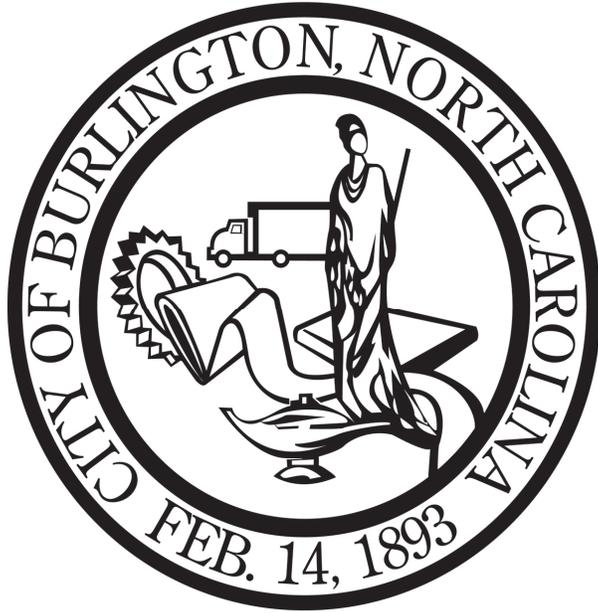
CITY OF BURLINGTON, NORTH CAROLINA
GROUP HEALTH BENEFIT SELF INSURANCE FUND
SCHEDULE OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
City of Burlington	\$ -	\$ 4,243,256	\$ -
City of Burlington Employee Premium	<u> </u>	<u>1,120,926</u>	<u> </u>
Total Operating Revenues	5,635,977	5,364,182	(271,795)
Non-operating Revenues:			
Investment Earnings	<u> </u>	<u>30,771</u>	<u>30,771</u>
Total Revenues	<u>5,635,977</u>	<u>5,394,953</u>	<u>(241,024)</u>
Expenditures:			
Salaries and employee benefits		174,242	
Operating expenditures		37,591	
Third party administration		335,634	
City of Burlington Claims	<u> </u>	<u>7,352,549</u>	<u> </u>
Total Expenditures	<u>8,243,589</u>	<u>7,900,016</u>	<u>343,573</u>
Revenues Over (Under) Expenditures	<u>\$ (2,607,612)</u>	<u>\$ (2,505,063)</u>	<u>\$ 102,549</u>
Other Financing Sources			
Transfer from other funds:			
General Fund	1,447,934	1,447,934	
Water and Sewer Fund	<u>361,424</u>	<u>361,424</u>	<u> </u>
Total Other Financing Sources	<u>1,809,358</u>	<u>1,809,358</u>	<u> </u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ (798,254)</u>	<u>\$ (695,705)</u>	<u>\$ 102,549</u>
Fund balance appropriated	<u>798,254</u>		
Net change in fund balance	<u>\$ -</u>		

Reconciliation from financial plan basis (modified accrual) to full accrual basis:

Revenues Over (Under) expenditures	\$ (695,705)
Reconciling Items:	
Increase in allowance for unfiled claims	<u>(116,226)</u>
Net Income (loss)	<u>\$ (811,931)</u>





OTHER SCHEDULES

OTHER SCHEDULES

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

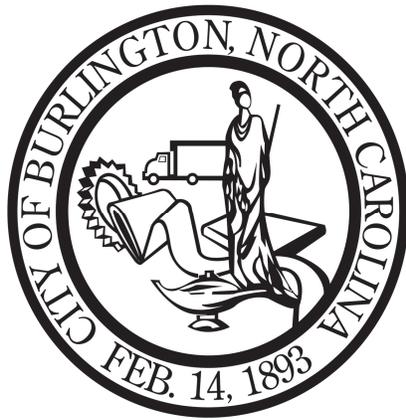
- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

CITY OF BURLINGTON, NORTH CAROLINA
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE
 June 30, 2017

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2016</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2017</u>
2016-2017	\$	\$ 28,458,467	\$ 28,024,882	\$ 433,585
2015-2016	386,889		160,613	226,276
2014-2015	167,813		42,755	125,058
2013-2014	140,101	-	20,881	119,220
2012-2013	124,067	-	14,650	109,417
2011-2012	92,341	-	7,559	84,782
2010-2011	108,423	-	5,032	103,391
2009-2010	72,514	-	3,394	69,120
2008-2009	80,292	-	2,285	78,007
2007-2008	75,723	-	986	74,737
2006-2007	70,806	-	31,628	39,178
1965-2006	<u>140,488</u>	<u>-</u>	<u>56,379</u>	<u>84,109</u>
	<u>\$ 1,459,457</u>	<u>\$ 28,458,467</u>	<u>\$ 28,371,044</u>	<u>\$ 1,546,880</u>
Less: Allowance for uncollectible accounts:				
General Fund				(637,143)
Special Revenue Fund				<u>(35,855)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 873,882</u>
<u>Reconcilement with Revenues:</u>				
Taxes - ad valorem - General Fund				\$ 27,964,884
Taxes - ad valorem - Special Revenue Fund				<u>129,112</u>
Total				28,093,996
Reconciling Items:				
Discounts allowed				78,176
Interest collected				(315,290)
Taxes written off				<u>514,162</u>
Total Collections and Credits				<u>\$ 28,371,044</u>

CITY OF BURLINGTON, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
CITY WIDE LEVY
For The Fiscal Year Ended June 30, 2017

	<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	\$ 4,750,073,276	.58	\$ 27,550,425	\$ 24,905,022	\$ 2,645,403
Penalties	-		<u>14,838</u>	<u>14,838</u>	-
Total	<u>4,750,073,276</u>		<u>27,565,263</u>	<u>24,919,860</u>	<u>2,645,403</u>
Discoveries:					
Current year taxes	132,171,379	.58	766,594	744,270	22,324
Prior year taxes	-		-	-	-
Penalties	-		-	-	-
Total	<u>132,171,379</u>		<u>766,594</u>	<u>744,270</u>	<u>22,324</u>
Abatements and Adjustments:					
Advertising, interest and adjustments	(1,531,207)		(8,881)	(8,881)	-
Abatements	<u>(38,761,896)</u>	.58	<u>(224,819)</u>	<u>(224,542)</u>	<u>(277)</u>
Total	<u>(40,293,103)</u>		<u>(233,700)</u>	<u>(233,423)</u>	<u>(277)</u>
Total Property Valuation	<u>\$ 4,841,951,552</u>				
Net City Wide levy			28,098,157	25,430,707	2,667,450
Uncollected Taxes at June 30, 2017			<u>(431,829)</u>	<u>(428,230)</u>	<u>(3,599)</u>
Current Year's Taxes Collected			<u>\$ 27,666,328</u>	<u>\$ 25,002,477</u>	<u>\$ 2,663,851</u>
Current City-Wide Levy Collection Percentage			<u>98.46%</u>	<u>98.32%</u>	<u>99.87%</u>
Downtown Special Tax District:					
Original Levy:					
Property taxed at current year's rate	\$ 79,128,125	.16	\$ 126,605	\$ 125,201	\$ 1,404
Penalties	-		5	5	-
Discoveries:					
Current year taxes	-		-	-	-
Abatements and Adjustments:					
Abatements	-		-	-	-
Total Property Valuation	<u>\$ 79,128,125</u>				
Net Downtown Special Tax District Levy			126,610	125,206	1,404
Uncollected Taxes at June 30, 2017			<u>(1,756)</u>	<u>(1,756)</u>	-
Current Year's Taxes Collected			<u>\$ 124,854</u>	<u>\$ 123,450</u>	<u>\$ 1,404</u>
Current Downtown Special Tax District Levy Collection Percentage			<u>98.61%</u>	<u>98.60%</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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	136-143
Revenue Capacity These schedules contain information to help the reader assess the city's most significant revenue source, the property tax.	144-147
Debt Capacity 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.	148-152
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	153-154
Operating Information 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.	155-157

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental activities				
Net investment in capital assets	\$ 61,866,098	\$ 58,866,501	\$ 53,722,717	\$ 49,762,940
Restricted	15,836,565	13,429,638	14,069,943	19,635,641
Unrestricted	40,729,902	50,297,700	54,267,735	49,905,470
Total governmental activities net assets	<u>\$ 118,432,565</u>	<u>\$ 122,593,839</u>	<u>\$ 122,060,395</u>	<u>\$ 119,304,051</u>
Business-type activities				
Net investment in capital assets	\$ 117,000,177	\$ 115,837,458	\$ 114,539,725	\$ 107,207,635
Restricted	24,824,561	21,486,577	19,469,499	21,186,874
Unrestricted	41,868,527	39,876,986	35,033,434	36,428,343
Total business-type activities net assets	<u>\$ 183,693,265</u>	<u>\$ 177,201,021</u>	<u>\$ 169,042,658</u>	<u>\$ 164,822,852</u>
Primary government				
Net investment in capital assets	\$ 178,866,275	\$ 174,703,959	\$ 168,262,442	\$ 156,970,575
Restricted	40,661,126	34,916,215	33,539,442	40,822,515
Unrestricted	82,598,429	90,174,686	89,301,169	86,333,813
Total primary government net assets	<u>\$ 302,125,830</u>	<u>\$ 299,794,860</u>	<u>\$ 291,103,053</u>	<u>\$ 284,126,903</u>

Fiscal Year					
<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 48,383,850	\$ 44,355,341	\$ 42,802,718	\$ 39,828,855	\$ 41,007,895	\$ 38,362,340
18,392,387	17,287,399	11,376,455	30,330,078	26,384,988	23,458,009
49,958,695	54,423,395	60,773,388	43,528,565	41,653,949	40,317,116
<u>\$ 116,734,932</u>	<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>
\$ 105,523,250	\$ 85,748,070	\$ 97,111,037	\$ 109,690,950	\$ 109,331,715	\$ 107,080,492
17,544,176	35,544,241	24,282,332	13,188,880	12,414,038	10,161,377
34,109,701	33,404,248	31,292,633	28,245,081	23,327,332	22,666,013
<u>\$ 157,177,127</u>	<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>
\$ 153,907,100	\$ 130,103,411	\$ 139,913,755	\$ 149,519,805	\$ 150,339,610	\$ 145,442,832
35,936,563	52,831,640	35,658,787	43,518,958	38,799,026	33,619,386
84,068,396	87,827,643	92,066,021	71,773,646	64,981,281	62,983,129
<u>\$ 273,912,059</u>	<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>

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities:										
General government	\$ 8,666,518	\$ 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
Public safety	28,337,065	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
Public works	12,118,548	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
Economic and physical development	1,112,715	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
Cultural and recreation	8,378,403	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
Interest on long-term debt	51,076	68,461	331,290	363,756	1,378,315	766,290	644,306	786,832	742,906	817,062
Total governmental activities expenses	58,664,325	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
Business-type activities:										
Non-major enterprise funds	1,915,455	433,571	518,104	377,647	605,815	305,939	310,474	364,391	310,215	167,149
Water and sewer	26,363,685	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
Total business-type activities expenses	28,279,140	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
Total primary government expenses	\$ 86,943,465	\$ 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
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 3,049,535	\$ 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
Public safety	576,346	340,368	354,258	412,298	367,587	261,105	306,973	297,876	165,633	303,219
Public works	1,397,109	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
Economic and physical development	216,399	1,765,852	1,435,313				9,777			
Cultural and recreation	2,454,962	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
Operating grants and contributions	2,528,586	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
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	10,222,937	11,189,951	16,252,492	13,084,012	10,909,889	10,698,431	10,255,950	11,041,942	10,749,642	11,797,596

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

	Fiscal Year						
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund							
Restricted							
Stabilization by State Statute	\$ 8,569,387	\$ 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	1,418
Animal Shelter	562	562	562	562	562	562	562
Committed							
Capital Reserve Fund	8,183,945	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	1,636,986	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	4,316,000
Parks and Recreation	1,836,316	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	5,950,000	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	3,000,000	-
Public Works	3,125,000	3,125,000	3,125,000	3,125,000	3,125,000	3,125,000	700,000
Unassigned	9,734,666	11,212,212	12,468,373	8,881,287	7,445,326	8,211,865	12,946,857
Total general fund	<u>46,354,280</u>	<u>48,248,273</u>	<u>49,132,247</u>	<u>51,672,991</u>	<u>50,105,684</u>	<u>51,917,116</u>	<u>51,217,413</u>
All Other Governmental Funds							
Restricted							
Stabilization by State Statute	-	3,893,620	-	-	-	-	5,014
Economic Development	6,635,345	3,281,786	6,762,024	6,881,935	7,178,068	7,400,720	7,606,888
Public Safety	263,393		460,696	497,277	396,767	345,649	375,237
Committed							
Capital Improvements	3,181,729	1,803,057	-	1,280,743	980,769	977,891	1,204,506
Capital Reserve Fund			4,586,098	-	-	-	-
Assigned							
Subsequent year's expenditures:	606,703	196,182	447,806	468,859	483,457	491,785	505,148
Unassigned	176,524	-	(20,282)	(41,105)	(7,575)	(156,794)	20,114
Total all other governmental funds	<u>\$10,863,694</u>	<u>\$ 9,174,645</u>	<u>\$12,236,342</u>	<u>\$ 9,087,709</u>	<u>\$ 9,031,486</u>	<u>\$ 9,059,251</u>	<u>\$ 9,716,907</u>

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 Three Fiscal Years**

	Fiscal Year		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund			
Reserved	\$ 5,704,163	\$ 4,790,077	\$ 5,594,611
Unreserved	8,356,723	9,424,139	7,995,407
Designated for subsequent year's expenditures	17,746,673	16,916,736	17,484,970
Total general fund	<u>31,807,559</u>	<u>31,130,952</u>	<u>31,074,988</u>
All Other Governmental Funds			
Reserved	7,538,843	7,764,131	7,415,684
Unreserved, reported in:			7,975,904
Designated for subsequent year's expenditures:			
Special revenue funds-Restricted	18,981,952	16,778,857	638,619
Capital projects funds-Committed	2,612,992	1,165,781	6,863,526
Total all other governmental funds	<u>\$ 29,133,787</u>	<u>\$ 25,708,769</u>	<u>\$ 22,893,733</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues				
Ad valorem taxes	\$ 27,790,608	\$ 27,509,164	\$ 26,928,485	\$ 27,149,806
Other taxes and licenses	12,885,026	12,438,131	12,099,079	10,970,124
Unrestricted intergovernmental	5,169,077	4,709,848	4,914,193	4,560,068
Restricted intergovernmental	3,869,756	4,388,175	4,883,976	5,293,541
Permits and fees	1,386,668	1,365,831	1,243,300	1,128,772
Sales and services	4,222,427	4,464,274	4,066,783	3,858,474
Investment earnings	912,192	539,461	159,092	125,548
Miscellaneous	825,690	690,978	1,126,630	773,474
Total revenues	57,061,444	56,105,862	55,421,538	53,859,807
Expenditures				
General government	7,328,111	8,716,239	9,106,232	8,490,457
Public safety	24,988,051	23,556,205	22,633,787	20,869,801
Public works	10,016,705	8,532,598	6,744,540	9,756,316
Economic and physical development	1,112,716	2,820,260	1,880,541	1,474,926
Culture and recreation	7,241,632	6,933,653	6,430,052	6,097,465
Debt service:				
Principal	2,677,205	2,569,211	5,100,769	2,857,008
Interest	119,834	148,720	294,774	358,419
Capital Outlay	5,007,434	7,288,650	3,919,060	3,638,530
Total expenditures	58,491,688	60,565,536	56,109,755	53,542,922
Excess of revenues over (under) expenditures	(1,430,244)	(4,459,674)	(688,217)	316,885
Other Financing Sources (Uses)				
Transfers from other funds	7,016,202	2,254,046	9,494,212	1,980,771
Transfers to other funds	(7,825,048)	(3,784,663)	(9,807,067)	
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	1,951,100	2,044,621	1,608,961	1,619,502
Total other financing sources (uses)	1,142,254	514,004	1,296,106	3,600,273
Net change in fund balances	\$ (287,990)	\$ (3,945,670)	\$ 607,889	\$ 3,917,158
Debt service as a percentage of noncapital expenditures	5.2%	5.1%	10.3%	6.4%

Fiscal Year					
<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 26,425,908	\$ 24,720,911	\$ 25,984,094	\$ 24,852,944	\$ 23,944,594	\$ 22,959,919
10,496,181	10,261,128	10,086,790	9,081,632	9,910,654	10,425,711
4,222,801	4,509,286	4,444,816	4,298,234	4,344,070	4,492,768
4,114,494	4,023,377	3,868,203	4,651,477	4,208,258	4,816,213
1,222,541	1,025,476	868,641	700,723	810,402	1,428,348
3,962,533	3,947,957	3,983,062	4,046,529	4,224,621	3,957,048
261,564	249,731	189,248	301,575	1,184,744	2,097,076
610,474	353,006	288,747	424,952	492,277	301,892
51,316,496	49,090,872	49,713,601	48,358,066	49,119,620	50,478,975
8,053,763	7,713,558	8,316,294	8,238,393	8,007,500	7,529,925
20,670,064	19,523,967	18,654,343	18,584,573	17,527,448	17,587,449
7,603,776	8,644,203	7,962,307	6,924,894	7,688,216	8,186,747
1,368,876	1,574,410	1,619,663	1,522,589	933,595	817,368
6,078,028	5,812,752	5,628,193	5,498,179	5,687,867	5,408,875
10,446,422	2,691,898	2,841,286	2,793,551	2,748,834	2,548,160
674,661	723,597	778,504	705,857	770,893	838,078
4,615,107	3,148,952	4,599,040	2,948,353	3,644,647	7,360,677
59,510,697	49,833,337	50,399,630	47,216,389	47,009,000	50,277,279
(8,194,201)	(742,465)	(686,029)	1,141,677	2,110,620	201,696
3,946,670	2,679,386	711,581	2,725,287	3,781,627	2,407,433
(4,259,526)	(3,092,241)	(1,024,435)	(3,741,877)	(4,346,869)	(2,717,787)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,899,000	-	-
-	-	-	-	-	-
6,667,859	1,267,473	991,857	1,077,538	1,325,622	1,664,789
6,355,003	854,618	679,003	2,959,948	760,380	1,354,435
\$ (1,839,198)	\$ 112,153	\$ (7,026)	\$ 4,101,625	\$ 2,871,000	\$ 1,556,131
20.3%	7.3%	7.9%	7.9%	8.1%	7.9%

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
2017	\$ 3,902,573,467	\$ 902,753,713	\$ 83,838,568	\$ 47,214,196	4,841,951,552	\$ 0.580
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

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
2017	\$ 0.521	\$ 0.0593	\$0.580	\$ 0.160	\$ 0.580
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

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	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Labcorp	\$ 134,862,418	1	2.79 %	\$ 100,742,433	1	2.71 %
Alamance Crossing LLC	68,085,343	2	1.41	34,241,370	2	0.48
Roche Biomedical Labs	45,218,141	3	0.93			
Duke Energy Corp	43,394,793	4	0.90	29,080,197	3	0.89
Kayser Roth Corp	32,840,711	5	0.68			
Carolina Hosiery Mills	30,546,058	6	0.63	22,207,821	5	0.67
PGS Burlington, LLC	28,778,649	7	0.59	19,504,818	7	
Merideth Webb	28,064,502	8	0.58	16,805,910	9	0.51
Koury Properties	24,790,567	9	0.51			
Ethan Point LLC	21,836,091	10	0.45			0.53
Huffman Mill Plaza				22,057,432	6	0.67
Burlington Mall				27,914,297	4	0.93
Alamance Indust. Park				18,589,626	8	0.52
Walmart Stores				16,511,453	10	0.52
Total	\$ 458,417,273		9.47 %	\$ 307,655,357		8.43 %

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
2017	\$ 28,098,157	\$27,666,328	98.46 %		27,666,328	98.46 %
2016	27,485,321	27,099,379	98.60	154,688	27,254,067	99.16
2015	26,902,971	26,541,013	98.65	235,963	26,776,976	99.53
2014	26,803,894	26,317,352	98.18	349,041	26,666,393	99.49
2013	25,789,046	25,105,830	97.35	556,273	25,662,103	99.51
2012	24,636,120	23,819,010	96.68	716,855	24,535,865	99.59
2011	25,169,334	24,403,266	96.96	634,344	25,037,610	99.48
2010	24,993,044	23,825,333	95.33	870,313	24,695,646	98.81
2009	24,442,673	23,455,196	95.96	796,379	24,251,575	99.22
2008	23,439,381	22,583,026	96.35	700,942	23,283,968	99.34

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							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	Total Primary Government				
2017	\$ 4,492,742	\$ -	\$1,975,181	\$ -	\$ -	\$ 1,567,000	\$32,959,901	-	-	40,994,824	7.2 %	791		
2016	5,072,860	-	2,158,285	-	-	2,785,000	34,601,962	-	-	44,618,107	7.9	861		
2015	5,651,978	-	2,140,876	-	-	4,047,000	36,219,027	-	-	48,058,881	8.5	928		
2014	8,994,345	-	2,323,955	-	-	5,184,752	37,821,088	-	-	54,324,140	10.0	1,055		
2013	10,189,321	-	2,382,461	-	-	6,384,745	39,433,399	-	-	58,389,926	11.2	1,138		
2012	10,604,081	2,531,217	2,502,729	-	-	7,594,520	41,021,613	-	-	64,254,160	12.7	1,270		
2011	11,724,945	2,725,926	2,615,271	-	-	8,817,338	23,135,863	-	-	49,019,343	10.2	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	8.6	780		
2008	15,103,317	-	4,060,782	-	-	12,626,408	-	-	11,360,000	43,150,507	9.3	875		

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			
2017	4,492,742	1,567,000	6,059,742	0.13 %	114.97
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

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, 2017

(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	\$ 48,260,000	33.01%	\$ 15,929,414
Alamance County Authorized & Unissued GO Debt	-	33.01%	-
Guilford County General Obligation Debt	793,990,000	10.11%	80,276,253
Guilford County Unamortized G.O. Bond Premium	71,218,569	10.11%	7,200,544
Other debt			
Alamance County Installment Loans	9,422,066	33.01%	3,109,987
Guilford County G.O. Bond Anticipation Notes	-	10.11%	-
Guilford County Authorized & Unissued Bonds	-	10.11%	-
Guilford County Limited Obligation Bonds	16,845,000	10.11%	1,703,111
Guilford County Installment Financing	1,275,584	10.11%	<u>128,968</u>
Subtotal, overlapping debt			108,348,278
City direct debt			<u>6,467,923</u>
Total direct and overlapping debt			\$ 114,816,201

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	4,841,951,552
Debt limit (8% of assessed value)	387,356,124
Gross Debt:	
Total Bonded Debt	6,059,742
Private Activity Bonds	-
Certificate of Participation	-
Revenue Bonds	32,959,901
Lease Financing Agreements	1,975,181
Total Gross Debt	40,994,824
Less: Water and Sewer Bonds	(34,526,901)
Total net debt applicable to limit	6,467,923
Legal debt margin	380,888,201

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 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	\$ 387,356,124
Total net debt applicable to limit	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	6,467,923
Legal debt margin	<u>\$ 269,331,849</u>	<u>\$ 284,574,877</u>	<u>\$ 310,045,747</u>	<u>\$ 324,066,663</u>	<u>\$ 324,484,110</u>	<u>\$ 343,032,825</u>	<u>\$ 358,415,803</u>	<u>\$ 363,092,843</u>	<u>\$ 371,635,779</u>	<u>\$ 380,888,201</u>

Total net debt applicable to the limit as a percentage of debt limit	10.18%	9.07%	8.52%	5.00%	4.47%	3.54%	3.03%	2.10%	1.91%	1.67%
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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 Seven Fiscal Years
(dollars in thousands)

Fiscal Year	Water & Sewer Revenue Bonds (1)						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Debt Service (2)	Interest	
2017	\$ 33,235,438	\$ 18,208,228	15,027,210	\$ 1,600,000	\$ 1,683,331		4.6
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

<u>Year</u>	<u>Population Estimates (1)</u>	<u>Alamance County Personal Income (2)</u>	<u>Alamance County Per Capita Personal Income (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2017	52,709	**	**	22,764	4.7%
2016	52,472	*	*	22,724	5.1%
2015	51,812	5,672,514	35,839	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%

* Not available until April, 2018

** Not available until April, 2019

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>	2017			2008		
	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.	2,500	2	10.41	3,200	1	14.69
Alamance Regional Medical Ctr	2,240	3	9.33	1,700	3	7.80
Wal-Mart Stores, Inc.	1,000	4	4.16	1,100	4	5.05
City of Burlington	806	5	3.36	875	5	4.02
Kayser-Roth Corp	465	6	1.94			
Kernodle Clinic, Inc.	325	7		320	7	1.47
Twin Lakes Community	291	8	1.21			
American Multimedia, Inc.	250	9		300	8	1.38
ITG	250	10		250	10	
Copland Industries, Inc.				350	6	1.61
Carolina Hosiery Mills, Inc.				250	9	1.15
Total	11,456		44.26 %	11,045		49.55 %

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>2017</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>
General government										
Admin/Public Info/Econ Dev	6	4	4	3	3	3	3	3	3	3
Customer Service/Collections	17	18	20	19	19	18	19	16	19	19
Finance	11	13	14	13	13	13	14	13	14	13
Information Technology	8	7	8	7	7	6	6	6	6	6
Legal	2	3	2	1	1	1	2	2	2	2
Human Resources	6	7	6	6	6	6	6	5	4	5
Planning	16	15	15	15	14	14	14	11	11	9
Inspections	8	10	9	9	9	9	9	10	11	14
Engineering/Traffic Control	20	14	14	14	14	14	14	18	17	18
Animal Services	17									
Police										
Sworn Officers	112	125	121	125	123	122	124	115	112	106
Civilians	45	51	51	44	40	41	41	40	42	40
Fire										
Firefighter and officers	103	105	91	90	89	88	88	87	88	89
Civilians	1	1	1	1	1	1	1	1	1	2
Public Transportation										
Administration	3	2								
Public Works										
Administration	4	4	4	4	4	4	3	2	2	2
Maintenance	24	24	24	23	24	24	24	22	23	24
Street	17	20	20	22	22	22	23	23	24	24
Cemetery	14	14	15	16	15	14	16	16	16	13
Sanitation	17	16	17	17	18	17	21	21	22	23
Recreation	47	46	44	44	43	42	43	42	41	44
Water and Sewer	90	89	87	86	90	88	86	84	87	84

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

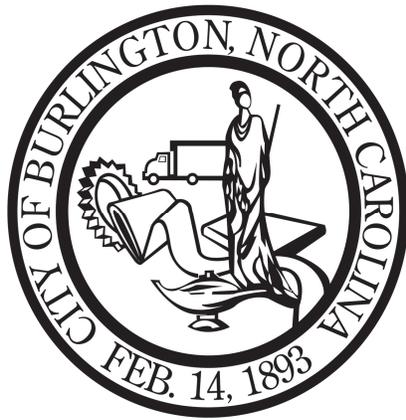
<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Police										
Physical arrests	2,198	2,561	3,067	4,277	4,202	3,897	3,873	3,839	3,997	4,046
Parking violations	523	392	625	1,459	2,467	1,988	3,104	1,620	2,129	3,440
Traffic violations	3,053	4,686	5,630	7,175	6,727	5,248	5,903	5,612	4,793	6,063
Fire										
Emergency responses	6,795	8,640	8,197	7,688	7,914	7,481	4,992	5,056	5,064	4,375
Fires responses	2,446	2,331	2,326	1,946	2,074	2,173	2,125	2,061	1,610	2,036
Inspections	2,725	3,044	3,313	2,990	3,064	2,863	2,712	2,648	2,844	2,528
Refuse collection										
Refuse collected (tons per day)	36	35	33	66	66	72	72	73	69	79
Recyclables collected (tons per day)	9.2	7.7	7	27	29	21	23	29	33	30
Other Public Works										
Street resurfacing (miles)	3.10	0.10	9.42	3.15	3.59	7.73	5.8	13.4	0.0	7.0
Potholes repaired	106	141	108	162	89	63	100	542	335	101
Recreation and Parks										
Athletic field permits issued	159	159	157	157	155	150	94	103	82	82
Community center admissions	214,200	211,900	190,300	168,700	166,550	163,400	162,500	151,100	145,255	140,132
Water										
New connections	50	34	38	35	34	36	32	33	61	83
Water mains breaks	46	36	57	71	50	53	72	81	78	101
Average daily consumption (thousands of gallons)	11,438	10,831	10,333	10,284	11,313	12,114	10,995	11,875	10,200	12,461
Peak daily consumption (thousands of gallons)	17,523	14,471	16,296	15,964	16,106	21,577	18,460	19,000	19,000	18,897
Wastewater										
Average daily sewage treatment (thousands of gallons)	10,950	12,308	10,449	11,879	10,730	10,550	11,794	12,000	11,200	11,170

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>2017</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>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	4	4	6	7	7	7	7	6	4
Patrol units	151	151	151	151	151	151	148	144	141	134
Fire Stations			5	5	5	5	5	5	5	5
Refuse collection										
Collection trucks	24	22	22	21	22	19	19	20	18	16
Other public works										
Streets (miles)	245.45	244.1	243.71	243.62	243.29	243.29	238.89	237.90	238	238
Highways (miles)	70.86	70.58	70.58	69.73	69.73	66.79	62.24	62.27	61	61
Streetlights	5,193	5,165	5,139	5,019	4,979	4,844	4,760	4,754	4,738	4,706
Traffic Signals	40	40	41	40	36	36	36	35	35	35
Recreation and parks										
Acreage	638.45	638.45	638.45	638.45	638.45	638.45	638.45	631.45	631.45	631.45
Playgrounds	22	22	21	21	21	21	21	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	15	12	12	12
Community centers	6	6	6	6	6	6	6	6	6	6
Water										
Water mains (miles)	388.30	372.60	393.77	390.00	388.76	387.29	385.82	385.12	383.00	376.15
Fire hydrants	2,226	2,208	2,256	2,196	2,190	2,284	2,064	2,064	2,032	1,900
Storage capacity (thousands of gallons)	14,000	14,000	14,000	14,000	4,500	4,500	4,500	4,500	4,500	4,500
Wastewater										
Sanitary sewers (miles)	362.40	361.70	387.79	386.36	385.06	384.36	383.70	382.85	382.85	378.24
Storm sewers (miles)	197.80	197.10	198.13	221.30	147.90	219.63	219.63	213.00	113.00	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, 2017, 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 October 30, 2017. 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

October 30, 2017



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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, 2017. 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, 2017.

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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

October 30, 2017



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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, 2017. 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, 2017.

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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

October 30, 2017

CITY OF BURLINGTON, NORTH CAROLINA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2017

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes 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 programs:

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 2 CFR 200.516(a)? _____ Yes X No

Identification of major federal programs:

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

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
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2017

None

CITY OF BURLINGTON, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2017

<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	457,218		
Passed-through Greensboro Consortium:				
Home Investment Partnership Program	14.239	225,983		
Passed-through N.C. Housing Financing Agency:				
Stewart B. McKinney Homeless Assistance Act	14.000	65,000		
<u>U.S. Department of Justice</u>				
Direct Program:				
Office of Justice:				
Federal Asset Forfeiture Funds	16.005	228,014		
Office of Community Oriented Policing Services:				
Public Safety Partnership and Community Policing Grant	16.710	125,176		
Passed-through North Carolina Department Of Public Safety:				
Edward Byrne Memorial Justice Assistance Grant	16.738	54,764		
Office of Victims of Crime:				
Passed-through Governor's Crime Commission Services for Trafficking Victims	16.320	65,808		
<u>U.S. Department of Transportation</u>				
Direct Program:				
Department of Transportation:				
Railroad Station Improvement Program	20.205-3	2,421		
Passed-through North Carolina Department of Transportation:				
Highway Planning and Construction Grants:				
State Planning and Research	20.205-5	64,569		
Federal Transit Technical Studies Grant	20.505	23,389	2,924	
<u>U.S. Department of Homeland Security</u>				
Passed-through North Carolina Department of Public Safety:				
Disaster Grants – Public Assistance	97.036	364,056		
Total assistance - federal programs		<u>1,676,398</u>	<u>2,924</u>	

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2017

<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			1,438,606	
Transit Development Program			26,017	
Highway Construction Program			711	
<u>N.C. Housing Finance Agency:</u>				
Urgent Repair Program			75,000	
Total assistance - State programs			<u>1,540,334</u>	
Total assistance		<u>\$ 1,676,398</u>	<u>\$ 1,543,258</u>	<u>\$</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, 2017. 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.

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			Revenue	Computes "X" if Meets			Expenditures/ Expenses	10% Rule	5% Rule	10% Rule	5% Rule	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		10% Rule	5% Rule	10% Rule		5% Rule								
General Fund	42,180,240	N/A	N/A	4,009,905	N/A	N/A	56,423,551	N/A	N/A	N/A	56,289,022	N/A	N/A	N/A	N/A	YES, ALWAYS MAJOR	
Special Revenue Funds:																	
MPO Planning/Trans.	523,978	-	-	12,083	-	-	112,536	-	-	-	140,663	-	-	-	-	Transfers is the only major activity not a stand alone fund	
Capital Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Substance Abuse	90,234	-	-	-	-	-	22,891	-	-	-	99	-	-	-	-	-	
Rico	177,306	-	-	-	-	-	77,945	-	-	-	228,014	-	-	-	-	-	
Home Program	10,763,791	X	-	7,090,466	X	-	408,658	-	-	-	225,983	-	-	-	-	MAJOR	
Community Dev.	-	-	-	6,302	-	-	358,773	-	-	-	380,742	-	-	-	-	-	
Downtown	62,321	-	-	62,321	-	-	128,630	-	-	-	128,630	-	-	-	-	-	
Guilford Mackintosh	47,118	-	-	47,118	-	-	182,724	-	-	-	182,724	-	-	-	-	-	
Rehab Loan	945,466	-	-	-	-	-	15,385	-	-	-	76,476	-	-	-	-	-	
Medicare Part D	1,619	-	-	-	-	-	-	-	-	-	1,196	-	-	-	-	-	
Bureau of Justice Asst. Comm. Oriented Policing	176,524	-	-	-	-	-	56,671	-	-	-	125,176	-	-	-	-	-	
Governor's Crime Commission Human Trafficking	30,157	-	-	2,101	-	-	88,821	-	-	-	65,808	-	-	-	-	-	
Edward Byrne Justice Assistance	118,776	-	-	-	-	-	50,940	-	-	-	54,764	-	-	-	-	-	
Rental Rehab	945,466	-	-	-	-	-	13,493	-	-	-	(791)	-	-	-	-	-	
Total Special Revenue	13,882,756			7,220,391			1,517,267				1,609,484						
Debt Service Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital Projects Funds:																	
ERP System	458,454	-	-	-	-	-	-	-	-	-	159,817	-	-	-	-	-	
Fire Station No.6	-	-	-	-	-	-	-	-	-	-	302,755	-	-	-	-	-	
Trans Sidewalk & Intersections	2,372,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Animal Shelter	365,263	-	-	14,488	-	-	1,385	-	-	-	130,610	-	-	-	-	-	
Drainage Improvement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Capital Projects	3,196,217			14,488			1,385				593,182						
Total Governmental Funds	59,259,213			11,244,764			56,942,203				58,491,688						
10 % of Total Governmental Funds	5,925,921			1,124,478			5,694,220				5,849,169						
Enterprise Funds:																	
Water and Sewer	220,237,245	X	X	39,899,696	X	X	33,235,438	X	X	X	24,317,310	X	X	X	X	MAJOR	
Storm Water	4,050,623	-	-	409,496	-	-	1,234,318	-	-	-	493,911	-	-	-	-	-	
Public Transportation	1,653,472	-	-	2,096,384	-	-	1,036,662	-	-	-	1,421,544	-	-	-	-	-	
Total Enterprise Funds	225,941,340			42,405,576			36,506,418				26,232,765						
10% of Total Enterprise Funds	22,594,134			4,240,558			3,650,642				2,623,277						
Total Governmental & Enterprise Funds	285,200,553			53,650,360			92,448,621				84,724,453						
5% of Total Governmental & Enterprise Funds	14,260,028			2,682,518			4,622,431				4,236,223						