

# **CITY OF BURLINGTON NORTH CAROLINA**

*"Connecting the Triad & Triangle"*



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2012**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

## **CITY OF BURLINGTON**

FISCAL YEAR ENDED JUNE 30, 2012



### **CITY COUNCIL**

RONNIE K. WALL, MAYOR  
DAVID R. HUFFMAN, MAYOR PRO TEM  
ROBERT M. WARD, COUNCILMEMBER  
CELO I. FAUCETTE, JR., COUNCILMEMBER  
STEPHEN M. ROSS, COUNCILMEMBER

CITY MANAGER  
HAROLD OWEN

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

Prepared by the City of Burlington Finance Department

CITY OF BURLINGTON, NORTH CAROLINA

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# CITY OF BURLINGTON

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October 13, 2012

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, 2012, 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, 2012, 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, 2012, 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, 2012, 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 31.92 square miles and a population of 50,587. The City is empowered by statute to levy an annual ad valorem property tax on the appraised value of all real and tangible property except manufacturers, retailers and wholesalers inventory located therein. The City is also empowered by statute to extend its corporate limits by annexation. Since January 1980, the City has annexed 14.78 square miles, which includes its most recent annexations of 0.007 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 are vested in the City Council, which consists of a mayor and four council members. The City Council members are responsible for the government and general management of the City, approve and amend all general and technical ordinances, including budgetary appropriations and construction and zoning ordinances, approve all contracts, and appoint the City Manager and City Attorney. Council members are elected at large to four-year staggered terms, and the Mayor is elected to a two-year term. The Mayor presides at all meetings of the City Council, and has the right to vote upon all issues, but has no additional vote in case of a tie and no veto power.

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

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

The annual budget serves as the foundation for the City of Burlington's financial planning and control. The North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1 of each year for all funds for which an annual budget is required. Activities of the General Fund, Special Revenue Funds (except for Grant Project Funds), and Proprietary Funds are included in the annual appropriated budget. Project-length financial plans are adopted for Grant and Capital Project Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by the department level within the funds. Any increase or decrease in the original budget as adopted must be approved by City Council. The City also maintains an encumbrance accounting system as one technique to accomplish budgetary control. Encumbered amounts lapse at year end; however, outstanding encumbrances generally are re-appropriated as part of the following year's budget. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund the budgetary comparison is presented in Exhibit 5, page 7, as part of the Basic Financial Statements pertaining to the governmental funds. For other governmental funds with annual and project-length budgets, detailed budget to actual comparisons are presented in the supplementary information subsection of this report, which starts on page 70.

## **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***

The City of Burlington's economy has remained unchanged since the start of the Great Recession in 2008. The City itself has continued the cost-saving measures begun in the fall of 2008 to minimize the impact of the economy. While there continues to be closing of some small retail stores and businesses, there have also been openings of small businesses in the recent months. There have been no significant losses of businesses. The year ended June 30, 2012, has seen an ever so slight decrease in the water and sewer revenues. Unlike the prior years when there were longer periods of drought situations offset by heavier than normal rain falls, this year did not see such extreme weather conditions. The City's largest employer, LabCorp, completed and opened in January 2012, a \$26 million addition to one of their current buildings. This was done in order to consolidate services from outside locations into Burlington. Burlington Regional Airport has completed the first phase of a runway extension project, extending the runway to 6400 feet that will allow larger jets to land. A second phase of adding 100 additional feet to the runway length will allow the airport to accommodate practically any size corporate aircraft. The City is participating in this expansion through its Economic Development Program. The airport is also the home of the World Headquarters of Honda Aero. Honda Aero builds jet engines for Honda aircraft as well as other aircraft. Honda Aero is currently building test engines and is waiting for FAA certification for those engines. Once FAA certification is received, phase II construction will begin. Honda is investing over \$65 million in the facility. Other new developments in the area include Burlington Technologies which is expanding their facilities, adding approximately 110 jobs. This company uses new patented technology such as elastic nonwoven products as well as Nano Lab-on-a-chip technology utilizing hand-held diagnostic devices. Glen Raven Mills, a key player in the global economy is investing \$10 million in a facility due to the high demand for its patented Sunbrella fabrics. The reconfigured facility will be equipped with the latest in automated yarn manufacturing systems and engineered to support high levels of flexibility and customization. The Alamance Regional Medical Facility has announced plans for a \$60 million dollar expansion. Included in the expansion is a state-of-the-art cancer center, an expanded day surgery area, larger operating rooms, and an emergency department addition that will double its current size. Tanger Outlet that is approximately 10 miles east outside of Burlington but in Alamance County. The Tanger Outlet is a main contributor to the strong sales tax revenue for the City.

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

**City of Burlington, North Carolina  
Principal Employers  
June 30, 2012**

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
LabCorp, Inc.	Medical supplies, services & facilities	3,500
Alamance-Burlington School System	Public Education	3,329
Alamance Regional Medical Center	Health Care	2,240
Walmart Stores, Inc.	Retail Sales	1,000
City of Burlington	Local Government	806
Kayser-Roth Corp	Textiles	465
Kernodle Clinic, Inc.	Health Care	325
American Multimedia, Inc.	Wholesale media	250
ITG	Textiles	250
Carolina Hosiery Mills, Inc.	Textiles	240

Source: Alam Co Area Chamber of Commerce-228-1338 ([www.alamancechamber.com](http://www.alamancechamber.com))

Alamance County reached its peak unemployment in January 2010 as evidenced in the following statistics. The average unemployment rate in Alamance County for the eight months calendar-year-to-date is 9.7%, lower than the State rate of 10.1%, but higher than the national rate of 9.8% and 8.2%, respectively. Despite these statistics, the City of Burlington ranked 33<sup>rd</sup> in last year's Forbes magazine analysis of ideal places to live for young professionals.

	% Unemployment (Alamance County)													
	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12
Jan	2.7	3.2	4.1	7.5	7.6	6.9	6.0	5.6	5.7	5.5	10.1	13.1	11.3	10.3
Feb	2.8	3.4	4.7	7.6	7.7	6.7	6.5	5.8	5.5	5.6	10.7	13.1	11.0	10.0
Mar	2.3	2.8	4.8	7.4	7.1	6.4	5.9	5.2	4.9	5.4	10.8	12.4	10.5	9.5
Apr	2.0	2.4	4.5	7.1	7.2	6.1	5.6	5.0	4.8	5.2	11.2	11.8	10.2	9.1
May	2.2	3	4.9	7.1	7.3	6.3	6.0	5.5	5.0	5.9	11.4	11.8	10.5	9.4
Jun	2.5	3.3	5.5	7.4	8.0	6.8	6.3	6.0	5.4	6.5	12.0	11.9	11.3	9.9
Jul	2.5	3.4	6.5	7.5	7.9	6.4	6.5	6.2	5.5	6.9	12.4	11.8	11.3	10.0
Aug	2.5	3.6	6.8	7.3	7.3	6.1	6.3	5.8	5.1	7.1	12.1	11.5	11.0	9.7
Sept	2.4	3.0	6.2	6.6	6.7	5.5	5.9	5.3	4.7	6.8	11.8	10.7	10.3	
Oct	2.4	3.2	6.3	6.6	6.7	6.2	5.9	5.1	4.8	7.2	11.9	10.7	10.5	
Nov	2.3	3.4	6.6	7.0	6.8	6.0	6.0	5.3	4.9	7.9	12.0	11.0	10.0	
Dec	2.1	3.3	6.8	7.0	6.4	5.8	5.4	4.9	5.1	8.8	12.3	10.7	10.0	

Source: Bureau of Labor Statistics

The following is a comparison of average annual unemployment rates (%) for the County, State and United States.

**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	3.4	4.5	2006	5.5	4.8	4.6
1999	2.5	3.2	4.2	2007	5.1	4.8	4.6
2000	3.5	3.6	4.0	2008	6.6	6.3	5.8
2001	5.6	5.6	4.7	2009	11.5	10.5	9.3
2002	7.2	6.6	5.8	2010	11.7	10.9	9.6
2003	7.2	6.5	6.0	2011	10.7	10.5	9.0
2004	6.3	5.5	5.5	2012	*9.7	*9.8	*8.2
2005	6.0	5.3	5.1				

\*Through Aug 2012

Source: Bureau of Labor Statistics

The City has maintained a stable financial condition in spite of the continued lackluster in the national and local economy. Revenues from building permits and fees for the current year are \$470,433, down approximately \$20,935 from the previous fiscal year. This decrease reflects the downturn in construction everywhere, not just 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. In addition, the Burlington Downtown Corporation, a component unit, has initiated a master plan for redevelopment of the downtown area. The Company Shops Market, a cooperatively owned, full-service grocery store and café opened in June of 2011. Last year, the Company Shops Market was the sub-recipient of the Main Street Solutions Grant in the amount of \$298,460 to assist them with the \$2.3 million renovation project. This one store with its buffet/salad bar for lunch & dinner has created a 20-30% increase of traffic in other downtown stores.

New residential development has slowed across the City. Burlington is not immune to the effects of the recession that has hit the entire country as a whole. In the past three years, as with the rest of the nation, new development has been at a minimum. However, limited multi-family and residential developments have continued across the western portions of the City.

***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.

Two separate series of Revenue Bonds were issued by the City of Burlington. The first was issued in December 2010 and the second in October 2011. The first series primarily covered the proposed repairs for the Stoney Creek Dam and the Lake Cammack Dam. Engineering studies had determined that both the Lake Cammack Dam (built in 1961) and the Stony Creek Dam (built in 1928) had the potential to be unstable during extreme storm events and the spillway capacity does not meet current design standards for the Stoney Creek Dam. Repairs made to both dams involved the installation of a series of post-tensioned anchors installed by drilling vertically through the dam into the bedrock below the dam.

The multiple anchors provide the required stability during the design storm. Additionally, the earthen embankments and abutments were reinforced/raised. Repairs to the dams were completed by 2011.

- (2) The remainder of the first series 2010 and all of the series 2011 Revenue Bonds covered the changes necessary to both the South Burlington Waste Water Treatment Plant and the East Burlington Waste Water Treatment Plant to bring the in compliance with the Jordan Lake Rules.

The B. Everett Jordan Reservoir Water Supply Nutrient Strategy (also called the Jordan Lake Rules) is a comprehensive set of rules enacted by the North Carolina Environmental Management Commission and the North Carolina General Assembly in 2009. Jordan Lake Rules are regulations to remove excessive nutrients that result from runoff from treatment plants, agriculture, etc. from surface waters that feed into Jordan Lake and to minimize nutrient impact in an effort to restore water quality at Jordan Lake.

- (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 has installed three (3) more modules: TOP (Tyler Output Processor), Content Manager, and Web access for Licensing. Two of the three assist the City with its paper storage/retrieval issues as they will allow near-paperless solutions for accounts payable, purchasing, accounting, human resources (various personnel records), etc. The City has also upgraded servers to enhance security, reliability and storage space.

- (4) Annexation

The City has been working on annexation of 9 different areas for the past couple of years. These areas are commonly referred to as "donut holes", and annexing them will help eliminate the confusion caused for police and fire when responding to an emergency, going in and out of the City limits driving along the same road. These annexations became effective January 1, 2012. Services for police & fire began immediately - sanitation started on. Revenues from property taxes were not billed until August 2012. Thus, no major revenues from this annex were received in the fiscal year ended June 30, 2011. Property tax revenues will not be recognized until fiscal year ended June 30, 2013.

- (5) A fire study was completed this past fiscal year. Recommendations from the study are for the City to build 1 to 2 fire stations and possibly close one fire station. The City Council is currently exploring all the options.

- (6) Capital Improvements

In keeping with the City's goal of reducing expenditures, several capital projects were delayed.

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

Housing Projects: The Housing Rehabilitation Program provided funds to correct Minimum Housing Code violations, to reduce lead-based paint hazards and to improve the energy efficiency in single-family dwellings occupied by low- and moderate-income households. As of June 30, 2012, the City completed the rehabilitation of ten (10) owner-occupied houses. As a further strategy to create opportunities for homeownership for low and moderate-income households, the City supported the activities of non-profits to develop affordable housing. The City assisted Alamance County Community Services Agency (ACCSA), its Community Housing Development Organization (CHDO), continued endeavors to develop homes at the Apple Tree Village subdivision on city-owned lots. During the program year, ACCSA began construction of a home at the subdivision. Construction was initiated in May 2012 along with a ground-breaking event in June. The home is expected to be completed by mid-August 2012.

Public Facilities: In the five-year strategic plan, CDBG proposed to undertake one new public facility or infrastructure improvement project per year to ensure new or improved availability/access to a suitable living environment for low- and moderate-income area residents. During the program year, the City launched several projects that include the installation of a new water line connection on Gilliam Rd.; a lighting upgrade project was completed at both Fairchild Park and North Park; a building automation project was completed at Fairchild Park; installation of an alarm system at Family Abuse Services; and the renovation of the bathroom facility, replacement of existing roof, and installation of a new HVAC system at Allied Churches. Through a substantial amendment to the FY 2007-08 Action Plan the City completed a sewer line improvement project in East Burlington along Queen Anne St.

The CDBG Division also established multiple projects for the upcoming fiscal year 2012-13.

(7) Plans For Debt Issuance

There are plans to continue the annual installment purchase agreement that provides funding for approximately \$1 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.

(8) Fund Balance Policy

The City modified its fund balance policy to be in compliance with the GASB 54 pronouncement, with the new designations, restricted, committed, assigned, and unassigned fund balance. The policy gives the City Manager the authority to make assigned fund balance designations.

***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, 2011. This was the thirteenth 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.

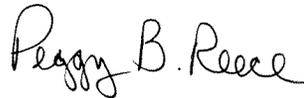
The preparation of this comprehensive annual financial report would not have been possible without the dedication and collective efforts of the entire staff of the Finance and Risk Management Department. We would like to take this opportunity to express gratitude to all members of the department for 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,

A handwritten signature in black ink, appearing to read "Harold T. Owen". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Harold T. Owen  
City Manager

A handwritten signature in black ink, appearing to read "Peggy B. Reece". The signature is cursive and clearly legible.

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

# 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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



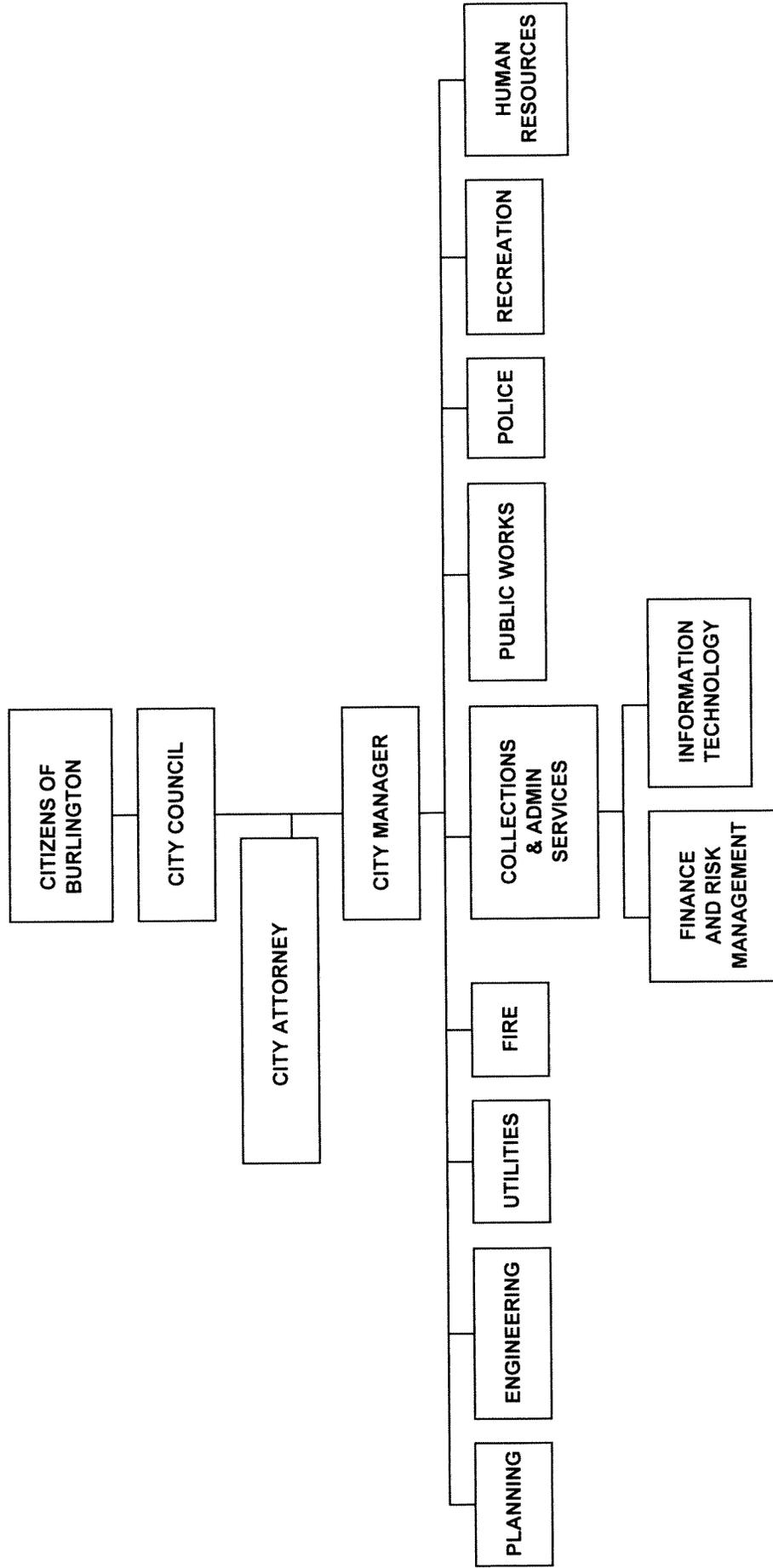
*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

CITY OF BURLINGTON, NORTH CAROLINA  
ORGANIZATIONAL CHART



# CITY OF BURLINGTON

## List of Principal Appointed Officials For the Fiscal Year Ended June 30, 2012

City Manager	Harold T. Owen
City Attorney (Interim)	Charles L. Bateman
Director of Administrative Services and Revenue Collections	Frank F. Hope, III
Utilities Director	Robert Patterson, Jr.
Human Resources Director	Aaron P. Noble, Jr.
Recreation and Human Services Director	Anthony G. Laws
Public Works Director	Nolan Kirkman
Director of Finance and Risk Management	Peggy B. Reece, CPA
Police Chief	Michael R. Williams
Fire Chief	Jay A. Smith
Director of Information Technology	Rodger Burden
City Engineer	Albert L. Rhew
City Planner	Robert R. Harkrader, III





**STOUT  
STUART  
M<sup>c</sup>GOWEN  
& KING LLP**

*Certified  
Public  
Accountants*

*Advisors to  
Management*

*Member of PCPS,  
The AICPA Alliance  
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**INDEPENDENT AUDITOR'S REPORT**

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

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, 2012, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Burlington, North Carolina's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of Burlington Downtown Corporation were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Burlington, North Carolina as of June 30, 2012, and the respective changes in financial position and the cash flows, where appropriate, thereof and the respective budgetary comparison of the General Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 19, 2012 on our consideration of the City of Burlington's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions on pages xiv through xx and 42 through 45 respectively, 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.

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 combining and individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying schedule of expenditures of Federal and State awards is presented as for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, and is also 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of Federal and State awards are stated in all material respects in relation to the basic financial statements as a whole.

STOUT STUART MCCORDEN & KING LLP

October 19, 2012

## 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, 2012. 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 of the City of Burlington exceeded its liabilities at the close of the fiscal year ended June 30, 2012 by \$270,762,694 (net assets). Of this amount, \$87,827,643 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$3,124,131 (1.17%) compared to fiscal year 2011. The governmental net assets increased by \$1,113,574(.97%), and the business-type net assets increased by \$2,010,557 (1.32%).
- During the year, the City's governmental expenses were \$48,453,302, an increase of \$536,655, while expenses in the business-type activities were \$23,768,365, an increase of \$1,594,214.
- At the end of the fiscal year, the City of Burlington's governmental funds reported combined ending fund balances of \$60,976,367, an increase of \$42,047 in comparison with the prior year. Approximately \$8,055,071 (or 13.2%) is available for spending, with \$46,807,844 designated for specific purposes. For example, \$491,785 is externally restricted by nature of the Special Revenue Funds.
- At the end of the year unassigned fund balance for the general fund was \$8,211,865, or 17.4% of total general fund expenditures of \$47,127,509.
- The General Fund budget for fiscal year ending 6/30/12 was adopted with a \$.58 per \$100 assessed valuation tax rate, which is one cent lower than the prior fiscal year 2010-2011.
- The City of Burlington's total long-term debt increased \$15,759,503. There was a decrease of \$918,892 in the governmental activities and an increase of \$16,678,395 in the business-type.

The City has maintained its GO bond rating with both Standard & Poor's Corporation at AA and Moody's at Aa2. The City has also maintained the same ratings with the issuance of its 2011 Revenue Bonds as the prior issued 2010 Revenue Bonds. The 2010 Revenue Bonds were rated AA at Standard & Poor's

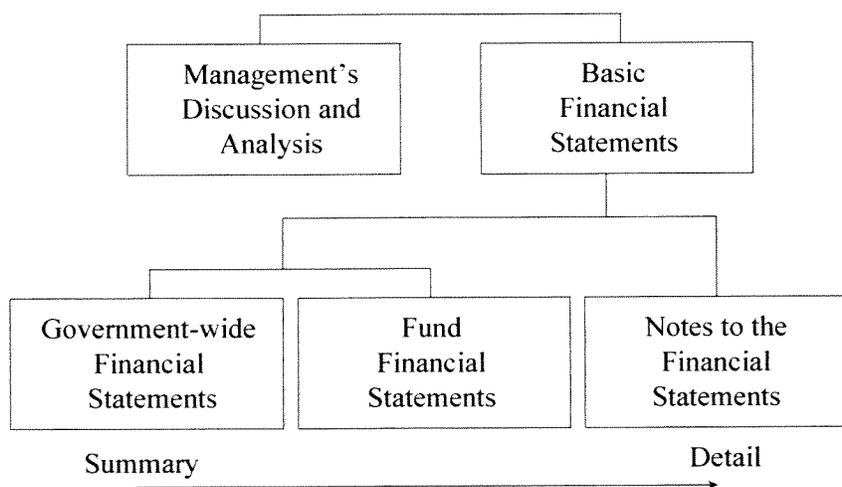
Corporation and Aa3 at Moody's. As a side note, the City's 2004 COPS were defeased with the issuance of the 2010 Revenue Bonds.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Burlington's basic financial statements. The new financial statements, implemented in fiscal year 2003, are comprised of two kinds of statements that present different views of the City: (1) Government-Wide Financial Statements and (2) Fund Financial Statements. Both perspectives, however, are essential and complementary components that allow the user to address relevant questions, broaden a basis for comparison, and enhance the City's accountability. Another important element of the basic financial statements is the notes to the financial statements. This report also contains other supplementary information in addition to the basic statements that will enhance the reader's understanding of the financial condition of the City of Burlington. (See Figure 1 below.)

### Required Components of Annual Financial Report

Figure 1



#### Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial

Statements: (1) the governmental funds statements; (2) the budgetary comparison statements; and (3) the proprietary fund statements.

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

A. Government-wide financial statements

The government-wide financial statements report both short-term and long-term information about the financial condition of the City as a whole, focusing on the government's operational accountability. The accounting methods of these statements are similar to those of private sector companies in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government.

The *statement of net assets* reports the City's net assets and includes all, both current and non-current, assets and liabilities of the City. The difference between the two is reported as net assets. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods; for example, uncollected taxes and earned, but unused vacation leave.

Both of the government-wide financial statements distinguish functions of the City of Burlington that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The government-wide financial statements of the City of Burlington are divided into three categories:

**Governmental Activities:** Most of the City's basic services are included here, such as police, fire, public works, sanitation, recreation, and general administration. Property taxes, sales taxes, and state and federal grants finance most of these activities.

**Business-type Activities:** The City charges fees to customers to help cover the cost of certain services it provides. The City's water and sewer activities are included in this category.

**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 can be found on pages 1-3 (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 Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Burlington adopts an annual appropriated budget for its General Fund, as required by the General Statutes of North Carolina. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: (1) the original budget as adopted by the City Council; (2) the final budget as amended by the City Council; (3) the actual resources, charges to appropriations, and ending balances in the General Fund; and (4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

The basic governmental fund financial statements can be found on pages 4-7 of this report.

**Proprietary funds** of two different types are maintained by the City of Burlington. *Enterprise funds* are used to report the same functions presented as business-type activities; that is, the water and sewer operation. *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 and Sewer Fund and the Storm Water Fund, the only two enterprise fund operations of the City of Burlington.

The basic proprietary fund financial statements can be found on pages 8-11 of this report.

C. Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-42 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 43 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Burlington, assets exceeded liabilities by \$270,762,694. The City's net assets increased by \$3,124,131 for the fiscal year ended June 30, 2012. However, the largest portion (48.1%) reflects the City's 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 investment in its 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 assets (14.86%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$87,827,643 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 \$8,055,071 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 assets, 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**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>ASSETS</b>						
Current and other assets	\$ 80,305,102	\$ 78,825,482	\$ 74,169,054	\$ 59,236,219	\$ 154,474,156	\$ 138,061,701
Capital assets	59,993,431	59,868,860	134,364,203	129,064,278	194,357,634	188,933,138
Total assets	<u>140,298,533</u>	<u>138,694,342</u>	<u>208,533,257</u>	<u>188,300,497</u>	<u>348,831,790</u>	<u>326,994,839</u>
<b>LIABILITIES</b>						
Current and other liabilities	7,389,603	5,960,433	7,319,935	4,975,362	14,709,538	10,935,795
Long-term liabilities:	<u>16,842,795</u>	<u>17,781,348</u>	<u>46,516,763</u>	<u>30,639,133</u>	<u>63,359,558</u>	<u>48,420,481</u>
Total liabilities	<u>24,232,398</u>	<u>23,741,781</u>	<u>53,836,698</u>	<u>35,614,495</u>	<u>78,069,096</u>	<u>59,356,276</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	44,355,341	42,802,718	85,748,070	97,111,037	130,103,411	139,913,755
Restricted	17,287,399	11,376,455	35,544,241	24,282,332	52,831,640	35,658,787
Unrestricted	54,423,395	60,773,388	33,404,248	31,292,633	87,827,643	92,066,021
Total net assets	<u>\$ 116,066,135</u>	<u>\$ 114,952,561</u>	<u>\$ 154,696,559</u>	<u>\$ 152,686,002</u>	<u>\$ 270,762,694</u>	<u>\$ 267,638,563</u>

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

- The City Council voted to reduce the property tax rate by one cent for the 2011-2012 fiscal year to \$0.58 per \$100 assessed valuation. The property tax base also decreased slightly by 0.4%. As a result, property tax revenue collections decreased by 3.2% from the prior year.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 97.73%, which is slightly above the statewide average of 97.63%.
- The interest rates continued to remain at the lowest rates seen in many years. The rates remained at this low point for the entire fiscal year. These low rates were the primary contributing factor to the City's approximately \$50,752 decrease in interest income from the City's investments for governmental activities, as well as a modest increase of \$17,822 in business type activities.
- Sales tax revenues, reversing trends once again from prior years, increased by 2.6%. This is primarily attributed to the Tanger Outlet which opened in November 2010 which is believed to have brought new purchasing traffic from outside the area, as opposed to just moving the sales traffic from one store to another within the county.

The Capital Reserve Fund's Restricted Net Assets decreased by \$279,540. Revenue was from two sources, one being interest income earned and the second being a transfer from the General Fund for \$1 million. There were \$1.34 million transferred out to capital projects as the only expenses for this fund in the year ending June 30, 2012.

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 6,921,477	\$ 6,807,277	\$ 21,696,845	\$ 21,737,804	\$ 28,618,322	\$ 28,545,081
Operating grants & contributions	3,776,954	3,448,673			3,776,954	3,448,673
Capital grants & contributions			248,674	162,641	248,674	162,641
<b>General Revenues:</b>						
Property taxes, levied for general purpose	24,769,222	25,121,552			24,769,222	25,121,552
Other taxes	9,696,455	9,554,263			9,696,455	9,554,263
<b>Grants and contributions not restricted to specific programs</b>						
Other	3,597,285	3,688,785			3,597,285	3,688,785
	508,932	561,160	3,833,403	1,834,797	4,342,335	2,395,957
<b>Total Revenues</b>	<b>49,270,325</b>	<b>49,181,710</b>	<b>25,778,922</b>	<b>23,735,242</b>	<b>75,049,247</b>	<b>72,916,952</b>
<b>Expenses:</b>						
General government	8,586,996	9,782,111			8,586,996	9,782,111
Public safety	20,992,476	20,077,388			20,992,476	20,077,388
Transportation	9,857,328	8,931,972			9,857,328	8,931,972
Economic and physical development	1,574,410	1,367,129			1,574,410	1,367,129
Cultural and recreation	6,675,802	7,113,741			6,675,802	7,113,741
Interest on long-term debt	766,290	644,306			766,290	644,306
Water and sewer			23,768,365	22,174,151	23,768,365	22,174,151
<b>Total Expenses</b>	<b>48,453,302</b>	<b>47,916,647</b>	<b>23,768,365</b>	<b>22,174,151</b>	<b>72,221,667</b>	<b>70,090,798</b>
<b>Change in Net Assets before transfers</b>	<b>817,023</b>	<b>1,265,063</b>	<b>2,010,557</b>	<b>1,561,091</b>	<b>2,827,580</b>	<b>2,826,154</b>
<b>Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase in net assets</b>	<b>817,023</b>	<b>1,265,063</b>	<b>2,010,557</b>	<b>1,561,091</b>	<b>2,827,580</b>	<b>2,826,154</b>
<b>Net assets-beginning</b>	<b>114,952,561</b>	<b>113,687,498</b>	<b>152,686,002</b>	<b>151,124,911</b>	<b>267,638,563</b>	<b>264,812,409</b>
<b>Prior Period Adjustments</b>	<b>296,551</b>				<b>296,551</b>	<b>-</b>
<b>Net assets-beginning (re-stated)</b>	<b>115,249,112</b>	<b>113,687,498</b>	<b>152,686,002</b>	<b>151,124,911</b>	<b>267,935,114</b>	<b>264,812,409</b>
<b>Net assets-ending</b>	<b>116,066,135</b>	<b>114,952,561</b>	<b>154,696,559</b>	<b>152,686,002</b>	<b>270,762,694</b>	<b>267,638,563</b>

*Governmental activities*

Governmental activities increased the City's net assets by \$817,023 (excluding the prior period adjustment), thereby accounting for 35.6% of the total growth in the net assets of the City of Burlington. The increases came from the following funds:

- Sales tax revenues increased approximately \$234,245 over the prior year in the general fund, maintaining the strong increase in sales from the last year, attributable to the Tanger Outlet shopping center that opened in the prior year.

- A transfer of \$1.34 million into the General Fund from the Capital Reserve Fund was made for the capital purchase of the communications consoles and radios needed for police and fire.
- Depreciation expense decreased over \$300,000 from the prior year.
- Accrued vacation decreased \$99,000.
- Charges for services increased by \$114,200 in the General Fund. The primary area affecting this increase is in Recreation, where the golf course was fully operational in fiscal year ending June 30, 2012, after being closed in the prior year for 5 months to allow for the re-seeding of the greens.
- The final main contributing factor to the net increase in capital assets is from the increase in capital assets (net of depreciation) by approximately \$124,572.

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

- For all of the internal service funds, which are the Dental Self Insurance Fund, Workers Compensation Self Insurance Fund, and Group Health Self Insurance Fund, claims were more than expected and resulted in approximately \$562,401 decrease in net assets.
- The Capital Reserve Fund's net assets decreased by approximately \$279,540. For the 2012 fiscal year, the budgeted transfer in, which was performed, netted against the transfer out budgeted for the purpose of purchasing a new communications system for police and fire, involving new consoles, software, and radios.
- One other accrual increased from the prior year as well, the OPEB liability went up approximately \$608,000.
- Interest earnings saw another decline, by approximately 26.2% due to the continued historical all-time lows in interest rates.

**Figure 4**

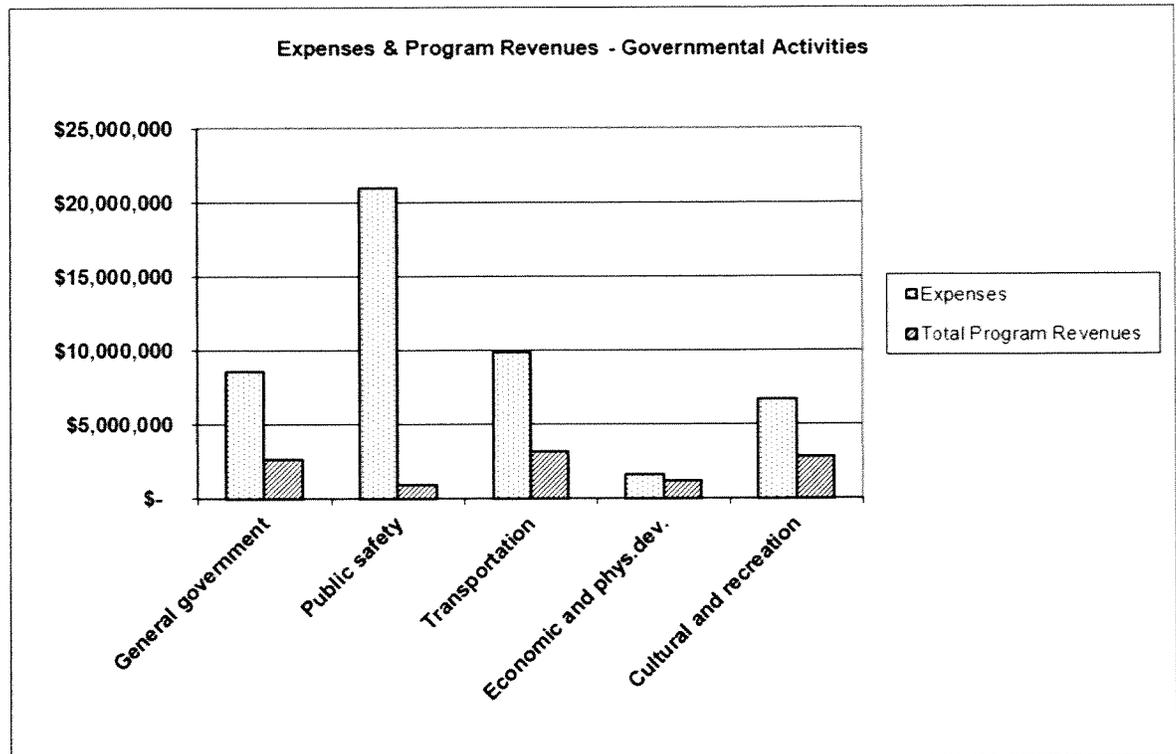
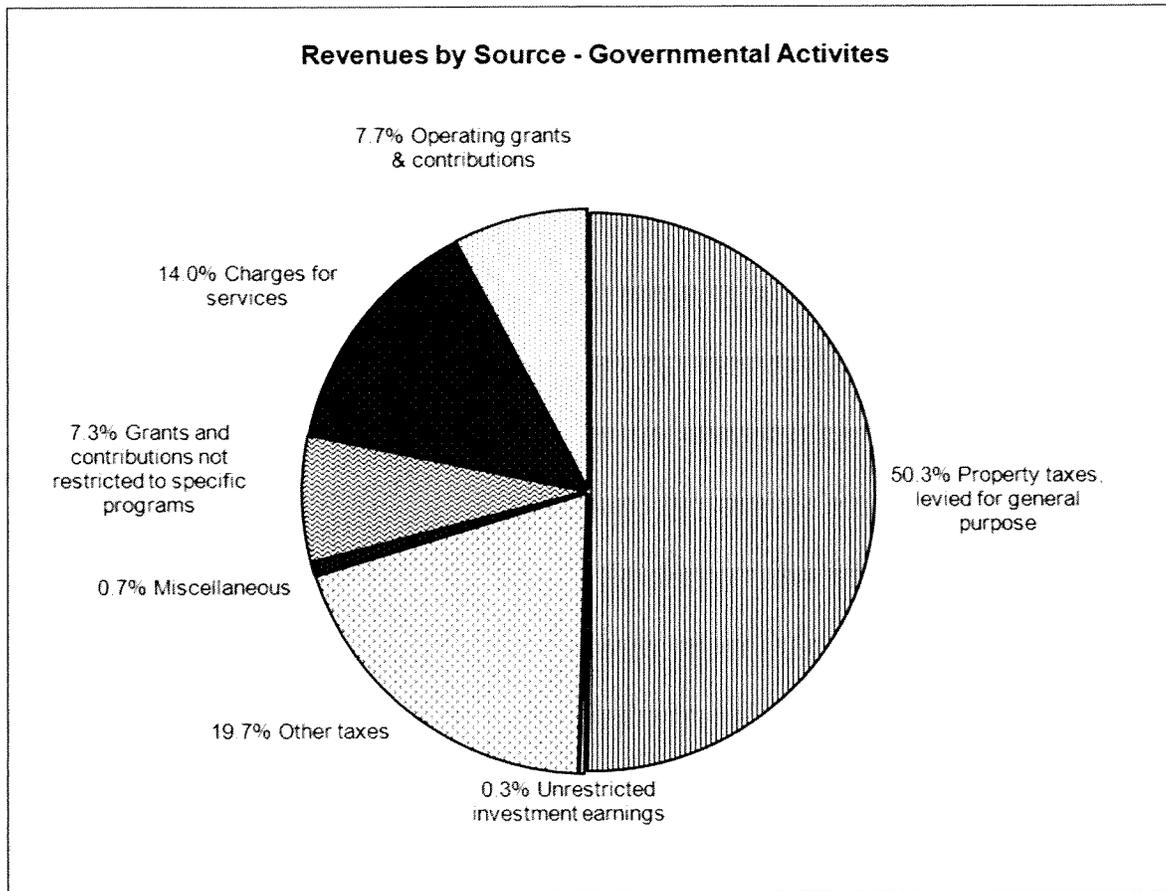


Figure 4 (continued)



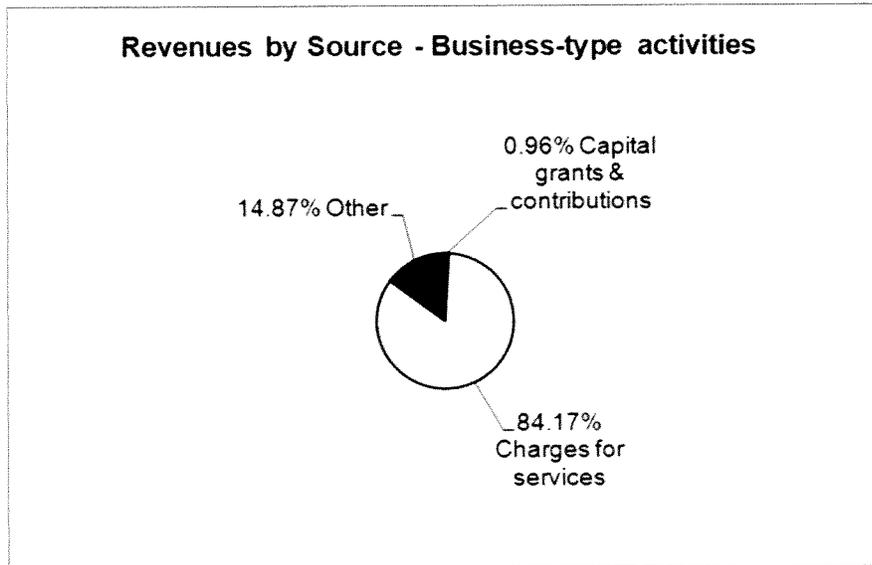
- Ad valorem taxes provided 50.3% of the revenues for governmental activities in the General Fund, with other taxes and charges for services providing 33.2% of revenues.
- Total expenses increased approximately \$536,655 or 1.1%. With revenues increasing \$88,615 or 0.18%, the total net asset increase was 0.97%. First, there was a 2% merit increase given which affected all program areas. Second, the effect of a 2.5% merit for police, which is part of a program, put in place four years ago for officer retention which occurred in the General Fund as well as six new positions in community policing grant program. For General Government operations, planning expenses decreased approximately \$51,000 and there was a one-time expense last year to assist with cleaning up properties that the City did not have this year for \$96,000. Operations for Public works were also up by approximately \$925,000; \$887,000 for recycling rolling trash cans (not capitalized), \$100,000 increase for tipping fees, less a decrease in recycling fees. The increases in these operations accounts are again reflective of management's philosophy, delaying replacement of vehicles, using outside contractors where possible to avoid hiring new employees, and repairing and maintaining equipment and buildings rather than purchasing new items.

*Business-type activities*

Business-type activities increased the City of Burlington's net assets by \$2,010,557, accounting for 64.4% of the total growth in the government's net assets. Key elements of the increase in net assets include some increases and decreases and are as follows:

- Interest expense went up significantly, approximately \$2 million, due to the issuance of the 2011 Revenue Bonds.
- Another increase in expense is due to increases in the OPEB liability of approximately \$99,016.

**Figure 5**



- In fiscal year 2011-2012, business type activities revenues were basically flat for the Water & Sewer Fund. Three factors contributed to this relatively flat status in revenues. The first factor was due to a decrease (8.7%) in sales of water to the City of Greensboro due to the lower demands from the City. The second impact to revenue was lower water and sewer consumption. The third was due to not having any significant weather issues that have affected revenues in the past, and therefore charges to municipalities were more or less the same as in prior years.
- Offsetting the above mention decreases in revenues was the second rate increase instituted by the City of Burlington for the 2011-2012 fiscal year in the Water & Sewer Fund. The rate increase amounted to approximately a 7.0% increase for water and sewer rates for all customers, inside and outside the corporate city limits. Even with these increases, Burlington's rates continue to remain below other cities with similar collection and distribution systems.
- Expenses increased 7.2% overall. The largest hit to expenses was from the increase in interest expense payments due to the Revenue bonds in the amount of approximately \$1.46 million. Operational

expenditures were approximately \$271,000 more than in the prior year, utilities were \$221,000 higher, chemicals were \$102,000 higher and automotive expenses were \$31,000 higher than in the prior years. Offsetting these increases in operational expenses was a decrease in maintenance and repair expenses of \$159,000. Expenditures for the storm water fund remained consistent with the prior year.

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

#### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

*Governmental funds.* The focus of the City of Burlington's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Burlington. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,211,865, while total fund balance reached \$33,593,269. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 17.4% of total General Fund expenditures.

At June 30, 2012, the governmental funds of the City of Burlington reported a combined fund balance of \$60,976,367, a \$42,047 increase 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 decreased \$279,540, due to a contribution from the general fund and interest earnings from investments. A transfer out of \$1.3 million was for a capital project to purchase new radios and consoles for the police and fire communications system.
- The Home Program, the Community Development Block Grant, and the Rental Rehabilitation Loan Programs when netted all together, used and thus decreased fund balance by \$142,991.
- The RICO fund received \$269,032 in a new grant and also used \$119,918 (decreasing) fund balance which was used for purchasing 4 new digital in-car video systems in police cars, uniforms and equipment for 6 new police officers.
- The City spent \$52,621 of an Energy efficiency grant that was received at the end of fiscal year 2009-2010. This also reduced fund balance by the same amount, thus reducing that balance to zero.
- The City was reimbursed \$121,133 in a new grant Bureau of Justice Assistance Community Oriented Policing, expensed \$271,005 which resulted in a use of \$149,872 (decreasing) fund balance, which was used to cover salary related expenses of 6 police officers.
- The \$979,243 increase in fund balance in the general fund is once again indicative of the management strategy employed by the City's top officials. Revenues did see increases in sales taxes, and

permits. Property taxes actually decreased due to the one cent decrease in the property tax rate. As mentioned before, sales taxes increased again slightly over the prior year, maintaining the increase achieved in prior years due to a new shopping center, Tanger Outlet. Building permits have edged up slightly representative of the slow turning around of the construction industry. Increases in capital expenditures of approximately \$124,572 were due to netting of the purchase of new police cars and disposal of old police cars; increases in wages were a result of a 2% merit increase for most employees, the first in 3½ years. Department heads kept operational costs in line with prior years as well. The major savings from expenses came from \$567,510 in unspent personnel costs due primarily to unfilled positions that were frozen for the current year, another \$500,000 budgeted for positions to staff a new fire station that is in the planning stages to be built, and \$199,734 in lower operational expenses, primarily utilities (\$40,000), departmental supplies (\$46,000), and professional/contracted services (\$113,000).

*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 \$6.2 million increase in appropriations, and the main items can be briefly summarized as follows:

- \$1,267,473 capital equipment financing consisting of a refuse side loader truck (\$255,000), 8 police vehicles (\$250,700), a dump truck (\$78,000), computers city wide (\$181,000), a SCBA upgrade for the Fire Department (\$139,395), a 24 passenger mini bus (\$50,000), and various other purchased equipment (\$313,378)
- \$368,618 for projects carried forward from the prior year (a GIS pavement conditioning rating for \$21,626, and 8 police vehicles in the amount of \$346,992, are two of the main projects carried forward)
- \$2,000,000 for a new communications system for fire, police, and public works which involves replacing the radios and consoles for 911 emergency communications
- \$1,096,979 in year-end adjustments, fuel purchases for resale to Alamance County (\$500,000), transfer to Workers' Comp (\$100,000), personnel services for police special operations (\$200,000), police buildings/equipment (\$119,000), fire automotive expense (\$75,000), recreation equipment maintenance and repair (\$30,000) and other miscellaneous items (\$72,979).

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 97.73% rate.
- Other taxes and licenses were up by \$704,792, primarily due to the increase in sales tax.

- Unrestricted intergovernmental fees were up by \$361,142 (3.0%), partly due to the beer and wine taxes. The budget amounts were conservative because the State had withheld a portion of those taxes in the prior year, and it was unclear if the State would do the same in the 2012 fiscal year.
- Sales and services were \$54,300 (1.4%) over final amended budget primarily due to the sanitation fees bringing in more than expected.
- Investment interest actual earnings were \$219,262 (58.1%) below final amended budgeted revenues due to the continuance of record low interest rates.
- General government actual expenditures were \$3,685,065 (7.2%) under final amended budgeted expenditures due to budgeted expenses that were not incurred. Personnel costs (\$1,179,527) were lower than expected due to vacant positions that were frozen as well as new hires being hired at a lower salary than the persons who retired from those positions. Department heads were charged with reducing actual expenditures. As a result, the following are the major items that were under budget: maintenance /repair contracts (\$113,328) utilities (\$40,162), economic development (\$85,357), and (\$500,000) that was put in place for the expansion of fire services. Also, capital costs (\$1,245,686) were lower than expected due to items not being able to be purchased before year end, but were carried forward.
- Public works actual expenditures were \$238,117(2.4%) under final amended budgeted expenditures primarily due to two items. First, a radio communication system for public works that was not purchased before year end (approximately \$119,484). Second, sidewalk construction additions that were budgeted were not undertaken, (approximately \$100,000). Other savings were offset by overages in repair & maintenance and automotive expenses in public works.

*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 assets of the Water and Sewer Fund and Storm Water Fund combined at the end of the fiscal year amounted to \$33,507,866. The total growth in net assets was \$2,010,557. 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, 2012, totals \$194,357,634(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 \$5,424,498 or 2.9% over the prior year.

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

##### Governmental activities:

- Streets and sidewalks increased \$3,511,779. The majority of this increase, \$2.8 million, is due to the completion of the Recovery Zone Economic Development (RZED) Bond project, which covered paving streets downtown primarily. The remainder represents completion of routine maintenance and repaving of streets, sidewalks, and culverts.

- Construction in progress decreased \$2.5 million due to the City finishing the paving of streets financed through Recovery Zone Economic Development bonds.
- Buildings increased \$325,722. This represents the maintenance and repairs to all the City buildings with the four primary repairs and replacements, the police firing range building that burned for approximately \$93,000, police training classroom for approximately \$72,000, a replacement boiler system for the city municipal building for approximately \$58,000, and a traffic department storage facility for approximately \$24,000.
- Equipment increased \$852,101. The increases are due to expenditures for various computer hardware and software for approximately \$87,251, a security system for our City Parks for \$48,000, public safety fire equipment \$366,000, public safety police equipment 195,970, various equipment for public works \$67,472 and other miscellaneous items for the remaining \$87,408.
- Vehicles increased \$1,052,955. The increase in vehicles is due to the purchase of 23 vehicles purchased for police as part of the normal replacement rotation for approximately \$613,459 (half of these vehicles were ordered in the prior year but did not come in until this year), a side loading refuse truck for \$231,000, and a bus and a van for recreation for \$71,858. The remaining increases/ decreases in equipment and vehicles represent the typical activity of acquisitions of new equipment to replace old discarded equipment.

Business-type activities:

- The \$1.7 million increase in water and sewer lines is attributed to the completion of several water and sewer lines. These items include water and sewer lines (\$1,257,799), water and sewer taps (\$202,322), and an outfall (\$91,177). Lines donated to the City from developers of housing/commercial projects for the 2011-2012 fiscal year were valued at \$226,617.
- The increase in buildings is approximately \$4.7 million which mainly represents the completion of two dam rehabilitations.
- The remaining increases/ decreases in equipment and vehicles represent the typical activity of acquisitions of new equipment to replace old discarded equipment.
- No major demolitions were recorded this year.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Land	\$ 8,400,841	\$ 8,400,841	\$ 6,945,444	\$ 6,945,444	\$ 15,346,285	\$ 15,346,285
Buildings and system	25,984,324	26,654,721	55,767,770	53,180,986	81,752,094	79,835,707
Improvements other than buildings			64,657,758	64,858,126	64,657,758	64,858,126
Machinery and equipment	2,258,821	2,003,460	1,369,804	781,414	3,628,625	2,784,874
Infrastructure	18,693,774	15,871,926	-	-	18,693,774	15,871,926
Vehicles and motorized equipment	4,347,918	4,067,270	607,511	557,378	4,955,429	4,624,648
Construction in progress	307,753	2,870,641	5,015,916	2,740,930	5,323,669	5,611,571
<b>Total</b>	<b>\$ 59,993,431</b>	<b>\$ 59,868,859</b>	<b>\$ 134,364,203</b>	<b>\$ 129,064,278</b>	<b>\$ 194,357,634</b>	<b>\$ 188,933,137</b>

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

*Long-term debt.* As of June 30, 2012, the City of Burlington had total bonded debt outstanding of \$61,751,431. This includes \$2.531 million of Recovery Zone Economic Development Bonds that is not shown in the table below. Of this amount, all is backed by the full faith and credit of the City.

**Figure 7**  
**City of Burlington's Outstanding Debt**  
**General Obligation and Revenue Bonds**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 10,604,081	\$ 11,724,945	\$ 7,594,520	\$ 8,817,338	\$ 18,198,601	\$ 20,542,283
Revenue bonds**	-	-	41,021,613	23,135,863	41,021,613	23,135,863
Total	\$ 10,604,081	\$ 11,724,945	\$ 48,616,133	\$ 31,953,201	\$ 59,220,214	\$ 43,678,146

\*\*Please note that the 2010 Revenue Bonds issued included the refunding of the 2004 COPS in the amount of \$10,700,000.

The City of Burlington's total debt showed a net increase of \$15,542,068 (35.6%) during the past fiscal year. The City issued an additional \$18,370,000 in Revenue Bonds (Series 2011) to pay for Jordan Lake mandates to retro fit the two waste water treatment plants, The City issued \$1,267,473 in installment financings, bearing an interest rate of 1.47%, to acquire certain vehicles and other equipment for general government uses, to be paid back over a 3 year period. The decrease in debt for the governmental activities represents the normal shrinkage in debt due to payments made throughout the year.

As mentioned in the financial highlights of this document, the City of Burlington has maintained its bond ratings of AA for Standard & Poor's Corporation, and an Aa2, by Moody's Investor Services.

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 \$324,484,110. The City has no bonds authorized but un-issued at June 30, 2012.

Additional information regarding the City of Burlington's long-term debt can be found in note III.B.6, beginning on page 33 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The following key economic indicators reflect the challenges facing the City during these recessionary times.

- Consistently high unemployment rate. From last year's average at 10.9%, the average rate has fallen to 10.1% for Alamance County, in which the City of Burlington is located. The area compares with the State average of 10.1% and US average at 8.6%.
- Interest rates are at approximately 0.50%, a 30% decrease over last fiscal year. The City's average yield has decreased by .21% over last year, or 44%. Since no appropriated fund balance was used in 2011, the

City's portfolio has remained stable. With the national economy maintaining its current snail's pace growth pattern, it is projected for the portfolio to produce a comparable amount of investment income in 2013 as it did in 2012. There are mixed signals from the economy almost daily. Due to the opening of Tanger Outlet in the prior year, retail sales are up 2.6% over 2011 in Alamance County. This is on top of the 13.5% increase in sales tax the City saw last year.

- Both residential and commercial developments have shown an increase from the prior year, from 437 permits issued in the prior year to 670 permits issued for the fiscal year ending 6/30/2012. Even though this reflects a 53% increase, the actual number of permits is still relatively low. Commercial development had a 62% increase, with 201 permits issued in the prior year, and 325 permits issued for the fiscal year ending 6/30/2012. Both of these are signs that the economy is turning, albeit slowly, in the area.
- The City's largest taxpayer Laboratory Corporation opened its expansion of one of its lab testing facilities located within the City. The estimated cost of the expansion is about \$26 million.
- A cooperative grocery/health foods store working with local farmers in the area has opened downtown. Other retail stores in the downtown area state that traffic in their stores has almost doubled since the opening of the co-op.
- It remains unknown at this time what actions the Federal Government may take to solve the nation's debt crisis. Therefore, it is unclear the impact of the federal government's looming "fiscal cliff" coming at the end of 2012 may have on the City.

#### **BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2012**

*Governmental activities.* Total revenues budgeted for the year ending 2012 will increase by \$1,896,602. Property taxes are projected at a \$1,625,000 increase (85.7% of total revenue increase) due to the City annexing nine different areas in an effort to reduce the "donut holes" which has caused confusion for police and fire on who is supposed to be servicing certain areas. Sales tax has been projected to increase by another \$200,000 or 2.3%. The amount of sales tax budgeted, even though increased, is still 4.3% below actual sales tax received in the prior year. Interest earnings are projected to remain low, especially since the Federal Reserve Board has maintained the federal funds rate to 0.25%. No new programs were instituted in the 2012 budget. The City has begun to participate in performance measurement analysis. Specifically looking at indirect costs, performance measures validate that the dollar amount the general fund charges to the water and sewer fund for administrative charges is very reasonable.

Budgeted expenditures in the General Fund are projected to increase by 3.9%, or \$1,896,602. The large portion of the increase (\$688,438), is for two reasons, the City Council passed a 2% cost of living increase for employees to be implemented July 1, 2012 as well as the police merit based pay plan for continuity in the police department. Other increases in the budget are as follows: \$270,450 increase in maintenance and repair/contracted services, including \$83,500 for a contract with a new veterinarian, \$147,833 increase in utilities, \$212,511 increase in fuel for vehicles, \$125,000 more for intersection improvements, and a \$61,580 increase in annexation payments to fire departments for loss of revenues due to the City's annexation.

*Business-type activities.* Total revenue increased approximately \$1,879,400 over the previous fiscal year. Practically all of the increase is due to a third and final 7% increase in both the water and sewer rates that will be used to cover the projected debt payments from the issuance of the 2010 and 2011 Revenue Bonds in fiscal years 2011 and 2012. 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 \$1,879,400, or 7.6%. The increases are primarily due to the following: increase in capital expenditures, \$872,000 for water lines, \$587,000 for sewer lines, as well as increases in chemicals (\$92,000), utilities (\$58,000), and fuel for vehicles (\$76,950).

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Burlington's finances for all those with an interest in the City's finances and its accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Burlington Finance & Risk Management Department, P. O. Box 1358, Burlington, North Carolina 27216-1358.



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**BASIC  
FINANCIAL STATEMENTS**

City of Burlington, North Carolina  
Statement of Net Assets  
June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Burlington Downtown Corporation
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 62,600,934	\$ 32,775,276	\$ 95,376,210	\$ 196,679
Taxes receivables (net)	1,210,297	-	1,210,297	-
Accrued interest receivable on taxes	455,704	-	455,704	-
Accounts receivable (net)	15,332,153	3,359,177	18,691,330	2,195
Internal balances	103,618	(103,618)	-	-
Inventories	-	730,331	730,331	-
Bond premium and fees	8,781	800,841	809,622	-
Prepaid items	-	11,597	11,597	-
Prepaid pension obligations	593,615	-	593,615	-
Restricted assets:				
Cash and cash equivalents	-	36,581,027	36,581,027	-
Accounts receivable	-	14,423	14,423	-
Total current assets	80,305,102	74,169,054	154,474,156	198,874
Noncurrent assets:				
Capital assets (Note 1):				
Land, non-depreciable improvements, and construction in progress	8,708,592	11,961,360	20,669,952	-
Other capital assets, net of depreciation	51,284,839	122,402,843	173,687,682	-
Total capital assets	59,993,431	134,364,203	194,357,634	-
Total assets	\$ 140,298,533	\$ 208,533,257	\$ 348,831,790	\$ 198,874
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 3,402,463	\$ 638,688	\$ 4,041,151	\$ 3,518
Unearned revenue	716,305	-	716,305	-
Accrued interest payable	157,250	2,254,527	2,411,777	-
Customer deposit	-	539,580	539,580	-
Payable from restricted assets	-	1,051,209	1,051,209	-
Current portion of long-term liabilities	3,113,585	2,835,931	5,949,516	-
Total current liabilities	7,389,603	7,319,935	14,709,538	3,518
Noncurrent liabilities:				
Other postemployment benefits	2,109,882	343,469	2,453,351	-
Due in more than one year	14,732,913	46,173,294	60,906,207	-
Total noncurrent liabilities	16,842,795	46,516,763	63,359,558	-
Total liabilities	24,232,398	53,836,698	78,069,096	3,518
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	44,355,341	85,748,070	130,103,411	-
Restricted for:				
Capital projects	977,891	35,544,241	36,522,132	-
Public works	-	-	-	-
Public safety	306,396	-	306,396	-
Economic development	9,889,660	-	9,889,660	-
Stabilization by State Statute	6,113,452	-	6,113,452	-
Unrestricted	54,423,395	33,404,248	87,827,643	195,356
Total net assets	\$ 116,066,135	\$ 154,696,559	\$ 270,762,694	\$ 195,356

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, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
General government	\$ 8,586,996	\$ 2,661,120	\$ 16,136	\$ -
Public safety	20,992,476	261,105	640,233	-
Public works	9,857,328	1,289,117	1,860,153	-
Economic and physical development	1,574,410	-	1,139,569	-
Cultural and recreation	6,675,802	2,710,135	120,863	-
Interest on long-term debt	766,290	-	-	-
Total governmental activities (See Note 1)	48,453,302	6,921,477	3,776,954	-
<b>Business-type activities:</b>				
Storm water	305,939	450,521	-	-
Water and sewer	23,462,426	21,246,324	-	248,674
Total business-type activities	23,768,365	21,696,845	-	248,674
<b>Total primary government</b>	<b>\$ 72,221,667</b>	<b>\$ 28,618,322</b>	<b>\$ 3,776,954</b>	<b>\$ 248,674</b>
<b>Component unit:</b>				
Burlington Downtown Corporation	\$ 229,862	\$ 126,220	\$ 101,487	-
<b>Total component units</b>	<b>\$ 229,862</b>	<b>\$ 126,220</b>	<b>\$ 101,487</b>	<b>\$ -</b>

General revenues:

Taxes:

- Property taxes, levied for general purpose
- Local options sales tax
- Other taxes and licenses

Grants and contributions not restricted to specific programs

- Unrestricted investment earnings
- Miscellaneous

Transfers

- Total general revenues, special items, and transfers
- Change in net assets

- Net assets-beginning
- Prior Period Adjustments
- Net assets-beginning (restated)

Net assets-ending

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Unit	
\$ (5,909,740)		\$ (5,909,740)	\$	-
(20,091,138)		(20,091,138)		-
(6,708,058)		(6,708,058)		-
(434,841)		(434,841)		-
(3,844,804)		(3,844,804)		-
(766,290)		(766,290)		-
(37,754,871)	-	(37,754,871)		-
-	144,582	144,582		
-	(1,967,428)	(1,967,428)		
-	(1,822,846)	(1,822,846)		
\$ (37,754,871)	\$ (1,822,846)	\$ (39,577,717)	\$	-
				(2,155)
\$ -	\$ -	\$ -		(2,155)
24,769,222	-	24,769,222		-
9,189,185		9,189,185		-
507,270	-	507,270		-
3,597,285	-	3,597,285		-
142,306	147,210	289,516		4
366,626	3,686,193	4,052,819		-
-	-	-		(16,089)
38,571,894	3,833,403	42,405,297		(16,085)
817,023	2,010,557	2,827,580		(18,240)
114,952,561	152,686,002	267,638,563		213,596
296,551	-	296,551		-
115,249,112	152,686,002	267,935,114		213,596
\$ 116,066,135	\$ 154,696,559	\$ 270,762,694	\$	195,356

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



**Balance Sheet  
Governmental Funds  
June 30, 2012**

	MAJOR FUND		Total Non-Major Funds	Total Governmental Funds
	General			
<b>ASSETS</b>				
Cash and cash equivalents	\$ 30,648,129	\$ 2,449,252	\$ 33,097,381	
Restricted cash	18,299,404	-	18,299,404	
Receivables, net:				
Taxes	1,148,488	61,809	1,210,297	
Accounts	6,055,782	263,756	6,319,538	
Housing rehabilitation loans	-	2,370,226	2,370,226	
Home incentive loans	-	6,278,045	6,278,045	
<b>Total assets</b>	<b>\$ 56,151,803</b>	<b>\$ 11,423,088</b>	<b>\$ 67,574,891</b>	
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 2,452,006	\$ 249,141	\$ 2,701,147	
Deferred revenue	1,066,376	2,114,696	3,181,072	
Unearned revenue	716,305	-	716,305	
<b>Total liabilities</b>	<b>4,234,687</b>	<b>2,363,837</b>	<b>6,598,524</b>	
<b>Fund balances:</b>				
<b>Restricted:</b>				
Stabilization by State Statute	6,113,452	-	6,113,452	
Historic Books	1,418	-	1,418	
Animal Shelter	562	-	562	
Economic Development	-	7,400,720	7,400,720	
Public Safety	-	345,649	345,649	
<b>Committed:</b>				
Capital Improvements	-	977,891	977,891	
Capital Reserve Fund	18,323,847	-	18,323,847	
<b>Assigned</b>				
Subsequent Years Expenditure:	2,053,816	491,785	2,545,601	
General Government	4,316,000	-	4,316,000	
Parks and Recreation	1,321,156	-	1,321,156	
Public Safety	5,450,000	-	5,450,000	
Economic Development	3,000,000	-	3,000,000	
Public Works	3,125,000	-	3,125,000	
Unassigned	8,211,865	(156,794)	8,055,071	
<b>Total fund balances</b>	<b>51,917,116</b>	<b>9,059,251</b>	<b>60,976,367</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 56,151,803</b>	<b>\$ 11,423,088</b>		

Amounts reported for governmental activities in the statement of net assets

(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 - \$105,119,591	
accumulated depreciation - (\$45,126,160.)	59,993,431
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds.	455,704
The pension assets resulting from contributions in excess of annual required contributions are not financial resources and therefore are not reported in the funds	593,615
Miscellaneous adjustments to net assets include investment income receivable and interest subsidy receivable	118,965
Other long-term debt (post employment benefits) are not due and therefore are not reported in the funds.	(2,109,882)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	103,618
Liabilities for earned but deferred revenues in fund statements.	3,181,072
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.	10,748,212
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-\$10,604,081 installment purchases-\$2,502,729, recovery zone economic development bonds-\$2,531,217, compensated absences-\$2,208,471, accrued interest-\$157,250 and bond issuance cost \$(8,781).	(17,994,967)
<b>Net assets of governmental activities</b>	<b>\$ 116,066,135</b>

**City of Burlington**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

	Major Fund		Total Governmental Funds
	General Fund	Total Non-Major Funds	
<b>REVENUES</b>			
Ad valorem taxes	\$ 24,594,691	\$ 126,220	\$ 24,720,911
Other taxes and licenses	10,261,128	-	10,261,128
Unrestricted intergovernmental	4,294,357	214,929	4,509,286
Restricted intergovernmental	2,447,210	1,576,167	4,023,377
Permits and fees	1,025,476	-	1,025,476
Sales and services	3,909,654	38,303	3,947,957
Investment earnings	243,449	6,282	249,731
Miscellaneous	189,212	163,794	353,006
Total revenues	46,965,177	2,125,695	49,090,872
<b>EXPENDITURES</b>			
Current:			
General government	7,713,558	-	7,713,558
Public safety	18,776,222	747,745	19,523,967
Public works	8,644,203	-	8,644,203
Economic and physical development	-	1,574,410	1,574,410
Culture and recreation	5,658,586	154,166	5,812,752
Debt service:			
Principal	2,691,898	-	2,691,898
Interest and other charges	723,597	-	723,597
Capital outlay	2,919,445	229,507	3,148,952
Total expenditures	47,127,509	2,705,828	49,833,337
Excess (deficiency) of revenues over expenditures	(162,332)	(580,133)	(742,465)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	2,529,704	149,682	2,679,386
Transfers to other funds	(2,865,036)	(227,205)	(3,092,241)
Issuance of installment purchase	1,267,473	-	1,267,473
Total other financing sources (uses)	932,141	(77,523)	854,618
Net change in fund balance	769,809	(657,656)	112,153
Fund balances-beginning	51,217,413	9,716,907	60,934,320
Prior Period Adjustment	(70,106)	-	(70,106)
Fund balances-beginning restated	51,147,307	9,716,907	60,864,214
Fund balances-ending	\$ 51,917,116	\$ 9,059,251	\$ 60,976,367

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, 2012**

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

Net changes in fund balances - total governmental funds	\$	112,153
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- (\$3,148,952) exceeded depreciation-(\$3,024,380).		124,572
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in deferred revenue for economic development loans receivable		103,569
Change in deferred revenue for street assessments		134,998
Change in accrued interest receivable		(107,425)
Change in pension asset		38,989
Change in deferred revenue for tax revenues		48,310
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- (\$1,267,473), principal expenditures- \$2,691,863 change in accrued interest payable- \$6,702 and net change ammortization \$3,725 and change in bond issuance cost (\$1,273))		1,433,544
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.		
Compensated absences		99,019
Other post employment benefits		(608,242)
Net revenue of internal service funds determined to be governmental-type.		<u>(562,464)</u>
Total changes in net assets of governmental activities	<u>\$</u>	<u>817,023</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, 2012

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
Ad valorem taxes	\$ 23,391,759	\$ 23,391,759	\$ 24,594,691	\$ 1,202,932
Other taxes and licenses	9,556,336	9,556,336	10,261,128	704,792
Unrestricted intergovernmental	4,028,000	4,028,000	4,294,357	266,357
Restricted intergovernmental	2,259,250	2,305,189	2,447,210	142,021
Permits and fees	878,400	878,400	1,025,476	147,076
Sales and services	3,585,961	3,855,354	3,909,654	54,300
Investment earnings	377,251	377,251	157,989	(219,262)
Miscellaneous	380,888	171,000	189,212	18,212
	<u>44,457,845</u>	<u>44,563,289</u>	<u>46,879,717</u>	<u>2,316,428</u>
<b>Expenditures:</b>				
Current:				
General government	7,110,625	9,484,812	8,030,918	1,453,894
Public safety	18,764,768	22,094,033	20,122,743	1,971,290
Public works	10,001,545	9,968,723	9,730,606	238,117
Cultural and recreation	5,517,831	5,834,507	5,827,747	6,760
Principal retirement	2,613,229	2,706,901	2,691,898	15,003
Interest and other charges	723,598	723,598	723,597	1
	<u>44,731,596</u>	<u>50,812,574</u>	<u>47,127,509</u>	<u>3,685,065</u>
Revenues over (under) expenditures	<u>(273,751)</u>	<u>(6,249,285)</u>	<u>(247,792)</u>	<u>6,001,493</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	-	1,530,000	1,529,704	(296)
Transfers to other funds	(1,363,235)	(1,500,214)	(1,500,036)	178
Installment Financing	-	1,267,473	1,267,473	-
	<u>(1,363,235)</u>	<u>1,297,259</u>	<u>1,297,141</u>	<u>(118)</u>
Revenues and other financing sources over (under) Expenditures and other financing uses	<u>(1,636,986)</u>	<u>(4,952,026)</u>	<u>1,049,349</u>	<u>\$ 6,001,375</u>
Fund balances appropriated	<u>1,636,986</u>	<u>4,952,026</u>		
Fund balances, beginning of year	-	-	32,614,026	
Prior Period Adjustment			(70,106)	
Fund balances, beginning of year restated			<u>32,543,920</u>	
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,593,269</u>	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Interest Income			\$ 85,460	
Transfer from General Fund			1,000,000	
Transfer to other Funds			(1,365,000)	
Fund balance beginning			<u>18,603,387</u>	
Fund Balance Ending (Exhibit 4)			<u>\$ 51,917,116</u>	

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

City of Burlington  
Statement of Net Assets  
Proprietary Funds  
June 30, 2012

	Enterprise Funds			Governmental Activities-
	Water and Sewer Fund	Non-Major Storm Water Fund	Total	Internal Service Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 31,461,137	\$ 1,314,139	\$ 32,775,276	\$ 11,204,149
Accounts receivable (net) - billed	1,749,354	26,648	1,776,002	-
Accounts receivable (net) - unbilled	1,563,984	19,191	1,583,175	-
Due from other funds	-	-	-	-
Prepaid assets	11,597	-	11,597	245,379
Inventories	730,331	-	730,331	-
Bond issuance costs	800,841	-	800,841	-
Restricted assets:				
Cash and cash equivalents	36,581,027	-	36,581,027	-
Accounts receivable	14,423	-	14,423	-
<b>Total current assets</b>	<u>72,912,694</u>	<u>1,359,978</u>	<u>74,272,672</u>	<u>11,449,528</u>
Noncurrent assets:				
Capital assets:				
Land and other non-depreciable assets	11,961,360	-	11,961,360	-
Other capital assets, net of depreciation	122,192,822	210,021	122,402,843	-
Capital assets (net)	<u>134,154,182</u>	<u>210,021</u>	<u>134,364,203</u>	<u>-</u>
Total noncurrent assets	134,154,182	210,021	134,364,203	-
<b>Total assets</b>	<u>\$ 207,066,876</u>	<u>\$ 1,569,999</u>	<u>\$ 208,636,875</u>	<u>\$ 11,449,528</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 2,882,921	\$ 10,294	\$ 2,893,215	\$ 701,232
Due to other funds	-	-	-	-
Compensated absences - current	131,156	6,426	137,582	-
Customer deposits	539,580	-	539,580	-
Other postemployment benefits	-	-	-	-
General obligation bonds payable - current	1,209,775	-	1,209,775	-
Revenue bonds payable	1,495,000	-	1,495,000	-
Liabilities payable from restricted assets:				
Accounts payable	1,051,209	-	1,051,209	-
<b>Total current liabilities</b>	<u>7,309,641</u>	<u>16,720</u>	<u>7,326,361</u>	<u>701,232</u>
Noncurrent liabilities:				
Other noncurrent liabilities:				
Other postemployment benefits	343,469	-	343,469	-
Compensated absences	247,331	8,179	255,510	-
General obligation bonds payable - noncurrent (net)	6,384,745	-	6,384,745	-
Revenue bonds payable	39,526,613	-	39,526,613	-
Total noncurrent liabilities	<u>46,502,158</u>	<u>8,179</u>	<u>46,510,337</u>	<u>-</u>
<b>Total liabilities</b>	<u>53,811,799</u>	<u>24,899</u>	<u>53,836,698</u>	<u>701,232</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	85,538,049	210,021	85,748,070	
Restricted for Capital projects	35,544,241	-	35,544,241	
Unrestricted	<u>32,172,787</u>	<u>1,335,079</u>	<u>33,507,866</u>	<u>10,748,296</u>
<b>Total net assets</b>	<u>\$ 153,255,077</u>	<u>\$ 1,545,100</u>	<u>154,800,177</u>	<u>\$ 10,748,296</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(103,618)</u>	
Net assets of business-type activities			<u>\$ 154,696,559</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 Assets  
Proprietary Funds  
For the Year Ended June 30, 2012

	Enterprise Funds			Governmental Activities-
	Water and Sewer Fund	Non-Major Storm Water Fund	Total	Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 21,187,572	\$ 450,521	\$ 21,638,093	\$ 4,930,234
Water and sewer taps	202,322	-	202,322	-
Total operating revenues	<u>21,389,894</u>	<u>450,521</u>	<u>21,840,415</u>	<u>4,930,234</u>
<b>OPERATING EXPENSES</b>				
Building and administrative	2,291,941	-	2,291,941	-
Customer services	1,276,494	289,687	1,566,181	-
Supervision - lines	281,510	-	281,510	-
Line maintenance and repairs	959,001	-	959,001	-
Line services and construction	615,474	-	615,474	-
Supervision - treatment	572,240	-	572,240	-
Water source of supply	42,113	-	42,113	-
Water plant operations	2,806,836	-	2,806,836	-
Sewage treatment plant operations	3,923,898	-	3,923,898	-
Laboratories	675,465	-	675,465	-
Plants maintenance	583,864	-	583,864	-
Lakes and marinas	356,714	-	356,714	-
Depreciation	4,310,657	16,252	4,326,909	-
Claims paid, excess loss coverage and claims administration	-	-	-	6,324,561
Total operating expenses	<u>18,696,207</u>	<u>305,939</u>	<u>19,002,146</u>	<u>6,324,561</u>
Operating income (loss)	<u>2,693,687</u>	<u>144,582</u>	<u>2,838,269</u>	<u>(1,394,327)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	141,130	6,080	147,210	51,813
Interest and other charges	(2,700,307)	-	(2,700,307)	-
Other revenues	3,686,193	-	3,686,193	-
Miscellaneous nonoperating expense	(1,545,562)	-	(1,545,562)	-
Total nonoperating revenue (expenses)	<u>(418,546)</u>	<u>6,080</u>	<u>(412,466)</u>	<u>51,813</u>
Income (loss) before contributions and transfers	2,275,141	150,662	2,425,803	(1,342,514)
Capital contributions	248,674	-	248,674	-
Transfers to other funds	(143,570)	-	(143,570)	-
Transfers from other funds	-	-	-	626,426
Change in net assets	2,380,245	150,662	2,530,907	(716,088)
Total net assets - beginning	<u>150,874,832</u>	<u>1,394,438</u>	<u>152,269,270</u>	<u>11,464,384</u>
Total net assets - ending	<u>\$ 153,255,077</u>	<u>\$ 1,545,100</u>	<u>\$ 154,800,177</u>	<u>\$ 10,748,296</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(520,350)</u>	
Change in net assets - business-type activities			<u>\$ 2,010,557</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, 2012

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Non-Major Storm Water Fund	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 20,786,568	\$ 446,304	\$ 21,232,872	\$ 4,685,403
Cash paid for goods and services	(7,104,396)	(91,723)	(7,196,119)	(5,879,035)
Cash paid to or on behalf of employees for services	(5,721,488)	(226,590)	(5,948,078)	(361,764)
Net change in customer deposits	24,866	-	24,866	-
Net cash provided by operating activities	7,985,550	127,991	8,113,541	(1,555,396)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
(Increase) decrease in interfund payables	-	-	-	191
Transfers from other funds	-	-	-	626,426
Transfers to other funds	(143,570)	-	(143,570)	-
Total cash flows used by noncapital financing activities	(143,570)	-	(143,570)	626,617
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(9,210,197)	(87,142)	(9,297,339)	-
Proceeds of revenue bonds	18,939,708	-	18,939,708	-
Principal paid on bond maturities	(2,188,586)	-	(2,188,586)	-
Interest and fees paid on debt maturities	(1,876,620)	-	(1,876,620)	-
Other capital revenues	861,869	-	861,869	-
Net cash used by capital and related financing activities	6,526,174	(87,142)	6,439,032	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	141,130	6,080	147,210	51,812
Net increase in cash and cash equivalents	14,509,284	46,929	14,556,213	(876,967)
Balances-beginning of the year	53,532,880	1,267,210	54,800,090	12,081,116
Balances-end of the year	<u>\$ 68,042,164</u>	<u>\$ 1,314,139</u>	<u>\$ 69,356,303</u>	<u>\$ 11,204,149</u>
<b>Reconciliation of Cash and Cash Equivalents:</b>				
Cash and Cash Equivalents - Current	\$ 31,461,137	\$ 1,314,139	\$ 32,775,276	\$ 11,204,149
Cash and Cash Equivalents - Restricted	36,581,027	-	36,581,027	-
Total Cash and Cash Equivalents - June 30, 2012	<u>\$ 68,042,164</u>	<u>\$ 1,314,139</u>	<u>\$ 69,356,303</u>	<u>\$ 11,204,149</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, 2012

	Water and Sewer Fund	Non-Major Storm Water Fund	Total	Internal Service Fund
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 2,693,687	\$ 144,582	\$ 2,838,269	\$ (1,394,332)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	4,310,657	16,252	4,326,909	-
Changes in assets and liabilities:				
(Increase) in accounts receivable	(617,749)	(1,324)	(619,073)	(244,832)
Decrease in inventory	64,601	-	64,601	-
Increase in prepaid asset	(7,997)	-	(7,997)	9,433
Increase (decrease) in accounts payable and accrued liabilities	1,497,561	(27,058)	1,470,503	74,328
Increase (decrease) in accrued vacation pay	(79,092)	(4,461)	(83,553)	-
Increase in accrued OPEB liability	99,016	-	99,016	-
Increase in customer deposits	24,866	-	24,866	-
Total adjustments	5,291,863	(16,591)	5,275,272	(161,071)
Net cash provided by operating activities	<u>\$ 7,985,550</u>	<u>\$ 127,991</u>	<u>\$ 8,113,541</u>	<u>\$ (1,555,403)</u>
<b>Noncash investing, capital, and financing activities:</b>				
Donated water and sewer lines	<u>\$ 226,617</u>	<u>\$ -</u>	<u>\$ 226,617</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, 2012

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 assets 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.

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 fifteen 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 Home Program Project Fund, the RICO Fund, the Controlled Substance Tax Fund, the MPO Planning Transportation Fund, the Energy Efficiency Conservative Fund, the Guilford Mackintosh Fund, the Medicare Part D Grant Project Fund, the Edward Byrne Justice Assistance Grant Fund, Governor Crime Commission Project Safe Neighborhood Grant Fund, All Hazard Preparedness Grant – Lake Cammack and the Bureau of Justice Assistance Community Oriented Policing Grant Fund.

**Capital Projects.** The Capital Project Fund is used to account for financial resources to be used for the acquisition and/or construction of major capital facilities (other than those financed in the enterprise fund) and infrastructure. The city has 7 projects at this time.

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

The City reports the following major enterprise fund:

**Water and Sewer Fund.** This fund is used to account for operations and maintenance of the water and sewer system, which includes operation of 2 waste water treatment facilities and 2 water treatment plants. This fund also covers acquisition and/or construction of major utility capital facilities and infrastructure projects, sewer projects and utility capital reserve.

I. Summary of Significant Accounting Policies: (continued)

The City reports the following non-major enterprise fund:

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

The City reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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 a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina.

I. Summary of Significant Accounting Policies: (continued)

Effective with this change in the law, Alamance County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Burlington. For motor vehicles registered under the staggered system, property taxes are due on the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Alamance County from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

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. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

Certain items in the 2012 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 Fund Equity

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the City and the Burlington Downtown Corporation to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The City's and the Burlington Downtown Corporation's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT – Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, 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.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2010. As allowed by State law, the City has established a schedule of discounts that apply to taxes paid prior to the due date. In the City's General Fund and Downtown Special Tax District Fund, ad valorem tax revenues are reported net of such discounts.

I. Summary of Significant Accounting Policies: (continued)

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

The inventories of the City are valued at cost (first-in, first-out), which approximates market. The City's General Fund inventory consists of expendable supplies that are recorded as expenditures when used rather than when purchased.

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

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines and other plant and distribution systems, \$15,000; infrastructure, \$20,000; furniture and equipment, \$5,000; vehicles and motorized equipment, \$10,000; and computer equipment, \$500. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

I. Summary of Significant Accounting Policies: (continued)

8. 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 are reported as deferred charges and amortized over the term of the related 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.

9. 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.

10. Net Assets/Fund Balances

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets 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.

I. Summary of Significant Accounting Policies: (continued)

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

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

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

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

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

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

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of City of Burlington's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

Committed for Capital Improvements– portion of fund balance assigned by the Board for capital improvement projects.

Committed for Capital Reserve Fund-portion of fund balance assigned by the Board for capital Improvement projects.

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

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

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

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

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

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

I. Summary of Significant Accounting Policies: (continued)

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.

II. Stewardship, Compliance, and Accountability

A. Deficit in Fund Balance pr Net Assets of Individual Funds

For the year ended June 30, 2012, the Bureau of Justice Assistance Community Oriented Policing Grant Fund had a deficit of \$149,872 in fund balance. The grant is a multi-year grant and the City's expenditures for the project exceeded the grant money received for the year. The City will closely monitor this fund to assure that money is drawn from the grant to cover all expenditures.

For the year ended June 30, 2012, the All Hazard Preparedness Grant – Lake Cammack Fund had a deficit of \$6,922 in fund balance. The grant is a multi-year grant and the City's expenditures for the project exceeded the grant money received for the year. The City will closely monitor this fund to assure that money is drawn from the grant to cover all expenditures.

III. Detail Notes on All Funds:

A. Assets

1. Deposits

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

III. Detail Notes on All Funds: (continued)

At June 30, 2012, the City's deposits had a carrying amount of \$53,706,949 and a bank balance of \$54,082,556. Of the bank balance, \$1,000,000 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 \$196,679 and the bank balance was \$196,679. All of the bank balance was covered by federal depository insurance. At June 30, 2012, the City's petty cash fund totaled \$5,130.

2. Investments

At June 30, 2012, the City's investments were as follows:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Maturity</b>	<b>Rating</b>
Commercial Paper – Barclays	22,005,789	various	A-1
Commercial Paper – FCAR Trust II	4,513,064	various	A-1+
Commercial Paper – FCAR Trust Ser I	6,864,126	various	A-1+
Commercial Paper – Toyota	4,317,118	various	A-1+
Commercial Paper - GE	10,602,052	various	A-1+
NC Capital Management Trust – Cash Portfolio	19,105,719	N/A	AAAm
NC Capital Management Trust – Term Portfolio	10,837,290	0.11 years	Unrated
Total:	\$ 78,245,158		

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

*Credit Risk.* The City has no formal policy regarding credit risk, but has internal management procedures that limits the City's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The investment in the NC Capital Management Trust Cash Portfolio is rated AAAm by Standard and Poor's as of June 30, 2012. 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. More than 5 percent of the City's investments are in Commercial Paper Barclays-28%, Commercial Paper FCAR Trust II- 6%, Commercial Paper FCAR Ser I-9%, Commercial Paper Toyota-6%, Commercial Paper GE-14%.

III. Detail Notes on All Funds: (continued)

3. Receivables

The amount of taxes receivable presented in the Balance Sheet and the Statement of Net Assets includes penalties levied and outstanding in the amount of \$21,969.

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>6/30/12</u>
General Fund:	
Taxes receivable	\$ 925,464
Solid Waste receivables	511,576
Special Revenue Funds:	
Rehabilitation Loan Program Fund:	
Rehabilitation Loans	120,295
Home Incentive Loans	4,527
Rental Rehabilitation Loan Program Fund:	
Rehabilitation Loans	31,341
Downtown Special Tax District Fund:	
Taxes Receivable	36,297
Home Program Fund:	
Home Incentive Loans	268,906
Enterprise Fund:	
Water and Sewer Fund:	
Utility Receivables	<u>64,503</u>
Total	<u>\$ 1,962,909</u>

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

Capital asset activity for the Primary Government for the year ended June 30, 2010, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	8,400,841	\$ -	\$ -	\$ 8,400,841
Construction in progress	<u>2,870,641</u>	<u>344,428</u>	<u>2,907,316</u>	<u>307,753</u>
Total capital assets not being depreciated	<u>11,271,482</u>	<u>344,428</u>	<u>2,907,316</u>	<u>8,708,594</u>
<b>Capital assets being depreciated:</b>				
Buildings	42,209,206	325,722	30,780	42,504,148
Streets and sidewalks	28,370,288	3,511,779	-	31,882,067
Equipment	6,982,981	852,101	17,902	7,817,180
Vehicles	<u>13,405,711</u>	<u>1,052,955</u>	<u>251,127</u>	<u>14,207,539</u>
Total capital assets being depreciated	<u>90,968,186</u>	<u>5,742,557</u>	<u>299,809</u>	<u>96,410,934</u>
<b>Less accumulated depreciation for:</b>				
Buildings	15,554,485	971,680	6,341	16,519,824
Streets and sidewalks	12,498,362	689,931	-	13,188,293
Equipment	4,979,521	596,740	17,902	5,558,359
Vehicles	<u>9,338,441</u>	<u>772,307</u>	<u>251,127</u>	<u>9,859,621</u>
Total accumulated depreciation	<u>42,370,809</u>	<u>3,030,658</u>	<u>275,370</u>	<u>45,126,097</u>
Total capital assets being depreciated, net	<u>48,597,377</u>			<u>51,284,837</u>
<b>Governmental activity capital assets, net</b>	<u>59,868,859</u>			<u>59,993,431</u>

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

General government	\$ 572,997
Public safety	713,089
Public works	1,070,102
Cultural and recreational	<u>674,470</u>
Total depreciation expense	<u>\$ 3,030,658</u>

III. Detail Notes on All Funds: (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b><i>Storm Water Fund</i></b>				
<b>Capital assets being depreciated:</b>				
Building	\$ -	\$ 68,182	\$ -	\$ 68,182
General equipment	142,919	28,237	-	171,156
Vehicle	21,957	-	-	21,957
Total capital assets being depreciated	164,876	96,419	-	261,295
<b>Less accumulated depreciation for:</b>				
General equipment	35,022	16,252	-	51,274
Total accumulated depreciation	35,022	\$ 16,252	\$ -	51,274
Total capital assets being depreciated, net	129,854			210,021
Storm water fund capital assets, net	129,854			210,021
<b><i>Water and Sewer Fund</i></b>				
<b>Capital assets not being depreciated:</b>				
Land	6,945,444	-	-	6,945,444
Construction in progress	2,740,930	7,711,480	5,436,494	5,015,916
Total capital assets not being depreciated	9,686,374	7,711,480	5,436,494	11,961,360
<b>Capital assets being depreciated:</b>				
Water and sewer lines	99,096,263	1,661,129	-	100,757,392
Buildings, plant, and pumping equipment	112,281,465	4,726,994	-	117,008,459
General equipment	2,957,879	716,227	-	3,674,106
Vehicles	2,460,083	139,948	-	2,600,031
Total capital assets being depreciated	216,795,690	7,244,298	-	224,039,988
<b>Less accumulated depreciation for:</b>				
Water and sewer lines	34,238,137	1,861,497	-	36,099,634
Buildings, plant, and pumping equipment	59,100,479	2,208,392	-	61,308,871
General equipment	2,284,362	139,822	-	2,424,184
Vehicles	1,924,662	89,815	-	2,014,477
Total accumulated depreciation	97,547,640	\$ 4,299,526	\$ -	101,847,166
Total capital assets being depreciated, net	119,248,050			122,192,822
Water and Sewer fund capital assets, net	128,934,424			134,154,182
<b>Business-type activity capital assets, net</b>				
	\$ 129,064,278			\$ 134,364,203

III. Detail Notes on All Funds: (continued)

5. Construction Commitments

The government has active construction projects as of June 30, 2012. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Street Resurfacing	\$ 599,276	\$ 29,959
Queen Ann Sewer Line Upgrade	150,039	28,448
Franchise Work	10,075	9,925
Gilliam Road Water Line	58,508	41,492
Caswell/Grimes	85,704	1,646
Fairview/Westover	55,451	238,428
Total	\$ 959,053	\$ 349,898

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

*Plan Description.* The City of Burlington contributes to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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.

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.88% and 7.35%, respectively, of annual covered payroll. The contribution requirements of members and of the City of Burlington are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$1,725,219, \$1,644,642, and \$1,199,300, respectively. The contributions made by the City equaled the required contributions for each year.

b. Law Enforcement Officers Special Separation Allowance

1. *Plan Description.*

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

III. Detail Notes on All Funds: (continued)

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	25
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>129</u>
Total	<u>154</u>

A separate report was not issued for the plan.

2. *Summary of Significant Accounting Policies.*

*Basis of Accounting.* The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

*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. *Contributions.*

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

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

Annual required contribution	\$ 382,004
Interest on net pension obligation	(27,731)
Adjustment to annual required contribution	<u>33,086</u>
Annual pension cost	387,359
Contributions made	<u>426,348</u>
(Decrease) in net pension obligation	(38,989)
Net pension obligation beginning of year	<u>(554,626)</u>
Net pension obligation end of year	<u>\$ (593,615)</u>

III. Detail Notes on All Funds: (continued)

## 3-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/10	313,873	131.15%	(536,821)
6/30/11	387,593	104.59%	(554,626)
6/30/12	387,359	110.07%	(593,615)

4. *Funded Status and Funding Progress.*

As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$4,075,535. The covered payroll (annual payroll of active employees covered by the plan) was \$6,400,341, and the ratio of the UAAL to the covered payroll was 63.68%.

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

5. *Actuarial Methods and Assumptions*

The annual required contribution (ARC) for the fiscal year ended June 30, 2012 is calculated as of December 31, 2011. In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return, projected salary increases at 4.25-7.85% and a 3.00% inflation component. The actuarial value of assets was determined using a market valuation. The UAAL is being amortized on a level percent of pay closed. The remaining amortization period at December 31, 2011 was 19 years.

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, 2012 were \$458,803, which consisted of \$305,187 from the City and \$153,616 from the law enforcement officers. The City has elected to contribute to the Supplemental Retirement Income Plan for general employees as well as for law enforcement officers. Contributions for the year ended June 30, 2012 for general employees were \$1,388,244, which consisted of \$923,426 from the City and \$464,818 from the general employees.

III. Detail Notes on All Funds: (continued)

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

*Plan Description.* The State of North Carolina contributes, on behalf of the City of Burlington, to the Firemen'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. The Firemen'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 Firemen'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.

*Funding Policy.* Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly. For the fiscal year ended June 30, 2012, the City has recognized on-behalf of payments for pension contributions made by the State as revenue and an expenditure of \$60,550.

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, 2012 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 years of creditable service; 75% of the cost of coverage for retirees with 20 years of creditable service; 50% of the cost of coverage for retirees with 15 years of creditable service; and 25% of the cost of coverage for retirees with 10 years of creditable service.

The City pays the full cost of coverage for City Council members with 16 years of service; 75% of the cost for City Council members with 12 years of service; 50% of the cost of coverage for City Council members with 8 years of service; and 25% of the cost of coverage for City Council members with 4 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 \$159 per month of the Medicare supplement for employees who retire with 25 years of creditable service; 75% of this amount of Medicare supplement for employees who retire with 20 years of creditable service, 50% of this amount of the Medicare supplement for employees who retire with 15 years of creditable service; and 25% of this amount of the Medicare supplement for employees who retire with 10 years of creditable service. Also, the City's retirees can purchase coverage for their dependents at the City's group rates. Currently, 129 retirees are eligible for post-employment health benefits. For the fiscal year ended June 30, 2012, the city made payments for post-employment health benefit premiums of \$830,669. The City obtains healthcare coverage through private insurers.

The City also provides dental coverage to retirees of the City. The City will pay 100% of the dental premium for employees who retire with 25 years of service, 75% for employees who retire with 20 years of service, 50% for employees who retire with 15 years of service, and 25% for employees with 10 years of service. When a retired employee reaches age 65, the employee is responsible for 100% of the cost of the premium for dental coverage. The dental coverage ceases at age 70. The plan has no deductible and will pay a maximum of \$1,500 per year for any service provided by a local dentist.

III. Detail Notes on All Funds: (continued)

Membership of the Plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	161	-
Active plan members	<u>430</u>	<u>129</u>
Total	<u>591</u>	<u>129</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 8.98% of annual covered payroll. For the current year, the City contributed \$906,777 or 3.77% 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 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	\$ 2,025,128
Interest on net OPEB obligation	69,844
Adjustment to annual required contribution	<u>66,722</u>
Annual OPEB cost (expense)	2,028,250
Contributions made	<u>1,320,992</u>
Increase (decrease) in net OPEB obligations	707,258
Net OPEB obligation, beginning of year	<u>1,746,093</u>
Net OPEB obligation, end of year	<u>\$ 2,453,351</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 1,243,110	68.80%	\$ 899,948
2011	\$ 1,642,420	48.50%	\$ 1,746,093
2012	\$ 2,028,250	65.10%	\$ 2,453,351

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

*Funded Status and Funding Progress.* As of December 31, 2011, 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 \$22,526,021. The covered payroll (annual payroll of active employees covered by the plan) was \$24,050,629, and the ratio of the UAAL to the covered payroll was 93.70% percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2011 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 9.50 to 5.00 percent annually. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using a market valuation. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011 was 30 years.

#### 2. Other Employment Benefit

The City has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. 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. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2012, the City made contributions to the State for death benefits of \$12,044. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.09% and 0.14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The City considers these contributions to be immaterial.

III. Detail Notes on All Funds: (continued)

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 Revenues/Unearned Revenues

The balance in deferred/unearned revenues at year-end is composed of the following elements:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned	\$	\$ 235,299
Taxes receivable (net) – general fund	1,148,488	
Taxes receivable (net) – Downtown Special Tax	61,809	
Home loan interest receivable	1,970,775	
Prepaid licenses and fees	<u>                    </u>	<u>481,006</u>
 Total	 <u>\$ 3,181,072</u>	 <u>\$ 716,305</u>

4. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City partially self-insures workers compensation coverage, with commercial insurance providing coverage for workers compensation claims in excess of \$200,000 per claim (\$225,000 if a vehicle claim). The commercial insurance provides \$1,000,000 in coverage for claims in excess of the City's assumed aggregate risk of \$1,000,000 annually. The City also retains the risk for Employers' Liability Coverage of \$500,000 in aggregate annually. At June 30, 2011 the Workers Compensation Self Insurance Fund had recorded a liability of \$130,000 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 \$550 per employee annually. At June 30, 2012, the Dental Self Insurance Fund had recorded a liability of \$64,772 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 \$75,000 per claim. The commercial coverage provides \$925,000 in coverage for claims in excess of the City's assumed claim risk of \$75,000. The City also has commercial coverage for claims exceeding approximately \$1,809,000 in aggregate annually. At June 30, 2012 the Group Health Benefits Fund had a recorded liability of \$499,677 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, 2011</u>	<u>Estimated</u> <u>Claims</u> <u>Incurred</u>	<u>Claims</u> <u>Paid</u>	<u>Balance</u> <u>June 30,2012</u>
<u>2012</u>				
Workers Compensation				
Self Insurance Fund	\$ 130,000	\$ 725,730	\$ 725,730	\$ 130,000
Dental Self Insurance Fund	63,779	457,315	456,322	64,772
Group Health Benefits Fund	<u>426,835</u>	<u>4,329,859</u>	<u>4,257,017</u>	<u>499,677</u>
	<u>\$ 620,614</u>	<u>\$ 5,512,904</u>	<u>\$ 5,439,069</u>	<u>\$ 694,449</u>
	<u>Balance</u> <u>July 1, 2010</u>	<u>Estimated</u> <u>Claims</u> <u>Incurred</u>	<u>Claims</u> <u>Paid</u>	<u>Balance</u> <u>June 30,2011</u>
<u>2011</u>				
Workers Compensation				
Self Insurance Fund	\$ 130,000	\$ 246,192	\$ 246,192	\$ 130,000
Dental Self Insurance Fund	66,120	426,186	428,527	63,779
Group Health Benefits Fund	<u>442,496</u>	<u>3,786,773</u>	<u>3,802,434</u>	<u>426,835</u>
	<u>\$ 638,616</u>	<u>\$ 4,459,151</u>	<u>\$ 4,477,153</u>	<u>\$ 620,614</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, 2012, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

III. Detail Notes on All Funds: (continued)

6. Long-Term Obligations

a. Installment Purchase

On October 11, 1995, the City entered into an installment purchase contract to finance recreational facility improvements. The financing contract requires thirty semi-annual payments of \$161,471 beginning April 11, 1996 with interest at 4.91% per annum. On September 2, 2003, the City amended its original financing contract to finance the recreational facility improvements. The financing contract now requires fifteen semi-annual payments of \$146,562 beginning October 11, 2003 with interest at 2.6% per annum. On May 13, 2002 the City entered into a second installment purchase contract to finance the construction of the Springwood Recreation Park. The financing contract requires thirty semi-annual payments of \$133,333 beginning November 13, 2002 with interest at 4.78% per annum.

On August 15, 2003, the City amended its second installment purchase contract to finance the construction of the Springwood Recreation Park. The financing contract now requires twenty-eight semi-annual payments of \$133,333 beginning November 13, 2003 with interest at 3.840% per annum. On November 30, 2008, the City entered into an installment purchase contract to purchase various pieces of equipment. The financing contract requires three annual payments of \$455,041 beginning November 30, 2008 with interest at 3.01% per annum. The installment was paid in full at June 30, 2010. On April 22, 2010 the City entered into an installment purchase contract to purchase various pieces of equipment. The financing contract requires three annual payments of \$366,492 beginning April 22, 2010 with interest at 2.05% per annum. On September 28, 2010 the City entered into an installment purchase contract to purchase various pieces of equipment. The financing contract requires three annual payments of \$335,717 beginning September 28, 2010 with interest at 1.550% per annum. On September 13, 2011 the City entered into an installment purchase to purchase various pieces of equipment. The financing contract requires three annual payments of \$428,671 beginning September 13, 2011 with interest at 1.47% per annum.

Annual debt service payments of the installment purchase as of June 30, 2012, including \$164,465 of interest, are as follows:

Year Ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2013	\$ 1,013,600	\$ 66,094
2014	689,128	44,610
2015	266,667	28,160
2016	266,667	17,920
2017	<u>266,667</u>	<u>7,680</u>
Present value of the minimum lease payments	<u>\$ 2,502,729</u>	
Total interest payments		<u>\$ 164,464</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.

III. Detail Notes on All Funds: (continued)

Bonds payable at June 30, 2012 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the General Fund:

\$5,521,801 of 2005 General Obligation Refunding Bonds due in annual installments of \$31,305 to \$662,616 through February 1, 2019; interest at rates ranging from 3.75% to 5.00% per annum. 4,050,480

\$9,300,000 of 2006 General Obligation Street Bonds due in annual installments of \$465,000 through June 1, 2026; interest at rates ranging from 3.60% to 4.20% per annum. The amount shown includes the unamortized bond premium of \$43,597. 6,553,601

Serviced by the Water and Sewer Fund:

\$10,353,198 of 2005 General Obligation Refunding Bonds due in annual installments of \$58,695 to \$1,242,384 through February 1, 2019; interest at rates ranging from 3.75% to 5.00% per annum. 7,594,520  
\$ 18,198,601

At June 30, 2012 the City of Burlington had a legal debt margin of \$324,484,110.

General Obligation Bonds

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

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Principal	Interest	Principal	Interest
2013	\$ 1,110,225	\$ 441,943	\$ 1,209,775	\$ 326,656
2014	1,105,007	397,534	1,199,993	278,266
2015	1,103,268	346,934	1,196,732	218,266
2016	1,103,268	296,421	1,196,732	158,429
2017	1,096,315	248,802	1,183,689	110,559
2018-2022	3,182,401	711,936	1,607,599	79,598
2023-2026	<u>1,860,000</u>	<u>193,789</u>	-	-
Total	<u>\$ 10,560,484</u>	<u>\$ 2,637,359</u>	<u>\$ 7,594,520</u>	<u>\$ 1,171,774</u>

c. Recovery Zone Economic Development Bonds

\$2,899,000 of Recovery Zone Economic Development Bonds (Direct Payment) with 1 payment of \$173,074 and 14 installments of \$194,709 due on February 1 maturing on February 1, 2025; plus interest at 5.89% due on August 1 and February 1.

The city receives a subsidiary of 45% of interest cost from the Federal Government reducing the effective interest rate to 2.65%.

\$ 2,531,217

III. Detail Notes on All Funds: (continued)Recovery Zone Economic Development Bonds

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Subsidy</u>	<u>Net Interest</u>
2013	\$ 194,709	\$ 149,088	\$ 67,090	\$ 81,998
2014	194,709	137,620	61,930	75,690
2015	194,709	126,152	56,768	69,384
2016	194,709	114,684	51,608	63,076
2017	194,709	103,215	46,447	56,768
2018-2022	973,545	344,050	154,823	189,227
2023-2025	<u>584,127</u>	<u>68,810</u>	<u>30,965</u>	<u>37,845</u>
Total	<u>\$ 2,531,217</u>	<u>\$ 1,043,619</u>	<u>\$ 469,631</u>	<u>\$ 573,988</u>

d. Revenue Bonds

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

\$ 10,865,000

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 1,045,000	\$ 464,525
2014	1,060,000	412,275
2015	1,085,000	359,275
2016	1,080,000	329,438
2017	1,085,000	286,238
2017-2022	4,205,000	781,190
2023-2024	<u>1,305,000</u>	<u>86,338</u>
	<u>\$ 10,865,000</u>	<u>\$ 2,719,279</u>

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

\$ 10,700,000

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ -	\$ 702,820
2014	-	702,820
2015	-	702,820
2016	-	702,820
2017	-	702,820
2018-2022	1,400,000	3,440,226
2023-2027	2,705,000	2,815,634
2028-2032	3,340,000	1,844,940
2033-2036	<u>3,255,000</u>	<u>580,320</u>
	<u>\$ 10,700,000</u>	<u>\$ 12,195,220</u>

II. Detail Notes on All Funds: (continued)

Revenue bonds (continued)

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

\$ 18,370,000

Year Ending June 30	Principal	Interest
2013	\$ 450,000	\$ 760,525
2014	465,000	747,025
2015	475,000	733,075
2016	495,000	714,075
2017	515,000	694,275
2018-2022	2,900,000	3,145,575
2023-2027	3,480,000	2,567,952
2028-2032	4,260,000	1,785,865
2033-2037	<u>5,330,000</u>	<u>722,477</u>
	<u>\$ 18,370,000</u>	<u>\$ 11,870,844</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 \$75,009,946 as of June 30, 2012. 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 is not less than 120% of the long-term debt service requirement for parity indebtedness for such fiscal year. Pledged unrestricted net assets at June 30, 2012 were \$ 5,026,180 to provide a coverage ratio of 336%. The long-term debt service coverage ratio calculations for the year ended June 30, 2012, is as follows:

Operating revenues	21,389,894
Operating expenses*	<u>14,385,550</u>
Operating income	7,004,344
Nonoperating revenues (expenses)**	<u>1,082,502</u>
Income available for debt service	8,086,846
Debt service, principal and interest paid (Revenue bond only)	2,461,048
Debt service coverage ratio	329%

\*Per rate covenants, this does not include the depreciation expense of \$ 4,310,657

\*\* Per rate covenants, this does not include revenue bond interest paid of \$1,501,048

The City also has \$10,364,741 of System GO Indebtedness outstanding that is associated with the bonds.

e. Advance Refunding

On September 1, 2005, the City issued \$15,875,000 in general obligation Refunding Bonds with interest at rates ranging from 3.50% to 5.00% to advance refund \$15,700,000 of outstanding 2000 General Obligation Public Improvement Bonds with interest rates ranging from 5.00% to 5.20%. The total of the bonds advance refunded by the City was \$15,875,000. The net proceeds of the \$15,875,000 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 refunded bonds are considered defeased and the liability for the refunded bonds has been removed from the General Fund and Water and Sewer Fund. At June 30, 2006, there was no principal balance outstanding on the refunded bonds.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$175,000. This difference related to water and sewer bonds, net of current year's amortization of \$114,130, is reported in the accompanying financial statements as a deduction from bonds payable and is being charged to operations through the year 2010, the life of the refunded debt which is shorter than the life of the new debt, using the effective-interest method. 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 \$1,955,663.

III. Detail Notes on All Funds: (continued)

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 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 in the accompanying financial statements as an addition to bonds payable 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.

f. Changes in Long-Term Liabilities

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Current Portion of Balance
Governmental activities:					
General Obligation bonds	\$ 11,677,623	\$ -	\$ 1,117,139	\$ 10,560,484	\$ 1,110,225
Add: Bond premium	<u>47,322</u>	<u>-</u>	<u>3,725</u>	<u>43,597</u>	<u>-</u>
Total General Obligation bonds	<u>\$11,724,945</u>	<u>\$ -</u>	<u>\$ 1,120,864</u>	<u>\$ 10,604,081</u>	<u>\$ 1,110,225</u>
RZED Bonds	\$ 2,725,926	\$ -	\$ 194,709	\$ 2,531,217	\$ 194,709
Installment purchase	\$ 2,615,271	\$ 1,267,473	\$ 1,380,015	\$ 2,502,729	\$ 1,013,601
Compensated absences	2,307,490	1,356,477	1,455,496	2,208,471	795,050
OPEB liability	<u>1,501,640</u>	<u>608,242</u>	<u>-</u>	<u>2,109,882</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$20,875,272</u>	<u>\$ 3,232,192</u>	<u>\$ 4,151,084</u>	<u>\$ 19,956,380</u>	<u>\$ 3,113,585</u>
Business-type activities:					
General obligation bonds	\$ 8,817,338	\$ -	\$ 1,222,818	\$ 7,594,520	\$ 1,209,775
Revenue Bonds	\$22,525,000	\$ 18,370,000	\$ 960,000	\$ 39,935,000	\$ 1,495,000
Add: deferred amount for gain on defeasance	147,558	-	51,155	96,403	-
Add: Bond premium	<u>463,305</u>	<u>569,708</u>	<u>42,803</u>	<u>990,210</u>	<u>-</u>
Total revenue bonds	<u>\$23,135,863</u>	<u>\$ 18,939,708</u>	<u>\$ 1,053,958</u>	<u>\$ 41,021,613</u>	<u>\$ 1,495,000</u>
Compensated absences	\$ 476,645	\$ 314,455	\$ 398,008	\$ 393,092	\$ 131,156
OPEB liability	<u>244,453</u>	<u>99,016</u>	<u>-</u>	<u>343,469</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$32,674,299</u>	<u>\$ 19,353,179</u>	<u>\$ 2,674,784</u>	<u>\$ 49,352,694</u>	<u>\$ 2,835,931</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 \$103,618.

Transfers to/from other funds at June 30, 2012 consist of the following:

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
<u>Transfers To/From Other Funds:</u>		
<u>General Fund</u>		
Capital Reserve Fund	1,340,000	1,000,000
Group Health Benefits	-	35,002
MPO Planning Transportation	-	50,379
Workmen's Compensation	-	377,854
Mebane St. /Grandoaks Sidewalks	189,704	-
Renovation Existing Recreation Park Facility	-	34,895
ARRA Piedmont Widening	-	1,905
Total General Fund	<u>1,529,704</u>	<u>1,500,035</u>
<u>Capital Reserve Fund</u>		
General Fund	1,000,000	1,340,000
Drainage Improvements	-	25,000
Total Capital Reserve	<u>1,000,000</u>	<u>1,365,000</u>
<u>Special Revenue Funds</u>		
MPO Planning Transportation		
General Fund	50,379	
Home Program Project Fund		
Rental Rehabilitation Loan Program Fund	21,412	
Rental Rehabilitation Loan Program Fund		
Home Program Project Fund		21,412
Downtown Special Tax District		
Energy Efficiency Conservative Fund	-	16,089
Total Special Revenue Fund	<u>71,791</u>	<u>37,501</u>
<u>Internal Service Funds</u>		
Group Health Benefits		
General Fund	35,002	
Water & Sewer Fund	70,000	
Workmen's Compensation Fund		
General Fund	377,854	
Water & Sewer Fund	143,570	
Total Internal Service Fund	<u>626,426</u>	

III. Detail Notes on All Funds: (continued)

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
<u>Water Fund</u>		
Water Capital Reserve		872,973
Sewer Capital Reserve		872,973
Workmen's Compensation		143,570
Group Health Insurance		70,000
Elevated Storage Tank	<u>27,771</u>	
Total Water Fund	<u>27,771</u>	<u>1,959,516</u>
<u>Water Capital Projects</u>		
Water Capital Reserve		
Water & Sewer Fund	872,973	
Sewer Capital Reserve		
Water & Sewer Fund	872,973	
Jordan Lake Rules Project		1,400,000
Jordan Lake Rules Project		
Sewer Capital Reserve	1,400,000	
Elevated Storage Tank		
Water & Sewer Fund		<u>27,771</u>
Total Water Capital Projects	<u>3,145,946</u>	<u>1,427,771</u>
<u>Capital Projects</u>		
Mebane St./ Grand Oaks Sidewalk		
General Fund	-	189,704
Renovation of Existing Rec. & Park Facilities		
General Fund	34,895	
Drainage Improvement Project		
Capital Reserve Fund	25,000	
ARRA Piedmont Way Widening		
General Fund	1,905	
Energy Efficiency Upgrade Main Street 2		
Downtown Special Tax District	<u>16,089</u>	
Total Capital Projects	<u>77,889</u>	<u>189,704</u>
Total Operating Transfers	<u>\$ 6,479,527</u>	<u>\$ 6,479,527</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. Prior Period Adjustment

The City recorded a prior period adjustment which increased Beginning Net Assets of the Governmental Activities by \$296,551. This adjustment resulted from an increase of \$366,657 to adjust the cumulative number for the blending of the internal service funds into the governmental financials. The adjustment also resulted from a decrease of \$70,106 as a result of a receivable being booked for additional funds from a lease agreement that had actually been received in the year the agreement was signed.

E. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2012, the City of Burlington has recognized on-behalf payments for pension contributions made by the State as a revenue and an expenditure of \$30,572 for the 88 employed fireman who perform firefighting duties for the City's fire department. The employees elected to be members of the Firemen and Rescue Worker's Pension Fund, a cost-sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

Also, the City has recognized as a revenue and an expenditure on-behalf payments for fringe benefits and salaries of \$29,978 for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2012. 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 firemen or their departments.

F. Fund Balance

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

<b>Total fund balance – General Fund</b>	<b>\$33,593,269</b>
<b>Less:</b>	
<b>Stabilization by State Statute</b>	6,113,452
<b>Historic Books</b>	1,418
<b>Animal Shelter</b>	562
<b>Appropriated Fund Balance in 2012 budget</b>	2,053,816
<b>General Government</b>	4,316,000
<b>Public Works</b>	3,125,000
<b>Parks and Recreation</b>	1,321,156
<b>Public Safety</b>	5,450,000
<b>Working Capital/Fund Balance Policy</b>	11,211,865
<b>Remaining Fund Balance</b>	-

IV. Jointly Governed Organization

The City, in conjunction with six counties and thirty-two other municipalities, established the Piedmont Triad Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$15,035 to the Council during the fiscal year ended June 30, 2012.

## 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, 2012. 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, 2012. Complete financial statements for the ABC Board can be obtained from the administrative offices at 603 W. Harden Street, City of Graham, NC 27253.

## VI. Related Organization

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

## VII. Summary Disclosure of Significant Contingencies

### Federal and State Assisted Programs

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



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**REQUIRED SUPPLEMENTAL  
FINANCIAL DATA**  
Individual Fund Schedules

REQUIRED  
SUPPLEMENTAL FINANCIAL DATA

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

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- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Funding Progress for the Other Postemployment Benefits.
- Schedule of Employer Contributions for the the Other Postemployment Benefits.
- Notes to the Required Schedules for the Other Postemployment Benefits.

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

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Actuarial Valuation Date *	Actuarial Value of Assets ** (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/06	-	2,888,027	2,888,027	-%	4,821,106	59.90%
12/31/07	-	3,305,028	3,305,028	-%	5,104,180	64.75%
12/31/08	-	3,440,042	3,440,042	-%	5,660,065	60.78%
12/31/09	-	4,198,917	4,198,917	-%	6,192,080	67.81%
12/31/10	-	4,027,810	4,027,810	-%	6,454,034	62.41%
12/31/11		4,075,535	4,075,535	-%	6,400,341	63.68%

\* Information is based on the actuarial studies performed as of December 31, 2011, 2010, 2009, 2008, 2007, and 2006 respectively. No actuarial studies were performed for the City prior to 1996.

\*\* At Cost.

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

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Year Ended <u>June 30,</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
2007	\$ 253,886	127.16%
2008	257,507	151.40%
2009	288,703	144.91%
2010	313,873	131.15%
2011	387,593	104.59%
2012	387,359	110.07%

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Notes to the Required Schedules:

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

Valuation date	12/31/2011
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85%
* Includes inflation at	3.00%
Cost of living adjustments	N/A

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

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Actuarial Valuation Date *	Actuarial Value of Assets ** (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/09	-	\$ 22,509,884	22,509,884	-%	\$ 23,783,806	94.60%
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%

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

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<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2010	1,243,110	68.80%
2011	1,642,420	48.50%
2012	2,028,250	65.10%

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Notes to the Required Schedules:

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

Valuation date	12/31/2011
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar Amount, Closed
Remaining amortization period	30 Years
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Investment rate of return*	4.00%
Projected salary increases*	9.50%-5.00%
Year of Ultimate trend rate	2018
* Includes inflation at	3.00%



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**GENERAL FUND**  
Individual Fund Schedule

CITY OF BURLINGTON, NORTH CAROLINA  
 GENERAL FUND  
 BALANCE SHEET  
 For the Fiscal Year Ended June 30, 2012

June 30,  
2012

ASSETS

Cash and cash equivalents	\$	30,648,128
Receivables (net):		
Taxes		1,148,489
Accounts		<u>6,031,339</u>
Total assets	\$	<u><u>37,827,956</u></u>

LIABILITIES AND FUND BALANCES

LIABILITIES:		
Accounts payable and accrued liabilities	\$	2,452,006
Deferred revenues		<u>1,782,681</u>
Total liabilities		<u>4,234,687</u>
FUND BALANCES:		
Restricted :		
Stabilization for Stabilization by State Statute		6,113,452
Historic Books		1,418
Animal Shelter		562
Assigned		
Subsequent Years Expenditures		2,053,816
General Government		4,316,000
Public Works		3,125,000
Parks and Recreation		1,321,156
Public Safety		5,450,000
Unassigned		<u>11,211,865</u>
Total fund balances		<u>33,593,269</u>
Total liabilities and fund balances	\$	<u><u>37,827,956</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Current year	\$	\$ 23,839,958	\$
Prior year		824,005	
Penalties and interest		214,563	
Tax discounts		(283,835)	
Total	<u>23,391,759</u>	<u>24,594,691</u>	<u>1,202,932</u>
Other Taxes and Licenses:			
Payment in lieu of taxes		122,476	
Privilege licenses		564,673	
Cable TV franchise tax		384,794	
Local option sales tax		9,189,185	
Total	<u>9,556,336</u>	<u>10,261,128</u>	<u>704,792</u>
Unrestricted Intergovernmental Revenues:			
Utility franchise tax		3,272,612	
Beer and wine tax		218,694	
Alamance County fuel purchase		676,294	
ABC revenue		105,979	
Alamance Jr. Tennis Foundation		20,778	
Total	<u>4,028,000</u>	<u>4,294,357</u>	<u>266,357</u>
Restricted Intergovernmental Revenues:			
ABC police contract		19,597	
Powell Bill allocation		1,381,697	
N. C. Department of Transportation		477,753	
On-behalf of Payments- Fire and rescue		60,550	
Camp Green Leaves		12,848	
PTCOG Grants		16,754	
Alamance-Burlington Schools – Afterschool Program		133,739	
Alamance-Burlington Schools – School Guards		80,080	
Recycling Grant		21,156	
Fire grants		1,000	
Animal Shelter		5,224	
Spay/Neuter Clinic		1,600	
Teen to Teen Theatre		2,893	

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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues: (continued)			
Restricted Intergovernmental			
Revenues: (continued)			
Junior Police Academy		5,006	
Recreation		70,449	
Senior Programs		45,867	
Reimbursed Cost		110,997	
Total	<u>2,305,189</u>	<u>2,447,210</u>	<u>142,021</u>
Permits and Fees:			
Building permits and inspection fees		480,567	
Fees and permits – other		544,909	
Total	<u>878,400</u>	<u>1,025,476</u>	<u>147,076</u>
Sales and Services:			
Animal Control – Alamance County		317,722	
Miscellaneous		209,892	
Recreation department revenues		1,968,598	
Cemetery lots and fees		124,325	
Sanitation fees		1,289,117	
Total	<u>3,855,354</u>	<u>3,909,654</u>	<u>54,300</u>
Investment Earnings:			
Investment earnings		39,135	
Interest Subsidy		72,251	
Interest earned –street assessments		7,391	
Vacant Lot / Demo Interest		39,212	
Total	<u>377,251</u>	<u>157,989</u>	<u>(219,262)</u>
Miscellaneous:			
Sale of properties and materials		70,222	
Miscellaneous		118,990	
Total	<u>171,000</u>	<u>189,212</u>	<u>18,212</u>
Total Revenues	<u>44,563,289</u>	<u>46,879,717</u>	<u>2,316,428</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures:			
General Government:			
City Council:			
Salaries and employee benefits		75,340	
Operating expenditures		<u>67,965</u>	
Total		143,305	
Reimbursement from Water and Sewer Fund	<u>                    </u>	<u>(29,325)</u>	<u>                    </u>
Total City Council	<u>124,877</u>	<u>113,980</u>	<u>10,897</u>
Public Administration:			
Salaries and employee benefits		292,515	
Operating expenditures		<u>16,678</u>	
Total		309,193	
Reimbursement from Water and Sewer Fund	<u>                    </u>	<u>(86,259)</u>	<u>                    </u>
Total Public Administration	<u>223,448</u>	<u>222,934</u>	<u>514</u>
Public Information:			
Salaries and employee benefits		69,490	
Operating expenditures		<u>65,812</u>	
Total		135,302	
Reimbursement from Water and Sewer Fund	<u>                    </u>	<u>(43,988)</u>	<u>                    </u>
Total Public Information	<u>118,917</u>	<u>91,314</u>	<u>27,603</u>
Finance:			
Supervision:			
Salaries and employee benefits		391,756	
Operating expenditures		<u>17,486</u>	
Total		409,242	
Reimbursement from Water and Sewer Fund		<u>(200,047)</u>	
Net		<u>209,195</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
General Government: (continued)			
Finance(continued):			
Collections:			
Salaries and employee benefits		272,935	
Operating expenditures		<u>65,410</u>	
Total		<u>338,345</u>	
Reimbursement from Water and Sewer Fund		<u>(142,222)</u>	
Net		<u>196,123</u>	
Purchasing:			
Salaries and employee benefits		229,894	
Operating expenditures		<u>11,779</u>	
Total Purchasing		241,673	
Total Finance	<u>858,371</u>	<u>646,991</u>	<u>211,380</u>
Information Technologies:			
Salaries and employee benefits		505,069	
Operating expenditures		425,177	
Capital outlay		<u>56,899</u>	
Total		987,145	
Reimbursement from Water and Sewer Fund		<u>(249,634)</u>	
Total Information Technologies	<u>783,034</u>	<u>737,511</u>	<u>45,523</u>
Legal:			
Salaries and employee benefits		105,148	
Operating expenditures		<u>119,834</u>	
Total		224,982	
Reimbursement from Water and Sewer Fund		<u>(129,956)</u>	
Total Legal	<u>558,009</u>	<u>95,026</u>	<u>462,983</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
General Government: (continued)			
Human Resources:			
Salaries and employee benefits		229,542	
Operating expenditures		<u>373,796</u>	
Total		603,338	
Reimbursement from Water and Sewer Fund	_____	<u>(114,348)</u>	_____
Total Human Resources	<u>490,810</u>	<u>488,990</u>	<u>1,820</u>
Planning GIS Division:			
Salaries and employee Benefits		156,861	
Operating expenditures		<u>38,027</u>	
Total		194,888	
Reimbursement from Water and Sewer Fund	_____	<u>(116,953)</u>	_____
Total Planning GIS Division	<u>147,370</u>	<u>77,935</u>	<u>69,435</u>
Planning:			
Salaries and employee benefits		549,170	
Operating expenditures		<u>53,892</u>	
Total		603,062	
Reimbursement from Water and Sewer Fund	_____	<u>(116,953)</u>	_____
Total Planning	<u>513,298</u>	<u>486,109</u>	<u>27,189</u>
Inspections:			
Salaries and employee benefits		246,857	
Operating expenditures		66,625	
Capital outlay		<u>15,865</u>	
Total		329,347	
Reimbursement from Water and Sewer Fund	_____	<u>(116,953)</u>	_____
Total Inspections	<u>281,386</u>	<u>212,394</u>	<u>68,992</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive ( <u>Negative</u> )
Expenditures: (continued)			
General Government: (continued)			
Engineering:			
Salaries and employee benefits		526,075	
Operating expenditures		47,400	
Capital Outlay		<u>12,695</u>	
Total		586,170	
Reimbursement from Water and Sewer Fund	<u>                    </u>	<u>(253,358)</u>	<u>                    </u>
Total Engineering	<u>377,362</u>	<u>332,812</u>	<u>44,550</u>
Traffic Control Supervisor:			
Salaries and employee benefits		417,157	
Operating expenditures		280,535	
Capital Outlay		<u>24,216</u>	
Total Traffic Control	<u>794,489</u>	<u>721,908</u>	<u>72,581</u>
Transportation Tech Services:			
Salaries and employee benefits		571,004	
Operating expenditures		45,017	
Capital Outlay		<u>20,903</u>	
Total Transportation Tech Services	<u>705,394</u>	<u>636,924</u>	<u>68,470</u>
Street lighting	<u>555,000</u>	<u>555,747</u>	<u>(747)</u>
General Administration and Building:			
Salaries and employee benefits		1,456,711	
Insurance		447,740	
Operating expenditures		386,247	
Special projects		<u>319,645</u>	
Total General Administration and Building	<u>2,953,047</u>	<u>2,610,343</u>	<u>342,704</u>
Total General Government	<u>9,484,812</u>	<u>8,030,918</u>	<u>1,453,894</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive ( <u>Negative</u> )
Public Safety:			
Police:			
Administration:			
Salaries and employee benefits		745,237	
Operating expenditures		764,452	
Capital outlay		<u>630,233</u>	
Total		<u>2,139,922</u>	
Records:			
Salaries and employee benefits		135,212	
Operating expenditures		<u>150,766</u>	
Total		<u>285,978</u>	
Training and Personnel Services:			
Salaries and employee benefits		173,903	
Operating expenditures		156,474	
Capital Outlay		<u>80,329</u>	
Total		<u>410,706</u>	
Criminal Investigations:			
Salaries and employee benefits		1,344,956	
Operating expenditures		<u>72,523</u>	
Total		<u>1,417,479</u>	
Field Operations Division:			
Salaries and employee benefits		5,189,566	
Operating expenditures		<u>14,169</u>	
Total		<u>5,203,735</u>	
Retirees:			
Salaries and employee benefits		<u>455,184</u>	
Total		<u>455,184</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive ( <u>Negative</u> )
Expenditures: (continued)			
Public Safety: (continued)			
Police: (continued)			
Community Policing:			
Salaries and employee benefits		188,140	
Operating expenditures		<u>38,352</u>	
Total		<u>226,492</u>	
Animal Services-Field:			
Salaries and employee benefits		109,019	
Operating expenditures		<u>526</u>	
Total		<u>109,545</u>	
Identification:			
Salaries and employee benefits		170,478	
Operating expenditures		<u>18,391</u>	
Total		<u>188,869</u>	
Communications:			
Salaries and employee benefits		657,823	
Operating expenditures		289,914	
Capital Outlay		<u>176,316</u>	
Total		<u>1,124,053</u>	
Animal Services Shelter:			
Salaries and employee benefits		480,268	
Operating expenditures		208,528	
Capital Outlay		<u>20,427</u>	
Total		<u>709,223</u>	
Informational Services:			
Salaries and employee benefits		73,645	
Operating expenditures		<u>498</u>	
Total		<u>74,143</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Public Safety: (continued)			
Police: (continued)			
Spay/Neuter:			
Salaries and employee benefits		26,226	
Operating expenditures		<u>56,205</u>	
Total		<u>82,431</u>	
Special Operations:			
Salaries and employee benefits		1,161,590	
Operating expenditures		<u>72,185</u>	
Total		<u>1,233,775</u>	
Emergency Management:			
Salaries and employee benefits		38,073	
Operating expenditures		<u>2,007</u>	
Total	<u>                    </u>	<u>40,080</u>	<u>                    </u>
Total Police	<u>15,138,522</u>	<u>13,701,615</u>	<u>1,436,907</u>
Fire:			
Supervision:			
Salaries and employee benefits		565,061	
Operating expenditures		<u>18,913</u>	
Total		<u>583,974</u>	
Training:			
Salaries and employee benefits			
Operating expenditures		152,702	
Capital outlay		<u>12,779</u>	
Total		<u>165,481</u>	
Industrial Inspection and Prevention:			
Salaries and employee Benefits		379,620	
Operating expenditures		<u>15,278</u>	
Total		<u>394,898</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive ( <u>Negative</u> )
Expenditures: (continued)			
Public Safety: (continued)			
Fire: (continued)			
Fire Fighting:			
Salaries and employee benefits		4,311,054	
Operating expenditures		227,022	
Capital Outlay		<u>365,973</u>	
Total		<u>4,904,049</u>	
Fire Station and Buildings:			
Operating expenditures		<u>144,198</u>	
Total		<u>144,198</u>	
Training Center:			
Operating expenditures		<u>51,208</u>	
Total		<u>51,208</u>	
Emergency Response Equipment:			
Operating expenditures		<u>177,320</u>	
Total		<u>177,320</u>	
Total Fire	<u>6,955,511</u>	<u>6,421,128</u>	<u>534,383</u>
Total Public Safety	<u>22,094,033</u>	<u>20,122,743</u>	<u>1,971,290</u>
Public Works:			
Public Works Department:			
Public Works Supervision:			
Salaries and employee benefits		234,703	
Operating expenditures		<u>15,447</u>	
Total		<u>250,150</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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Public Works Department (continued):			
Public Works Supervision (continued):			
Building Maintenance:			
Salaries and employee benefits		518,963	
Operating expenditures		<u>51,974</u>	
Total		<u>570,937</u>	
Engineering:			
Salaries and employee Benefits		91,871	
Operating expenditures		39,868	
Capital Outlay		<u>35,175</u>	
Total		<u>166,914</u>	
Equipment Maintenance:			
Salaries and employee benefits		648,030	
Operating expenditures		<u>687,596</u>	
Total		<u>1,335,626</u>	
Street Signs - Marking:			
Salaries and employee benefits		144,194	
Operating expenditures		51,513	
Capital Outlay		<u>11,745</u>	
Total		<u>207,452</u>	
Municipal Building:			
Operating expenditures		203,615	
Capital outlay		<u>11,013</u>	
Total		<u>214,628</u>	
May Memorial Library:			
Operating expenditures		<u>132,027</u>	
Total		<u>132,027</u>	
Total Public Works Department	<u>2,951,868</u>	<u>2,877,734</u>	<u>74,134</u>
Street Department:			
Supervision:			
Salaries and employee benefits		158,176	
Operating expenditures		<u>23,230</u>	
Total		<u>181,406</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures (continued):			
Public Works Department (continued):			
Street Department (continued):			
Maintenance-Paved Streets:			
Salaries and employee benefits		723,015	
Operating expenditures		1,245,244	
Capital Outlay	_____	105,649	_____
Total	_____	2,073,908	_____
Total Street Department	2,410,169	2,255,314	154,855
Sanitation Department:			
Supervision:			
Salaries and employee benefits		134,406	
Operating expenditures		29,217	
Total		163,623	
Garbage and Waste Collection:			
Salaries and employee benefits		663,625	
Operating expenditures		2,110,986	
Recycling collection fee		549,912	
Capital Outlay		230,908	
Total	_____	3,555,431	_____
Total Sanitation	3,656,448	3,719,054	(62,606)
Cemetery Department:			
Maintenance:			
Supervision:			
Salaries and employee benefits		152,207	
Operating expenditures		6,263	
Total		158,470	

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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public Works Department (continued):			
Cemetery (continued):			
Interment and			
Maintenance:			
Salaries and employee			
benefits		492,738	
Operating			
expenditures		161,030	
Capital Outlay		<u>36,831</u>	
Total	<u>                    </u>	<u>690,599</u>	<u>                    </u>
Total Cemetery	<u>908,902</u>	<u>849,069</u>	<u>59,833</u>
Street Tree Program:			
Operating expenditures	<u>                    </u>	<u>29,435</u>	<u>                    </u>
Total Street Program	<u>41,336</u>	<u>29,435</u>	<u>11,901</u>
 Total Public Works	 <u>9,968,723</u>	 <u>9,730,606</u>	 <u>238,117</u>
 Cultural and Recreation:			
Recreation:			
Supervision:			
Salaries and employee			
benefits		528,240	
Operating			
expenditures		<u>33,836</u>	
Total		<u>562,076</u>	
Day Camps and Afterschools:			
Salaries and employee			
benefits		493,033	
Operating			
expenditures		112,039	
Capital Outlay		<u>49,394</u>	
Total		<u>654,466</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, 2012

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Cultural and Recreation:			
Recreation: (continued)			
Athletics:			
Salaries and employee benefits		638,915	
Operating expenditures		<u>505,877</u>	
Total		<u>1,144,792</u>	
Special Events:			
Salaries and employee benefits		26,744	
Operating expenditures		<u>173,632</u>	
Total		<u>200,376</u>	
Fairchild Stadium:			
Operating expenditures		<u>53,269</u>	
Total		<u>53,269</u>	
Recreation Buildings:			
Salaries and employee benefits		1,009,243	
Operating expenditures		553,935	
Special projects		37,712	
Capital outlay		<u>22,464</u>	
Total		<u>1,623,354</u>	
Aquatics:			
Salaries and employee benefits		237,047	
Operating expenditures		<u>150,137</u>	
Total		<u>387,184</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive ( <u>Negative</u> )
Expenditures: (continued)			
Cultural and Recreation:			
Recreation: (continued)			
Camp Green Leaves:			
Salaries and employee benefits		34,483	
Operating expenditures		<u>21,319</u>	
Total		<u>55,802</u>	
Amusement Park:			
Salaries and employee benefits		134,443	
Operating expenditures		<u>125,739</u>	
Total		<u>260,182</u>	
Golf Course:			
Salaries and employee benefits		395,862	
Operating expenditures		274,437	
Capital outlay		<u>26,801</u>	
Total		<u>697,100</u>	
Paramount Theater:			
Salaries and employee benefits		138,724	
Operating expenditures		<u>50,422</u>	
Total	<u>                    </u>	<u>189,146</u>	<u>                    </u>
 Total Cultural and Recreation	 <u>5,834,507</u>	 <u>5,827,747</u>	 <u>6,760</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Debt Service:			
Principal - bond	1,117,176	1,117,174	2
Interest and other charges - bond	486,629	486,628	1
Principal - capital lease	1,589,725	1,574,724	15,001
Interest and other charges - capital lease	<u>236,969</u>	<u>236,969</u>	<u>-</u>
Total Debt Service	<u>3,430,499</u>	<u>3,415,495</u>	<u>15,004</u>
Total Expenditures	<u>50,812,574</u>	<u>47,127,509</u>	<u>3,685,065</u>
Revenues Over (Under) Expenditures	<u>(6,249,285)</u>	<u>(247,792)</u>	<u>6,001,493</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Mebane St./Grand oaks Sidewalk	190,000	189,704	(296)
Worker's Compensation Self Insurance Fund	(377,854)	(377,854)	-
Issuance from installment financing	1,267,473	1,267,473	-
Group Health Benefits	(35,002)	(35,002)	-
MPO Transportation	(50,556)	(50,379)	177
Capital Reserve Fund	(1,000,000)	(1,000,000)	-
ARRA Widening Piedmont	(1,906)	(1,905)	1
Renovation Parks & Recreation Facilities	(34,896)	(34,896)	-
Capital Outlay	<u>1,340,000</u>	<u>1,340,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,297,259</u>	<u>1,297,141</u>	<u>(118)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,952,026)	1,049,349	<u>\$ 6,001,375</u>
Fund Balance Appropriated	<u>4,952,022</u>		
	<u>\$ -</u>		
Fund Balances beginning		<u>32,614,026</u>	
Prior Period Adjustment		(70,106)	
Fund Balance beginning, restated		<u>32,543,920</u>	
Fund Balances, ending		<u>\$ 33,593,269</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
 CAPITAL PROJECTS FUND – CAPITAL RESERVE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 From Inception And For The Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ 85,460	\$ 85,460
Total Revenues	<u>-</u>	<u>85,460</u>	<u>85,460</u>
Expenditures:			
Professional services	<u>975,000</u>	<u>-</u>	<u>975,000</u>
Total Expenditures	<u>975,000</u>	<u>-</u>	<u>975,000</u>
Revenues Over (Under) Expenditures	<u>\$ (975,000)</u>	<u>85,460</u>	<u>\$ 1,060,460</u>
Other Financing Sources (Uses):			
Transfer from (to) other funds			
General Fund	1,000,000	1,000,000	-
Drainage Improvement Project	(25,000)	(25,000)	-
General Fund	<u>(1,340,000)</u>	<u>(1,340,000)</u>	<u>-</u>
Total Other Financing Sources	<u>(365,000)</u>	<u>(365,000)</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ (1,340,000)</u>	<u>(279,540)</u>	<u>\$ 1,060,460</u>
Fund balance, appropriated	<u>1,340,000</u>		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>18,603,387</u>	
Fund balance, ending		<u>\$ 18,323,847</u>	

CITY OF BURLINGTON  
BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2012

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,471,361	\$ 977,891	\$ 2,449,252
Receivables, net:			
Taxes	61,809	-	61,809
Accounts	263,756	-	263,756
Housing rehabilitation loans	2,370,226	-	2,370,226
Home incentive loans	6,278,045	-	6,278,045
Total Assets	<u>\$ 10,445,197</u>	<u>\$ 977,891</u>	<u>\$ 11,423,088</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 249,141	\$ -	\$ 249,141
Deferred revenue	2,114,696	-	2,114,696
Total Liabilities	<u>2,363,837</u>	<u>-</u>	<u>2,363,837</u>
Fund balances:			
Restricted:			
Stabilization by State			
Statute	-	-	-
Economic Development	7,400,720	-	7,400,720
Public Safety	345,649	-	345,649
Committed for Capital Development	-	977,891	977,891
Assigned for Subsequent Expenditures	491,785	-	491,785
Unassigned	(156,794)	-	(156,794)
Total Fund Balances	<u>8,081,360</u>	<u>977,891</u>	<u>9,059,251</u>
Total liabilities and fund balances	<u>\$ 10,445,197</u>	<u>\$ 977,891</u>	<u>\$ 11,423,088</u>

CITY OF BURLINGTON  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Ad valorem taxes	\$ 126,220	\$ -	\$ 126,220
Unrestricted intergovernmental	214,929	-	214,929
Restricted intergovernmental	1,441,305	134,862	1,576,167
Sales and services	38,303	-	38,303
Investment earnings	806	5,476	6,282
Miscellaneous	163,794	-	163,794
	<u>1,985,357</u>	<u>140,338</u>	<u>2,125,695</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	747,745	-	747,745
Economic and physical development	1,574,410	-	1,574,410
Culture and recreation	154,166	-	154,166
Capital Outlay	-	229,507	229,507
	<u>2,476,321</u>	<u>229,507</u>	<u>2,705,828</u>
Revenues over (under) expenditures	<u>(490,964)</u>	<u>(89,169)</u>	<u>(580,133)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	71,791	77,891	149,682
Transfers to other funds	(37,501)	(189,704)	(227,205)
	<u>34,290</u>	<u>(111,813)</u>	<u>(77,523)</u>
Revenue and other sources over expenditures and other uses	(456,674)	(200,982)	(657,656)
Fund balances:			
Fund balances - beginning	<u>8,538,034</u>	<u>1,178,873</u>	<u>9,716,907</u>
Fund balances - ending	<u>\$ 8,081,360</u>	<u>\$ 977,891</u>	<u>9,059,251</u>



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



CITY OF BURLINGTON, NORTH CAROLINA  
ALL SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2012

	Community Development Fund	Rehabili- tation Loan Program Fund	Rental Rehabili- tation Loan Program Fund	Downtown Special Tax District Fund	HOME Program Project Fund	RICO Fund	All Hazard Preparedness Fund
<u>ASSETS</u>							
Cash and cash equivalents	\$ 33,182	\$ 323,618	\$ 361,563	\$ -	\$ -	\$ 341,669	\$ -
Receivables (net):							
Taxes	-	-	-	61,809	-	-	-
Accounts	3,575	33,213	148,645	2,195	-	-	-
Housing Rehabilitation loans	-	1,922,534	447,692	-	-	-	-
Home Incentive loans	-	81,493	-	-	6,196,552	-	-
Due from other funds	-	-	-	-	-	-	-
Total assets	<u>\$ 36,757</u>	<u>\$ 2,360,858</u>	<u>\$ 957,900</u>	<u>\$ 64,004</u>	<u>\$ 6,196,552</u>	<u>\$ 341,669</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 4,812	\$ 2,679	\$ -	\$ 2,195	\$ 42,743	\$ 4,284	\$ 6,922
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	61,809	2,052,887	-	-
Total liabilities	<u>4,812</u>	<u>2,679</u>	<u>-</u>	<u>64,004</u>	<u>2,095,630</u>	<u>4,284</u>	<u>6,922</u>
Fund Balances:							
Restricted							
Stabilization by State Statute	-	-	-	-	-	-	-
Economic Development	31,945	2,207,229	930,788	-	3,904,740	-	-
Public Safety	-	-	-	-	-	243,312	-
Assigned							
Subsequent Years Expenditures	-	150,950	27,112	-	196,182	94,073	-
Unassigned	-	-	-	-	-	-	(6,922)
Total fund balances	<u>31,945</u>	<u>2,358,179</u>	<u>957,900</u>	<u>-</u>	<u>4,100,922</u>	<u>337,385</u>	<u>(6,922)</u>
Total liabilities and fund balances	<u>\$ 36,757</u>	<u>\$ 2,360,858</u>	<u>\$ 957,900</u>	<u>\$ 64,004</u>	<u>\$ 6,196,552</u>	<u>\$ 341,669</u>	<u>\$ -</u>

Edward Byrne Justice Assistance Grant Fund	Governor Crime Commission Project Safe Neighborhood	Guilford Mackintosh Fund	Controlled Substance Tax Fund	MPO Planning Transportation Fund	Energy Efficiency Conservative Fund	Medicare Part D Grant Project Fund	Bureau of Justice Assistance Community Oriented Policing Grant	Totals
\$ 65,053	\$ 10,000	\$ -	\$ 57,752	\$ 265,217	\$ -	\$ 13,307	\$ -	\$ 1,471,361
-	-	-	-	-	-	-	-	61,809
-	-	28,634	-	47,494	-	-	-	263,756
-	-	-	-	-	-	-	-	2,370,226
-	-	-	-	-	-	-	-	6,278,045
-	-	-	-	-	-	-	-	-
<u>\$ 65,053</u>	<u>\$ 10,000</u>	<u>\$ 28,634</u>	<u>\$ 57,752</u>	<u>\$ 312,711</u>	<u>\$ -</u>	<u>\$ 13,307</u>	<u>\$ -</u>	<u>\$ 10,445,197</u>
\$ 7,000	\$ -	\$ 28,634	\$ -	\$ -	\$ -	\$ -	\$ 149,872	249,141
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	2,114,696
<u>7,000</u>	<u>-</u>	<u>28,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,872</u>	<u>2,363,837</u>
-	-	-	-	-	-	-	-	-
58,053	10,000	-	34,284	312,711	-	13,307	-	7,400,720
-	-	-	23,468	-	-	-	-	491,785
-	-	-	-	-	-	-	(149,872)	(156,794)
<u>58,053</u>	<u>10,000</u>	<u>-</u>	<u>57,752</u>	<u>312,711</u>	<u>-</u>	<u>13,307</u>	<u>(149,872)</u>	<u>8,081,360</u>
<u>\$ 65,053</u>	<u>\$ 10,000</u>	<u>\$ 28,634</u>	<u>\$ 57,752</u>	<u>\$ 312,711</u>	<u>\$ -</u>	<u>\$ 13,307</u>	<u>\$ -</u>	<u>\$ 10,445,197</u>

CITY OF BURLINGTON, NORTH CAROLINA  
 ALL SPECIAL REVENUE FUNDS  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 For The Fiscal Year Ended June 30, 2012

	Community Development Fund	Rehabilitation Loan Program Fund	Rental Rehabili- tation Loan Program Fund	Downtown Special Tax District Fund	HOME Program Project Fund	RICO Fund	All Hazard Preparedness Fund
Revenues:							
Ad Valorem taxes	\$ -	\$ -	\$ -	\$126,220	\$ -	\$ -	\$ -
Unrestricted							
intergovernmental	-	-	-	-	-	-	74,589
Restricted intergovernmental	488,837	-	-	-	206,657	269,032	-
Sales and services	-	-	-	-	-	-	-
Investment earnings	-	545	-	-	-	220	-
Miscellaneous	-	16,883	17,808	-	129,103	-	-
<b>Total Revenues</b>	<b>488,837</b>	<b>17,428</b>	<b>17,808</b>	<b>126,220</b>	<b>335,760</b>	<b>269,252</b>	<b>74,589</b>
Expenditures:							
Current:							
Public safety	-	-	-	-	-	389,170	-
Cultural and recreation	-	-	-	-	-	-	-
Economic and physical development	484,035	119,967	-	110,131	398,822	-	79,641
<b>Total Expenditures</b>	<b>484,035</b>	<b>119,967</b>	<b>-</b>	<b>110,131</b>	<b>398,822</b>	<b>389,170</b>	<b>79,641</b>
Revenues Over (Under) Expenditures	4,802	(102,539)	17,808	16,089	(63,062)	(119,918)	(5,052)
Other Financing Sources (Uses):							
Transfers from other funds	-	-	-	-	21,412	-	-
Transfers to other funds	-	-	(21,412)	(16,089)	-	-	-
Transfer to component unit	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(21,412)</b>	<b>(16,089)</b>	<b>21,412</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>4,802</b>	<b>(102,539)</b>	<b>(3,604)</b>	<b>-</b>	<b>(41,650)</b>	<b>(119,918)</b>	<b>(5,052)</b>
Fund balance, beginning	27,143	2,460,718	961,504	-	4,142,572	457,303	(1,870)
<b>Fund balance, ending</b>	<b>\$ 31,945</b>	<b>\$ 2,358,179</b>	<b>\$ 957,900</b>	<b>\$ -</b>	<b>\$ 4,100,922</b>	<b>\$ 337,385</b>	<b>\$ (6,922)</b>

Edward Byrne Justice Assistance Grant Fund	Governor Crime Commission Project Safe Neighborhood	Guilford Mackintosh Fund	Controlled Substance Tax Fund	MPO Planning Transportation Fund	Energy Efficiency Conservative Fund	Medicare Part D Grant Project Fund	Bureau of Justice Assistance Community Oriented Policing Grant	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,220
-	-	115,863	24,477	-	-	-	-	214,929
89,729	-	-	-	265,917	-	-	121,133	1,441,305
-	-	38,303	-	-	-	-	-	38,303
-	-	-	-	41	-	-	-	806
-	-	-	-	-	-	-	-	163,794
89,729	-	154,166	24,477	265,958	-	-	121,133	1,985,357
69,293	-	-	18,277	-	-	-	271,005	747,745
-	-	154,166	-	-	-	-	-	154,166
-	-	-	-	326,946	52,621	2,247	-	1,574,410
69,293	-	154,166	18,277	326,946	52,621	2,247	271,005	2,476,321
20,436	-	-	6,200	(60,988)	(52,621)	(2,247)	(149,872)	(490,964)
-	-	-	-	50,379	-	-	-	71,791
-	-	-	-	-	-	-	-	(37,501)
-	-	-	-	-	-	-	-	-
-	-	-	-	50,379	-	-	-	34,290
20,436	-	-	6,200	(10,609)	(52,621)	(2,247)	(149,872)	(456,674)
37,617	10,000	-	51,552	323,320	52,621	15,554	-	8,538,034
<u>\$ 58,053</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 57,752</u>	<u>\$ 312,711</u>	<u>\$ -</u>	<u>\$ 13,307</u>	<u>\$ (149,872)</u>	<u>\$ 8,081,360</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, 2012

	Total Authorized Revenues	Actual		Total To Date	Variance Positive (Negative)
		Reported In Prior Years	Current Year		
Revenues:					
Restricted					
Intergovernmental:					
Federal Grants -					
Program Year:					
2011	\$ 398,713	\$ -	\$ -	\$ -	\$ (398,713)
2011	477,189	-	461,035	461,035	(16,154)
2010	439,247	411,445	27,802	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>4,175,451</u>	<u>3,389,193</u>	<u>488,837</u>	<u>3,878,030</u>	<u>(297,421)</u>
Miscellaneous					
Revenues:					
Urban renewal land sales and related income	-	145,641	-	145,641	145,641
Sale of property:					
2007	-	200	-	200	200
2004	-	200	-	200	200
1997	-	14,083	-	14,083	14,083
Program income - 1995	-	522	-	522	522
Total Miscellaneous Revenues	-	<u>160,646</u>	-	<u>160,646</u>	<u>160,646</u>
Total Revenues	<u>4,175,451</u>	<u>3,549,839</u>	<u>488,837</u>	<u>4,038,676</u>	<u>(136,775)</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, 2012

	Total Authorized Costs	Actual			Variance Positive (Negative)
		Reported In Prior Years	Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical Development (continued):					
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
<b>Total Program Year 2004</b>	<b>531,000</b>	<b>486,232</b>	<b>-</b>	<b>486,232</b>	<b>44,768</b>
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	86,648	-	86,648	3,260

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, 2012

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year					
2005 (continued):					
Total Program					
Year 2005	<u>506,908</u>	<u>503,648</u>	-	<u>503,648</u>	<u>3,260</u>
Program Year 2006:					
Public Works					
Facilities, Site					
Improvements:					
Glen Raven					
Infrastructure	317,388	317,388	-	317,388	-
Provision of					
Public Services:					
North Park					
Library	10,000	10,000	-	10,000	-
Construction					
Training Program	65,000	65,000	-	65,000	-
Administration	<u>67,281</u>	<u>66,027</u>	-	<u>66,027</u>	<u>1,254</u>
Total Program					
Year 2006	<u>459,669</u>	<u>458,415</u>	-	<u>458,415</u>	<u>1,254</u>
Program Year 2007:					
Public Works					
Facilities, Site					
Improvements:					
Glen Raven					
Project	47,594	47,594	-	47,594	-
Church Street					
Sidewalk	48,038	48,038	-	48,038	-
Street Improvements					
(Jackson/Peace)	9,241	9,241	-	9,241	-
Storm Sewer					
Replacement	30,469	30,469	-	30,469	-
Provision of					
Public Services:					
Hall Avenue					
Facility Improvements	69,899	69,899	-	69,899	-
North Park					
Library	10,000	10,000	-	10,000	-
North Park					
Pool Upgrades	5,200	5,200	-	5,200	-
Fairchild Comfort					
Station	39,578	39,578	-	39,578	-
Construction					
Training Program	65,000	65,000	-	65,000	-
Administration	<u>49,642</u>	<u>47,986</u>	-	<u>47,986</u>	<u>1,656</u>
Total Program					
Year 2007	<u>374,661</u>	<u>373,005</u>	-	<u>373,005</u>	<u>1,656</u>

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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, 2012

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2008:					
Public Works					
Facilities, Site					
Improvements:					
Sidewalk					
Improvements	90,160	90,160	-	90,160	-
Provision of					
Public Services:					
North Park					
Library	12,000	12,000	-	12,000	-
Recreation Facility					
Improvements	82,676	82,676	-	82,676	-
Hall Avenue Facility					
Improvements	97,286	97,286	-	97,286	-
Construction					
Training Program	65,000	65,000	-	65,000	-
Administration	55,484	48,665	2,464	51,129	4,355
Total Program					
Year 2008	402,606	395,787	2,464	398,251	4,355
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	56,186	4,289	60,475	37,525
Total Program					
Year 2009	428,191	386,378	4,289	390,667	37,524

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, 2012

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued): Economic and Physical Development (continued):					
Program Year 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>55,835</u>	-	<u>55,835</u>	<u>42,165</u>
Total Program Year 2010	<u>398,374</u>	<u>356,209</u>	-	<u>356,209</u>	<u>42,165</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, 2012

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2011:					
Public Works					
Facilities, Site					
Improvements:					
Water & Sewer					
Lines-Hunt St.	45,437	45,437	-	45,437	-
Queen Anne St.					
Sewer Line Upgrade	150,039	-	-	-	150,039
Provision of					
Public Services:					
North Park					
Library	10,000	10,000	-	10,000	-
Fairchild Park					
Upgrade	230,474	223,521	6,953	230,474	-
FAS Transitional					
Housing Upgrade	4,566	4,566	-	4,566	-
North Park					
Improvements	12,882	10,314	767	11,081	1,801
Picnic Site					
Improvements	12,343	12,343	-	12,343	-
Playground					
Equipment					
Upgrades	30,000	30,000	-	30,000	-
Relocation	10,000	3,068	2,875	5,943	4,057
Construction					
Training Program	65,000	65,000	-	65,000	-
Administration	98,000	35,494	22,160	57,654	40,346
Total Program					
Year 2011	<u>668,741</u>	<u>439,743</u>	<u>32,755</u>	<u>472,498</u>	<u>196,243</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, 2012

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical Development (continued):					
Program Year 2012:					
Public Works					
Facilities, Site Improvements:					
Gilliam Road					
Water Line Project	100,000	-	58,508	58,508	41,492
Queen Anne St. Sewer Line Upgrade	-	-	122,360	122,360	(122,360)
Provision of Public Services:					
North Park					
Library	10,000	-	10,000	10,000	-
Fairchild Park					
Energy Improvements	40,700	-	40,700	40,700	-
North Park					
Lighting Upgrade	21,500	-	21,130	21,130	370
Family Abuse Service Upgrade	7,812	-	7,776	7,776	36
Allied Churches Facility Upgrades	98,289	-	98,289	98,289	-
Construction					
Training Program	65,000	-	65,000	65,000	-
Administration	62,000	-	20,764	20,764	41,236
Total Program Year 2012	405,301	-	444,527	444,527	(39,226)
Total Expenditures	4,175,451	3,399,417	484,035	3,883,452	291,999
Revenues Over (Under) Expenditures	-	150,422	4,802	155,224	155,224

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, 2012

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical Development (continued):					
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
Mebane St./ St. John Culvert Rehabilitation Loan Program Fund:					
Program Year: 1996	-	(117,446)	-	(117,446)	(117,446)
	199,600	-	-	-	(199,600)
	-	-	-	-	-
Total Other Financing (Uses)	<u>199,600</u>	<u>(117,446)</u>	<u>-</u>	<u>(117,446)</u>	<u>(317,046)</u>
Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ 199,600	<u>\$ 32,976</u>	4,802	<u>\$ 37,778</u>	<u>\$ (161,822)</u>
Fund balance, appropriated	<u>(199,600)</u>				
Net change in fund balance	<u>\$ -</u>				
Fund balance, beginning			<u>27,143</u>		
Fund balance, ending			<u>\$ 31,945</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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$ _____	\$ _____ 545	\$ _____
Miscellaneous:			
Interest on loans	_____	_____ 16,883	_____
Total Revenues	<u>16,000</u>	<u>17,428</u>	<u>1,428</u>
Expenditures:			
Economic and Physical Development:			
Operating expenditures	_____	_____ 111,233	_____
Provision for bad debts	_____	_____ 8,734	_____
Total Expenditures	<u>166,950</u>	<u>119,967</u>	<u>46,983</u>
Revenues Over (Under) Expenditures	(150,950)	(102,539)	<u>\$ 48,411</u>
Fund balance, appropriated	<u>150,950</u>		
Net change in fund balance	\$ _____ -		
Fund balance, beginning		<u>2,460,718</u>	
Fund balance, ending		<u>\$ 2,358,179</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  
For The Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive ( <u>Negative</u> )
Revenues:			
Investment earnings	\$	\$ -	\$
Miscellaneous:			
Interest on loans	<u>                    </u>	<u>          17,808</u>	<u>                    </u>
Total Revenues	<u>          2,000</u>	<u>         17,808</u>	<u>         15,808</u>
Expenditures:			
Economic and Physical Development:			
Provision for bad debts	<u>                    </u>	<u>                    -</u>	<u>                    </u>
Total Expenditures	<u>         10,000</u>	<u>                    -</u>	<u>         10,000</u>
Revenues Over (Under) Expenditures	<u>         (8,000)</u>	<u>         17,808</u>	<u>         25,808</u>
Other Financing Sources (Uses):			
Transfers to other fund:			
Home Program Project	<u>         (21,412)</u>	<u>         (21,412)</u>	<u>                    -</u>
Total Other Financing Sources (Uses)	<u>         (21,412)</u>	<u>         (21,412)</u>	<u>                    -</u>
Revenues (Under) Expenditures and Other Uses	<u>         (29,412)</u>	<u>         (3,604)</u>	<u>         \$ 25,808</u>
Fund balance, appropriated	<u>         29,412</u>		
Net change in fund balance	<u>         \$ -</u>		
Fund balance, beginning		<u>         961,504</u>	
Fund balance, ending		<u>         \$ 957,900</u>	



CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND - HOME PROGRAM PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2012

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
Federal Grant	\$ 4,089,657	\$ 3,382,896	\$ 206,657	\$ 3,589,553	\$ (500,104)
Federal Grant - County	1,712,419	1,331,771	54,848	1,386,619	(325,800)
State Grant	-	2,667	-	2,667	2,667
Local Funds	36,465	6,481	-	6,481	(29,984)
Total	5,838,541	4,723,815	261,505	4,985,320	(853,221)
Miscellaneous:					
Program income	178,679	295,220	74,255	369,475	190,796
Total Revenues	6,017,220	5,019,035	335,760	5,354,795	(662,425)
Expenditures:					
Economic and Physical Development:					
Administrative	392,117	280,819	41,854	322,673	69,444
Homebuyer assistance	161,167	51,353	-	51,353	109,814
CHDO project assistance	827,833	658,765	38,247	697,012	130,821
Rehabilitation – owner	5,012,686	779,850	304,750	1,084,600	3,928,086
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	585,000	133,552	-	133,552	451,448
Provision for bad debts	-	251,977	13,971	265,948	(265,948)
Total Expenditures	7,394,334	2,374,039	398,822	2,772,861	4,621,473

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND - HOME PROGRAM PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2012

	Total Authorized Costs	Actual		Total To Date	Variance Positive (Negative)
		Reported In Prior Years	Current Year		
Revenues Over (Under) Expenditures	<u>(1,377,114)</u>	<u>2,644,996</u>	<u>(63,062)</u>	<u>2,581,934</u>	<u>3,959,048</u>
Other Financing Sources: Transfers from other funds:					
HOME Investment Partnership Project Fund	-	450,726	-	450,726	450,726
Rental Rehabilitation Loan Program	657,926	670,498	21,412	691,910	33,984
Rehabilitation Loan Program Fund	-	232,688	-	232,688	232,688
Single Family Housing Project Fund	-	143,664	-	143,664	143,664
Total Other Financing Sources	<u>657,926</u>	<u>1,497,576</u>	<u>21,412</u>	<u>1,518,988</u>	<u>861,062</u>
Revenues and Other Sources Over (Under) Expenditures	(719,188)	<u>\$ 4,142,572</u>	(41,650)	<u>\$ 4,100,922</u>	<u>\$ 4,820,110</u>
Fund balance, beginning	<u>719,188</u>		<u>4,142,572</u>		
Fund balance, ending	<u>\$ -</u>		<u>\$ 4,100,922</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – RICO FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental:			
Rico funds	\$	\$ 253,542	\$
Dept. of Treasury		15,490	
Investment earnings		220	
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Revenues	<u>                    -</u>	<u>          269,252</u>	<u>          269,252</u>
Expenditures:			
Public Safety:			
Rico funds		389,170	
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Expenditures	<u>          423,318</u>	<u>          389,170</u>	<u>          34,148</u>
Revenues Over (Under) Expenditures	<u>          (423,318)</u>	<u>          (119,918)</u>	<u>          303,400</u>
			<u>          \$ 303,400</u>
Fund balance, appropriated	<u>          423,318</u>		
Net change in fund balance	<u>          \$ -</u>		
Fund balance, beginning		<u>          457,303</u>	
Fund balance, ending		<u>          \$ 337,385</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND - GUILFORD MACKINTOSH FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Unrestricted Intergovernmental:			
Guilford County			
Reimbursement	\$ _____	\$ 115,863	\$ _____
Total	<u>164,028</u>	<u>115,863</u>	<u>(48,165)</u>
Sales and Service:			
Boat rentals		18,419	
Fishing fees		5,778	
Boat launch fees		3,812	
Concession sales		3,544	
Shelter rentals		3,750	
House rentals		3,000	
Total	<u>23,250</u>	<u>38,303</u>	<u>15,053</u>
Total Revenues	<u>187,278</u>	<u>154,166</u>	<u>(33,112)</u>
Expenditures:			
Cultural and Recreation:			
Salaries and employee			
benefits		128,041	
Operating expenditures		26,125	
Total Expenditures	<u>187,278</u>	<u>154,166</u>	<u>33,112</u>
Revenues Over (Under)			
Expenditures	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning		-	
Fund balance, ending		<u>\$ -</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
 SPECIAL REVENUE FUND - CONTROLLED SUBSTANCE TAX FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 For The Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Unrestricted Intergovernmental:			
Controlled substance funds	\$ _____	\$ 24,477	\$ _____
Total Revenues	_____	24,477	24,477
Expenditures:			
Public Safety:			
Salaries and Employee Benefits	_____	18,277	_____
Total Expenditures	37,775	18,277	19,498
Revenues Over (Under) Expenditures	(37,775)	6,200	\$ 43,975
Fund balance, appropriated	37,775		
Net change in fund balance	\$ _____		
Fund balance, beginning		51,552	
Fund balance, ending		\$ 57,752	

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND - MPO PLANNING TRANSPORTATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
For The Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted Intergovernmental:			
State Grant	\$	\$ 265,917	\$
Interest	<u>                    </u>	<u>                    41</u>	<u>                    </u>
Total Revenues	<u>265,917</u>	<u>265,958</u>	<u>41</u>
Expenditures:			
Economic and Physical Development:			
Operating expenditures		176,186	
Special projects	<u>                    </u>	<u>                    150,760</u>	<u>                    </u>
Total Expenditures	<u>349,271</u>	<u>326,946</u>	<u>22,325</u>
Revenues Over (Under) Expenditures	<u>(83,354)</u>	<u>(60,988)</u>	<u>22,366</u>
Other Financing Sources:			
Transfers from other funds:			
General Fund	<u>63,354</u>	<u>50,379</u>	<u>(12,975)</u>
Total Other Financing Sources	<u>63,354</u>	<u>50,379</u>	<u>(12,975)</u>
Revenues and Other Sources (Under) Expenditures	(20,000)	(10,609)	<u>\$ 9,391</u>
Fund balance, appropriated	<u>20,000</u>		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>323,320</u>	
Fund balance, ending		<u>\$ 312,711</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – ENERGY EFFICIENCY & CONSERVATION BLOCK GRANT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2012

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
ARRA Grant	\$ 223,900	\$ 223,900	\$ -	\$ 223,900	\$ -
Total Revenues	<u>223,900</u>	<u>223,900</u>	<u>-</u>	<u>223,900</u>	<u>-</u>
Expenditures:					
Economic and physical development:					
Professional services	33,350	35,576	-	35,576	(2,226)
Projects	149,016	101,540	47,138	148,678	338
Operating expenditures	<u>41,534</u>	<u>34,163</u>	<u>5,483</u>	<u>39,646</u>	<u>1,888</u>
Total Expenditures	<u>223,900</u>	<u>171,279</u>	<u>52,621</u>	<u>223,900</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 52,621</u>	<u>\$ (52,621)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>52,621</u>		
Fund balance, ending			<u>\$ -</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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Reported In Prior Years	Current Year	Total To Date	
Revenues:					
State Grant	\$ 48,100	\$ 48,100	\$ -	\$ 48,100	\$ -
Total Revenues	<u>48,100</u>	<u>48,100</u>	<u>-</u>	<u>48,100</u>	<u>-</u>
Expenditures:					
Operating expenditures	<u>48,100</u>	<u>32,546</u>	<u>2,247</u>	<u>34,793</u>	<u>13,307</u>
Total Expenditures	<u>48,100</u>	<u>32,546</u>	<u>2,247</u>	<u>34,793</u>	<u>13,307</u>
Revenues Over Expenditures	<u>\$ -</u>	<u>\$ 15,554</u>	<u>(2,247)</u>	<u>\$ 13,307</u>	<u>\$ 13,307</u>
Fund balance, beginning			<u>15,554</u>		
Fund Balance, ending			<u>\$ 13,307</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – EDWARD 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, 2012

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
State Grant	\$ 730,362	\$ 568,199	\$ 89,729	\$ 657,928	\$ (72,434)
Total Revenues	<u>730,362</u>	<u>568,199</u>	<u>89,729</u>	<u>657,928</u>	<u>(72,434)</u>
Expenditures:					
Public Safety:					
Equipment	487,879	369,625	53,755	423,380	64,499
Operating expenditures	<u>301,440</u>	<u>219,914</u>	<u>15,538</u>	<u>235,452</u>	<u>65,988</u>
Total Expenditures	<u>789,319</u>	<u>589,539</u>	<u>69,293</u>	<u>658,832</u>	<u>130,487</u>
Revenues Over (Under) Expenditures	<u>(58,957)</u>	<u>(21,340)</u>	<u>20,436</u>	<u>(904)</u>	<u>58,053</u>
Other Financing Sources:					
Transfers from other funds:					
Rico Fund	<u>58,957</u>	<u>58,957</u>	<u>-</u>	<u>58,957</u>	<u>-</u>
Total Other Financing Sources	<u>58,957</u>	<u>58,957</u>	<u>-</u>	<u>58,957</u>	<u>-</u>
Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 37,617</u>	20,436	<u>\$ 58,053</u>	<u>\$ 58,053</u>
Fund balance, beginning			<u>37,617</u>		
Fund balance, ending			<u>\$ 58,053</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
 SPECIAL REVENUE FUND – GOVERNOR CRIME COMMISSION PROJECT SAFE NEIGHBORHOOD  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

From Inception And For The Fiscal Year Ended June 30, 2012

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
State Grant	\$ 140,126	\$ 74,689	\$ -	\$ 74,689	\$ (65,437)
Total Revenues	<u>140,126</u>	<u>74,689</u>	<u>-</u>	<u>74,689</u>	<u>(65,437)</u>
Expenditures:					
Public Safety:					
Salaries and Employee benefits	77,175	38,837	-	38,837	38,338
Operating Expenditures	<u>72,951</u>	<u>35,852</u>	<u>-</u>	<u>35,852</u>	<u>37,099</u>
Total Expenditures	<u>150,126</u>	<u>74,689</u>	<u>-</u>	<u>74,689</u>	<u>75,437</u>
Revenues Over (Under) Expenditures	<u>(10,000)</u>	<u>(-)</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Other Financing Sources:					
Transfers from other funds:					
General Fund	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Total Other Financing Sources	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 10,000</u>	<u>-</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Fund balance, beginning			<u>10,000</u>		
Fund balance, ending			<u>\$ 10,000</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – ALL HAZARD PREPAREDNESS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
From Inception And For The Fiscal Year Ended June 30, 2012

	<u>Total Authorized Costs</u>	<u>Reported In Prior Years</u>	<u>Actual</u>		<u>Variance Positive (Negative)</u>
			<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Emergency Management Grant	\$ <u>181,717</u>	\$ <u>100,062</u>	\$ <u>74,589</u>	\$ <u>174,651</u>	\$ <u>(7,066)</u>
Total Revenues	<u>181,717</u>	<u>100,062</u>	<u>74,589</u>	<u>174,651</u>	<u>(7,066)</u>
Expenditures:					
Equipment	<u>181,717</u>	<u>101,932</u>	<u>79,641</u>	<u>181,573</u>	<u>144</u>
Total Expenditures	<u>181,717</u>	<u>101,932</u>	<u>79,641</u>	<u>181,573</u>	<u>144</u>
Revenues Over Expenditures	\$ <u>-</u>	\$ <u>(1,870)</u>	<u>(5,052)</u>	\$ <u>(6,922)</u>	\$ <u>(6,922)</u>
Fund balance, beginning			<u>(1,870)</u>		
Fund balance, ending			\$ <u>(6,922)</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – BUREAU OF JUSTICE ASST COMM ORIENT POLICING GRANT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
From Inception And For The Fiscal Year Ended June 30, 2012

	<u>Total Authorized Costs</u>	<u>Reported In Prior Years</u>	<u>Actual</u>		<u>Variance Positive (Negative)</u>
			<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Restricted					
Intergovernmental:					
State Grant	\$ 271,005	\$ -	\$ 121,133	\$ 121,133	\$ (149,872)
Total Revenues	<u>271,005</u>	<u>-</u>	<u>121,133</u>	<u>121,133</u>	<u>(149,872)</u>
Expenditures:					
Public Safety:					
Salaries and Employee Benefits	<u>271,005</u>	<u>-</u>	<u>271,005</u>	<u>271,005</u>	<u>-</u>
Total Expenditures	<u>271,005</u>	<u>-</u>	<u>271,005</u>	<u>271,005</u>	<u>-</u>
Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(149,872)</u>	<u>\$ (149,872)</u>	<u>\$ (149,872)</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ (149,872)</u>		



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



CITY OF BURLINGTON, NORTH CAROLINA  
 ALL CAPITAL PROJECT FUNDS  
 COMBINING BALANCE SHEET  
 June 30, 2012

	Drainage Improvement Project Fund	Renovation of Existing Recreation & Park Facilities	Mebane St./ Grand Oaks Sidewalk Project Fund	Piedmont Way Widening & Sidewalk Project
<u>ASSETS</u>				
Cash and cash equivalents	\$ 343,455	\$ -	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 343,455</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances:				
Committed for Capital Improvements	343,455	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>343,455</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 343,455</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

ERP System Project Fund	Street Resurfacing Project	Energy Efficiency Upgrade Main St 2	Totals
\$ 631,567	\$ -	\$ 2,869	\$ 977,891
-	-	-	-
-	-	-	-
<u>\$ 631,567</u>	<u>\$ -</u>	<u>\$ 2,869</u>	<u>\$ 977,891</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
631,567	-	2,869	977,891
-	-	-	-
<u>631,567</u>	<u>-</u>	<u>2,869</u>	<u>977,891</u>
<u>\$ 631,567</u>	<u>\$ -</u>	<u>\$ 2,869</u>	<u>\$ 977,891</u>

CITY OF BURLINGTON, NORTH CAROLINA  
 ALL CAPITAL PROJECT FUNDS  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 For The Fiscal Year Ended June 30, 2012

	Drainage Improvement Project Fund	Renovation of Existing Recreation & Park Facilities	Mebane St./ Grand Oaks Sidewalk Project Fund	Piedmont Way Widening & Sidewalk Project
Revenues:				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ (1,906)
Investment earnings	155	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>155</u>	<u>-</u>	<u>-</u>	<u>(1,906)</u>
Expenditures:				
Capital outlay	-	9,263	-	-
Total Expenditures	<u>-</u>	<u>9,263</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>155</u>	<u>(9,263)</u>	<u>-</u>	<u>(1,906)</u>
Other Financing Sources (Uses):				
Proceeds from Installment Financing	-	-	-	1,906
Transfers from other funds	25,000	34,896	-	-
Transfers (to) other funds	-	-	(189,704)	-
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>34,896</u>	<u>(189,704)</u>	<u>1,906</u>
Net change in fund balances	25,155	25,633	(189,704)	-
Fund balance, beginning	<u>318,300</u>	<u>(25,633)</u>	<u>189,704</u>	<u>-</u>
Fund balance, ending	<u>\$ 343,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ERP System Project Fund	Street Resurfacing Project	Energy Efficiency Upgrade Main St 2	Totals
\$ -	\$ -	\$ 136,768	\$ 134,862
367	4,954	-	5,476
-	-	-	-
367	4,954	136,768	140,338
21,358	48,898	149,988	229,507
21,358	48,898	149,988	229,507
(20,991)	(43,944)	(13,220)	(89,169)
-	-	-	1,906
-	-	16,089	75,985
-	-	-	(189,704)
-	-	16,089	(111,813)
(20,991)	(43,944)	2,869	(200,982)
652,558	43,944	-	1,178,873
\$ 631,567	\$ -	\$ 2,869	977,891

CITY OF BURLINGTON, NORTH CAROLINA  
 CAPITAL PROJECTS FUND - DRAINAGE IMPROVEMENT PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 For The Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ _____ -	\$ _____ 155	\$ _____ 155
Total Revenues	_____ -	_____ 155	_____ 155
Expenditures:			
Supplies	\$ _____ -	\$ _____ -	\$ _____ -
Construction	_____ -	_____ -	_____ -
Total Expenditures	_____ 25,000	_____ -	_____ 25,000
Revenues (Under) Expenditures	\$ _____ (25,000)	_____ 155	\$ _____ 25,155
Other Financing Sources:			
Transfer from other fund:			
Capital Reserve	_____ 25,000	_____ 25,000	_____ -
Revenues and Other Sources Over (Under) Expenditures	\$ _____ -	_____ 25,155	\$ _____ 25,155
Fund balance, beginning		_____ 318,300	
Fund balance, ending		\$ _____ 343,455	

CITY OF BURLINGTON, NORTH CAROLINA  
 CAPITAL PROJECTS FUND – PIEDMONT WAY WIDENING & SIDEWALK PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

From Inception And For The Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
ARRA Grant	\$ 50,000	\$ 27,517	\$ (1,906)	\$ 25,611	\$ (24,389)
NCDOT Grant	<u>96,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96,088)</u>
Total Revenues	<u>146,088</u>	<u>27,517</u>	<u>(1,906)</u>	<u>25,611</u>	<u>(120,477)</u>
Expenditures:					
Capital other improvements	<u>146,088</u>	<u>27,517</u>	<u>-</u>	<u>27,517</u>	<u>118,571</u>
Total Expenditures	<u>146,088</u>	<u>27,517</u>	<u>-</u>	<u>27,517</u>	<u>118,571</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(1,906)</u>	<u>(1,906)</u>	<u>(1,906)</u>
Other Financing Sources:					
Transfer from other fund: General Fund	<u>1,979</u>	<u>-</u>	<u>1,906</u>	<u>1,906</u>	<u>(73)</u>
Total Other Financing Sources	<u>1,979</u>	<u>-</u>	<u>1,906</u>	<u>1,906</u>	<u>(73)</u>
Revenues and Other Sources Over (Under) Expenditures	\$ 1,979	\$ <u>-</u>	-	\$ <u>-</u>	\$ <u>1,979</u>
Fund balance, appropriated	<u>(1,979)</u>				
Net change in fund balance	<u>\$ -</u>				
Fund balance, beginning			<u>-</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, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
<b>Revenues:</b>					
Investment earnings	\$ _____ -	\$ _____ 3,488	\$ _____ 367	\$ _____ 3,855	\$ _____ 3,855
<b>Total Revenues</b>	<u>_____ -</u>	<u>_____ 3,488</u>	<u>_____ 367</u>	<u>_____ 3,855</u>	<u>_____ 3,855</u>
<b>Expenditures:</b>					
Professional Services	\$ 50,000	\$ 152,875	\$ -	\$ 152,875	\$ (102,875)
Travel – Consultants	-	18,522	-	18,522	(18,522)
Software	1,895,750	863,556	17,658	881,214	1,014,536
Misc–Contractor Fees-1yr	-	-	-	-	-
Equipment - Hardware	107,000	382,362	-	382,362	(275,362)
Other Equipment	201,500	151,840	3,700	155,540	45,960
Supplies	-	36,025	-	36,025	(36,025)
<b>Total Expenditures</b>	<u>2,254,250</u>	<u>1,605,180</u>	<u>21,358</u>	<u>1,626,538</u>	<u>627,712</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(2,254,250)</u>	<u>(1,601,692)</u>	<u>(20,991)</u>	<u>(1,622,683)</u>	<u>631,567</u>
<b>Other Financing Sources:</b>					
Transfers from other funds:					
Capital Reserve	612,650	612,650	-	612,650	-
Water & Sewer	398,100	398,100	-	398,100	-
General Fund	<u>1,243,500</u>	<u>1,243,500</u>	<u>-</u>	<u>1,243,500</u>	<u>-</u>
<b>Total Other Financing Sources</b>	<u>2,254,250</u>	<u>2,254,250</u>	<u>-</u>	<u>2,254,250</u>	<u>-</u>
<b>Revenues and Other Sources Over (Under) Expenditures</b>	<u>\$ _____ -</u>	<u>\$ 652,558</u>	<u>(20,991)</u>	<u>\$ 631,567</u>	<u>\$ 631,567</u>
Fund balance, beginning			<u>652,558</u>		
Fund balance, ending			<u>\$ 631,567</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
 CAPITAL PROJECTS FUND – STREET RESURFACING  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 From Inception And For The Fiscal Year Ended June 30, 2012

	Project Authorization	Actual		Total To Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Investment earnings	\$ _____ -	\$ _____ -	\$ _____ 4,954	\$ _____ 4,954	\$ _____ 4,954
Total Revenues	_____ -	_____ -	_____ 4,954	_____ 4,954	_____ 4,954
Expenditures:					
Professional Services	50,000	15,250	26,954	42,204	7,796
Loan fees	5,000	500	7,500	8,000	(3,000)
Wi-fi project	-	87,095	-	87,095	(87,095)
Contingency	290,000	-	-	-	290,000
Street resurfacing/ repair	2,554,000	2,752,211	14,444	2,766,655	(212,655)
Total Expenditures	2,899,000	2,855,056	48,898	2,903,954	(4,954)
Revenues (Under) Expenditures	(2,899,000)	(2,855,056)	(43,944)	(2,899,000)	-
Other Financing Sources:					
Proceeds from RZED installment financing	2,899,000	2,899,000	-	2,899,000	-
Total Other Financing Sources	2,899,000	2,899,000	-	2,899,000	-
Revenues and Other Sources Over (Under) Expenditures	\$ _____ -	\$ _____ 43,944	(43,944)	\$ _____ -	\$ _____ -
Fund balance, beginning			43,944		
Fund balance, ending			\$ _____ -		

CITY OF BURLINGTON, NORTH CAROLINA  
 CAPITAL PROJECTS FUND – MEBANE ST./GRAND OAKS SIDEWALK PROJECT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 From Inception And For The Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Investment earnings	\$ -	\$ 1,219	\$ -	\$ 1,219	\$ 1,219
Total Revenues	-	1,219	-	1,219	1,219
Expenditures:					
Mebane St. Sidewalk	170,402	-	-	-	170,402
Grand Oaks Building Sidewalk	18,083	-	-	-	18,083
Total Expenditures	188,485	-	-	-	188,485
Revenues Over (Under) Expenditures	(188,485)	1,219	-	1,219	189,704
Other Financing Sources:					
Transfers from other funds: General Fund	188,485	188,485	-	188,485	-
Transfers to other funds: General Fund	(190,000)	-	(189,704)	(189,704)	296
Total Other Financing Sources	(1,515)	188,485	(189,704)	(1,219)	296
Revenues and Other Sources Over Expenditures	\$ (190,000)	\$ 189,704	(189,704)	\$ -	\$ 190,000
Fund balance, appropriated	190,000				
Net change in fund balance	\$ -				
Fund balance, beginning			189,704		
Fund balance, ending			\$ -		

CITY OF BURLINGTON, NORTH CAROLINA  
 CAPITAL PROJECTS FUND – RENOVATION OF EXISTING RECREATION & PARK FACILITIES  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

From Inception And For The Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Expenditures:					
Buildings	\$ 30,200	\$ 18,700	\$ -	\$ 18,700	\$ 11,500
Maintenance repair Building and Ground	100,834	91,652	9,263	100,915	(81)
Capital Other Improvements	94,406	94,400	-	94,400	6
Capital greens Improvements	<u>377,000</u>	<u>376,858</u>	<u>-</u>	<u>376,858</u>	<u>142</u>
Total Expenditures	<u>602,440</u>	<u>581,610</u>	<u>9,263</u>	<u>590,873</u>	<u>11,567</u>
Revenues (Under) Expenditures	<u>(602,440)</u>	<u>(581,610)</u>	<u>(9,263)</u>	<u>(590,873)</u>	<u>11,567</u>
Other Financing Sources:					
Transfers from other funds					
Capital Reserve	482,440	435,977	-	435,977	(46,463)
General Fund	<u>120,000</u>	<u>120,000</u>	<u>34,896</u>	<u>154,896</u>	<u>34,896</u>
Total Other Financing Sources	<u>602,440</u>	<u>555,977</u>	<u>34,896</u>	<u>590,873</u>	<u>(11,567)</u>
Revenues and Other Sources Over Expenditures	<u>\$ -</u>	<u>\$ (25,633)</u>	<u>25,633</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>(25,663)</u>		
Fund balance, ending			<u>\$ -</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
 CAPITAL PROJECTS FUND – ENERGY EFFICIENCY UPGRADE MAINSTREET 2  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 From Inception And For The Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Restricted Intergovernmental:					
State Grant	\$ 84,038	\$ -	\$ 81,686	\$ 81,686	\$ (2,352)
Match - Sub-grantees	<u>52,110</u>	<u>-</u>	<u>55,082</u>	<u>55,082</u>	<u>2,972</u>
Total Revenues	<u>136,148</u>	<u>-</u>	<u>136,768</u>	<u>136,768</u>	<u>620</u>
Expenditures:					
Capital Improvements	<u>152,237</u>	<u>-</u>	<u>149,988</u>	<u>149,988</u>	<u>2,249</u>
Total Expenditures	<u>152,237</u>	<u>-</u>	<u>149,988</u>	<u>149,988</u>	<u>2,249</u>
Revenues Over (Under) Expenditures	<u>(16,089)</u>	<u>-</u>	<u>(13,220)</u>	<u>(13,220)</u>	<u>2,869</u>
Other Financing Sources:					
Transfers from other funds: General Fund	<u>16,089</u>	<u>-</u>	<u>16,089</u>	<u>16,089</u>	<u>-</u>
Total Other Financing Sources	<u>16,089</u>	<u>-</u>	<u>16,089</u>	<u>16,089</u>	<u>-</u>
Revenues and Other Sources Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>2,869</u>	<u>\$ 2,869</u>	<u>\$ 2,869</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 2,869</u>		



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**ENTERPRISE FUND**  
Individual Fund Schedules

CITY OF BURLINGTON, NORTH CAROLINA  
 STORM WATER FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES-  
 BUDGET AND ACTUAL (NON-GAAP)  
 For The Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Stormwater Fees	\$ _____ -	\$ _____ 450,521	\$ _____ -
Total Operating Revenues	<u>\$ _____ 440,000</u>	<u>\$ _____ 450,521</u>	<u>\$ _____ 10,521</u>
Nonoperating Revenues:			
Other fees and charges	_____ -	_____ 6,080	_____ 6,080
Total Nonoperating Revenues	_____ -	_____ 6,080	_____ -
Total Revenues	<u>_____ 440,000</u>	<u>_____ 456,601</u>	<u>_____ 16,601</u>
Expenditures:			
Salaries and Employee Benefits		226,590	
Operating Expenditures		39,456	
Capital Improvements		38,180	
Engineering/professional fees		34,390	
Equipment		42,671	
Total Expenditures	<u>_____ 579,317</u>	<u>_____ 381,287</u>	<u>_____ 198,030</u>
Revenues Over (Under) Expenditures	(139,317)	<u>\$ _____ 75,314</u>	<u>\$ _____ 214,631</u>
Fund Equity Appropriated	<u>_____ 139,317</u>		
	<u>\$ _____ -</u>		
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues Over Expenditures		\$ _____ 75,314	
Reconciling items:			
Depreciation		(16,252)	
Capital Outlay		106,205	
Increase in Vacation Payable		<u>(14,605)</u>	
Net Income		<u>\$ _____ 150,662</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES-  
 BUDGET AND ACTUAL (NON-GAAP)  
 For The Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Water sales		9,701,306	
Sewer charges		11,486,266	
Water taps		152,862	
Sewer taps		49,460	
Total Operating Revenues	<u>21,085,963</u>	<u>21,389,894</u>	<u>303,931</u>
Nonoperating Revenues:			
Interest on investments		141,130	
Interest on assessments		12,551	
Miscellaneous		429,841	
Water and sewer assessments		-	
Water line assessments		-	
Sewer line assessments		82,032	
Water connection fees		13,000	
Sewer connection fees		-	
Other fees and charges		3,148,769	
Total Nonoperating Revenues	<u>3,402,173</u>	<u>3,827,323</u>	<u>425,150</u>
Total Revenues	<u>24,488,136</u>	<u>25,217,217</u>	<u>729,081</u>
Expenditures:			
Building and Administrative -			
Water:			
Salaries and employee benefits		266,109	
Operating expenditures		425,832	
Reimbursement to General Fund		1,600,000	
Total	<u>2,482,767</u>	<u>2,291,941</u>	<u>190,826</u>
Customer Services:			
Salaries and employee benefits		630,806	
Operating expenditures		645,689	
Total	<u>1,347,461</u>	<u>1,276,495</u>	<u>70,966</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES-  
 BUDGET AND ACTUAL (NON-GAAP)  
 For The Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Supervision:			
Salaries and employee benefits		202,824	
Operating expenditures		<u>78,686</u>	
Total	<u>311,133</u>	<u>281,510</u>	<u>29,623</u>
Water Line - Maintenance and Repairs:			
Salaries and employee benefits		306,380	
Operating expenditures		<u>405,292</u>	
Total	<u>942,350</u>	<u>711,672</u>	<u>230,678</u>
Sewer Line - Maintenance and Repairs:			
Salaries and employee benefits		247,806	
Operating expenditures		<u>202,598</u>	
Total	<u>504,021</u>	<u>450,404</u>	<u>53,617</u>
Water Line Service and Construction:			
Salaries and employee benefits		192,613	
Operating expenditures		147,629	
Materials - taps		83,603	
Materials - lines		<u>41,437</u>	
Total	<u>557,499</u>	<u>465,282</u>	<u>92,217</u>
Sewer Line Service and Construction:			
Salaries and employee benefits		44,320	
Operating expenditures		42,085	
Materials - taps		37,012	
Materials - lines		<u>26,236</u>	
Total	<u>281,360</u>	<u>149,653</u>	<u>131,707</u>
Supervision:			
Salaries and employee benefits		481,575	
Operating expenditures		<u>90,665</u>	
Total	<u>586,091</u>	<u>572,240</u>	<u>13,851</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES-  
 BUDGET AND ACTUAL (NON-GAAP)  
 For The Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Water Sources - Protection:			
Utilities		91,732	
Operating expenditures		<u>57,304</u>	
Total	<u>211,702</u>	<u>149,036</u>	<u>62,666</u>
Ed Thomas Water Plant:			
Salaries and employee benefits		396,571	
Chemicals		327,593	
Utilities		199,263	
Operating expenditures		<u>106,968</u>	
Total	<u>1,047,028</u>	<u>1,030,395</u>	<u>16,633</u>
Lake Mackintosh Water Plant:			
Salaries and employee benefits		484,872	
Utilities		341,835	
Chemicals		597,592	
Operating expenditures		<u>350,316</u>	
Total	<u>1,848,482</u>	<u>1,774,615</u>	<u>73,867</u>
South Burlington Waste Treatment Plant:			
Salaries and employee benefits		559,998	
Utilities		596,771	
Chemicals		147,641	
Operating expenditures		<u>609,294</u>	
Total	<u>1,997,126</u>	<u>1,913,704</u>	<u>83,422</u>
East Burlington Waste Treatment Plant:			
Salaries and employee benefits		701,466	
Utilities		606,752	
Chemicals		119,087	
Operating expenditures		542,347	
Sludge disposal		<u>111,036</u>	
Total	<u>2,122,180</u>	<u>2,080,688</u>	<u>41,492</u>
Laboratories:			
Salaries and employee benefits		356,884	
Operating expenditures		<u>118,970</u>	
Total	<u>501,758</u>	<u>475,854</u>	<u>25,904</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES-  
 BUDGET AND ACTUAL (NON-GAAP)  
 For The Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Plants Maintenance:			
Salaries and employee benefits		590,716	
Operating expenditures		192,254	
Total	914,266	782,970	131,296
Lakes and Marinas:			
Salaries and related benefits		258,548	
Utilities		23,700	
Operating expenditures		74,466	
Total	380,637	356,714	23,923
Debt Service:			
Principal Water bonds	460,080	459,840	240
Interest - water bonds	685,068	684,841	227
Principal - sewer bonds	1,728,744	1,728,746	(2)
Interest - sewer bonds	1,191,971	1,191,779	192
Total	4,065,863	4,065,206	657
Capital Outlay:			
Water lines	275,020	214,755	60,265
Miscellaneous water	781,484	682,210	99,274
Sewer lines	261,514	179,881	81,633
Miscellaneous sewer	505,867	421,871	83,996
Total Capital Outlay	1,823,885	1,498,717	325,168
Total Expenditures	21,925,609	20,327,096	1,598,513
Revenues Over (Under)			
Expenditures	2,562,527	4,890,121	2,327,594

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES-  
 BUDGET AND ACTUAL (NON-GAAP)  
 For The Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive ( <u>Negative</u> )
Other Financing Sources (Uses):			
Transfers from other Funds:			
Elevated Storage Tank	27,771	27,771	-
Transfers to other funds:			
Senior Center ARRA Cistern Project	(70,000)	(70,000)	-
Jordan Lake Project Fund	(916,700)	-	916,700
Group Health Insurance Fund			
Stoney Creek and Lake Cammack Dams Project Fund	(366,300)	-	366,300
Workmen's Compensation			
Self Insurance Fund	(143,570)	(143,570)	-
Water Capital Reserve	(872,973)	(872,973)	-
Sewer Capital Reserve	(872,973)	(872,973)	-
Total Other Financing Sources (Uses)	<u>(3,214,745)</u>	<u>(1,931,745)</u>	<u>1,283,000</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(652,218)	<u>\$ 2,958,376</u>	<u>\$ 3,610,594</u>
Fund Equity Appropriated	<u>652,218</u>		
	<u>\$ -</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES-  
 BUDGET AND ACTUAL (NON-GAAP)  
 For The Fiscal Year Ended June 30, 2012

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

Revenues and other sources over expenditures and other uses	\$ 2,958,376
Reconciling Items:	
Bond closing costs	334,503
Bond principal payments	2,188,586
Amortization of gain on defeasance	51,153
Amortization of bond issuance costs	5,369
Amortization of bond premium	42,803
Capital outlay	1,498,717
Operating transfers (in) out	1,788,175
Decrease in inventories	(64,601)
Increase in accrued interest payable	(766,157)
Decrease accrued vacation pay	90,706
Increase in accrued OPEB liability	(99,016)
Capital project revenues	94,265
Capital project net expenses	(1,431,977)
Depreciation	<u>(4,310,657)</u>
Net Income	<u>\$ 2,380,245</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ _____	\$ 33,212	\$ 33,212
Total Revenues	_____	33,212	33,212
Expenditures:			
Capital Outlay	872,973	-	872,973
Total Expenditures	872,973	_____	872,973
Revenues Over (Under) Expenditures	(872,973)	33,212	906,185
Other Financing Sources (Uses):			
Transfers from other funds:			
Water and Sewer Fund	872,973	872,973	-
Total Other Financing Sources (Uses)	872,973	872,973	-
Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	906,185	\$ 906,185
Fund balance, appropriated	_____		
Net change in fund balance	\$ _____		
Fund Balance, beginning		6,936,331	
Fund Balance, ending		\$ 7,842,516	

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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ 35,079	\$ 35,079
Total Revenues	<u>-</u>	<u>35,079</u>	<u>35,079</u>
Expenditures:			
Capital Outlay	<u>872,973</u>	<u>-</u>	<u>872,973</u>
Total Expenditures	<u>872,973</u>	<u>-</u>	<u>872,973</u>
Revenues Over (Under) Expenditures	<u>(872,973)</u>	<u>35,079</u>	<u>908,052</u>
Other Financing Sources (Uses):			
Transfers from other funds:			
Water and Sewer Fund	872,973	872,973	-
Jordan Lake Rules	<u>(1,400,000)</u>	<u>(1,400,000)</u>	<u>-</u>
Second Phase Fund			
Total Other Financing Sources (Uses)	<u>(527,027)</u>	<u>(527,027)</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,400,000)	(491,948)	<u>\$ 908,052</u>
Fund balance appropriated	<u>1,400,000</u>		
Net change in fund balance	<u>\$ -</u>		
Fund Balance, beginning		<u>6,955,315</u>	
Fund Balance, ending		<u>\$ 6,463,367</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER CAPITAL PROJECTS - TANK REMOVAL PROJECT FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES-  
 BUDGET AND ACTUAL (NON-GAAP)  
 From Inception And For The Fiscal Year Ended June 30, 2012

	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	-	2,529	124	2,653	2,653
Sales tax refunds	-	520	-	520	520
Total Revenues	<u>335,000</u>	<u>505,803</u>	<u>124</u>	<u>505,927</u>	<u>170,927</u>
Expenditures:					
Tank Removal	835,000	866,696	-	866,696	(31,696)
Utilities	-	9,521	-	9,521	(9,521)
Remediation	<u>120,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,600</u>
Total Expenditures	<u>955,600</u>	<u>876,217</u>	<u>-</u>	<u>876,217</u>	<u>79,383</u>
Revenues Over (Under)					
Expenditures	<u>(620,600)</u>	<u>(370,414)</u>	<u>124</u>	<u>(370,290)</u>	<u>250,310</u>
Other Financing Sources:					
Transfers from					
other funds:					
Water Capital					
Reserve Fund	500,000	500,000	-	500,000	-
Capital Reserve					
Fund	<u>120,600</u>	<u>120,600</u>	<u>-</u>	<u>120,600</u>	<u>-</u>
Total Other Financing					
Sources	<u>620,600</u>	<u>620,600</u>	<u>-</u>	<u>620,600</u>	<u>-</u>
Revenues and Other					
Sources Over (Under)					
Expenditures	<u>\$ -</u>	<u>\$ 250,186</u>	<u>\$ 124</u>	<u>\$ 250,310</u>	<u>\$ 250,310</u>

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER CAPITAL PROJECTS – ELEVATED WATER STORAGE TANKS SOLAR POWERED  
 FUND

SCHEDULE OF REVENUES AND EXPENDITURES-  
 BUDGET AND ACTUAL (NON-GAAP)  
 From Inception And For The Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Expenditures:					
Professional services	\$ 42,500	\$ 17,500	\$ -	\$ 17,500	\$ 25,000
Construction	115,200	112,896	2,304	115,200	-
Loan fee	2,826	-	2,826	2,826	-
Contingency	<u>5,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,760</u>
Total Expenditures	<u>166,286</u>	<u>130,396</u>	<u>5,130</u>	<u>135,526</u>	<u>30,760</u>
Revenues Over (Under) Expenditures	<u>(166,286)</u>	<u>(130,396)</u>	<u>(5,130)</u>	<u>(135,526)</u>	<u>30,760</u>
Other Financing Sources:					
Transfers from (to) other funds:					
Water and Sewer Fund	33,586	33,586	-	33,586	-
Water and Sewer Fund	(27,771)	-	(27,771)	(27,771)	-
Revolving loan proceeds	<u>132,700</u>	<u>118,191</u>	<u>11,520</u>	<u>129,711</u>	<u>(2,989)</u>
Total Other Financing Sources (Uses)	<u>138,515</u>	<u>151,777</u>	<u>(16,251)</u>	<u>135,526</u>	<u>(2,989)</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ (27,771)</u>	<u>\$ 21,381</u>	<u>\$ (21,381)</u>	<u>\$ -</u>	<u>\$ 27,771</u>

CITY OF BURLINGTON, NORTH CAROLINA  
WATER AND SEWER CAPITAL PROJECTS – STONEY CREEK AND LAKE CAMMAK DAMS PROJECT  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
From Inception And For The Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Investment earnings	\$ -	\$ 5,191	\$ 5,620	\$ 10,811	\$ 10,811
Total Revenues	-	5,191	5,620	10,811	10,811
Expenditures:					
Professional Services - Stoney Creek	1,049,000	507,452	259,353	766,805	282,195
Professional Services - Lake Cammack	695,000	478,698	145,683	624,381	70,619
Construction-Lake Cammack	1,161,408	624,126	498,011	1,122,137	39,271
Issuance Costs- Lake Cammack	40,336	83,043	-	83,043	(42,707)
Contingency-Lake Cammack	92,820	-	-	-	92,820
Construction-Stoney Creek	3,202,614	852,729	2,303,944	3,156,673	45,941
Issuance Costs- Stoney Creek	92,377	-	-	-	92,377
Contingency-Stoney Creek	212,582	-	-	-	212,582
Total Expenditures	6,546,137	2,546,048	3,206,991	5,753,039	793,098
Revenues Over (Under) Expenditures	(6,546,137)	(2,540,857)	(3,201,371)	(5,742,228)	803,909
Other Financing Sources:					
Bond proceeds	6,546,137	8,969,761	-	8,969,761	2,423,624
Transfers from other funds:					
Water and Sewer Fund	419,000	419,000	-	419,000	-
Water Capital Reserve Fund	419,000	419,000	-	419,000	-
Transfers to other funds:					
Water and Sewer Fund	(419,000)	(542,352)	-	(542,352)	(123,352)
Water Capital Reserve Fund	(419,000)	(419,000)	-	(419,000)	-
Total Other Financing Sources (Uses)	6,546,137	8,846,409	-	8,846,409	2,300,272
Revenues and Other Sources Over (Under) Expenditures	\$ -	\$ 6,305,552	\$ (3,201,371)	\$ 3,104,181	\$ 3,104,181

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER CAPITAL PROJECTS – MEBANE ST./GRAND OAKS WATER LINE PROJECT FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 From Inception And For The Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Interest	\$ -	\$ 13,176	\$ 411	\$ 13,587	\$ 13,587
Total Revenues	-	13,176	411	13,587	13,587
Expenditures:					
Construction	1,507,425	779,463	208,572	988,035	519,390
Total Expenditures	1,507,425	779,463	208,572	988,035	519,390
Revenues Over (Under) Expenditures	(1,507,425)	(766,287)	(208,161)	(974,448)	532,977
Other Financing Sources:					
Transfers from other funds:					
Water and Sewer Fund	1,257,425	1,257,425	-	1,257,425	-
Storm Water Fund	250,000	250,000	-	250,000	-
Total Other Financing Sources	1,507,425	1,507,425	-	1,507,425	-
Revenues and Other Sources Over (Under) Expenditures	\$ -	\$ 741,138	\$ (208,161)	\$ 532,977	\$ 532,977

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER CAPITAL PROJECTS – JORDAN LAKE RULES PROJECT FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 From Inception And For The Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Investment Earnings	\$ -	\$ -	\$ 5,737	\$ 5,737	\$ 5,737
Total Revenues	<u>-</u>	<u>-</u>	<u>5,737</u>	<u>5,737</u>	<u>5,737</u>
Expenditures:					
Engineering fees	\$ 1,097,000	1,124,230	305,395	1,429,625	(332,625)
Construction costs	5,708,000	239,070	3,167,137	3,406,207	2,301,793
Contingency	340,250	-	-	-	340,250
Issuance costs	<u>148,057</u>	<u>92,519</u>	<u>-</u>	<u>92,519</u>	<u>55,538</u>
Total Expenditures	<u>7,293,307</u>	<u>1,455,819</u>	<u>3,472,532</u>	<u>4,928,351</u>	<u>2,364,956</u>
Revenues Over (Under) Expenditures	<u>(7,293,307)</u>	<u>(1,455,819)</u>	<u>(3,466,795)</u>	<u>(4,922,614)</u>	<u>2,370,693</u>
Other Financing Sources:					
Bond proceeds	7,293,307	4,935,629	-	4,935,629	(2,357,678)
Transfers from other funds:					
Water and Sewer Fund	206,100	206,100	-	206,100	-
Water Capital Reserve Fund	125,000	125,000	-	125,000	-
Sewer Capital Reserve Fund	125,000	125,000	-	125,000	-
Transfers to other funds:					
Water and Sewer Fund	(206,100)	(206,100)	-	(206,100)	-
Water Capital Reserve Fund	(125,000)	(125,000)	-	(125,000)	-
Sewer Capital Reserve Fund	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>	<u>(125,000)</u>	<u>-</u>
Total Other Financing Sources	<u>7,293,307</u>	<u>4,935,629</u>	<u>-</u>	<u>4,935,629</u>	<u>(2,357,678)</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 3,479,810</u>	<u>\$ (3,466,795)</u>	<u>\$ 13,015</u>	<u>\$ 13,015</u>

CITY OF BURLINGTON, NORTH CAROLINA  
WATER AND SEWER CAPITAL PROJECTS –JORDAN LAKE RULES SECOND PHASE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
From Inception And For The Fiscal Year Ended June 30, 2012

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Investment Earnings	\$ -	\$ -	\$ 8,182	\$ 8,182	\$ 8,182
Total Revenues	<u>-</u>	<u>-</u>	<u>8,182</u>	<u>8,182</u>	<u>8,182</u>
Expenditures:					
Professional services - S. Burlington WWTP	1,118,000	170,013	395,549	565,562	552,438
Buildings – S. Burlington WWTP	1,400,000	-	-	-	1,400,000
Construction – S. Burlington WWTP	8,498,000	-	1,076,999	1,076,999	7,421,001
Issuance Cost – S. Burlington WWTP	186,279	-	109,708	109,708	76,571
Contingency – S. Burlington WWTP	480,800	-	-	-	480,800
Professional services- E. Burlington WWTP	1,195,000	237,368	343,398	580,766	614,234
Construction - E. Burlington WWTP	6,872,000	-	495,914	495,914	6,376,086
Issuance Cost – E. Burlington WWTP	186,279	-	115,958	115,958	70,321
Contingency – E. Burlington WWTP	<u>403,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>403,350</u>
Total Expenditures	<u>20,339,708</u>	<u>407,381</u>	<u>2,537,526</u>	<u>2,944,907</u>	<u>17,394,801</u>
Revenues Over (Under) Expenditures	<u>(20,339,708)</u>	<u>(407,381)</u>	<u>(2,529,344)</u>	<u>(2,936,725)</u>	<u>(17,402,983)</u>
Other Financing Sources:					
Bond proceeds	<u>18,939,708</u>	<u>-</u>	<u>18,845,282</u>	<u>18,845,282</u>	<u>(94,426)</u>
Transfer from other funds:					
Sewer Capital Reserve Fund	<u>1,400,000</u>	<u>-</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>-</u>
Total Other Financing Sources	<u>20,339,708</u>	<u>-</u>	<u>20,245,282</u>	<u>20,245,282</u>	<u>(94,426)</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (407,381)</u>	<u>\$ 17,715,938</u>	<u>\$ 17,308,557</u>	<u>\$ 17,308,557</u>





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

CITY OF BURLINGTON, NORTH CAROLINA  
 ALL INTERNAL SERVICE FUNDS  
 STATEMENT OF NET ASSETS  
 June 30, 2012

	<u>Dental Self Insurance Fund</u>	<u>Workers Compensation Self Insurance Fund</u>	<u>Group Health Benefits Self Insurance Fund</u>	<u>Total Internal Service Fund</u>
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 1,706,730	\$ 1,400,389	\$ 8,097,030	\$ 11,204,149
Accounts receivable	552	233,208	11,619	245,379
Due from other funds	-	-	-	-
Prepaid Insurance	-	-	-	-
Total Assets	<u>\$ 1,707,282</u>	<u>\$ 1,633,597</u>	<u>\$ 8,108,649</u>	<u>\$ 11,449,528</u>
 <u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	<u>\$ 64,772</u>	<u>\$ 130,661</u>	<u>\$ 505,799</u>	<u>\$ 701,232</u>
Total Current Liabilities	<u>64,772</u>	<u>130,661</u>	<u>505,799</u>	<u>701,232</u>
NET ASSETS:				
Unrestricted	<u>1,642,510</u>	<u>1,502,936</u>	<u>7,602,850</u>	<u>10,748,296</u>
Total Net Assets	<u>\$ 1,642,510</u>	<u>\$ 1,502,936</u>	<u>\$ 7,602,850</u>	<u>\$ 10,748,296</u>

CITY OF BURLINGTON, NORTH CAROLINA  
 ALL INTERNAL SERVICE FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 For The Fiscal Year Ended June 30, 2012

	<u>Dental Self Insurance Fund</u>	<u>Workers Compensation Self Insurance Fund</u>	<u>Group Health Benefits Self Insurance Fund</u>	<u>Total Internal Service Fund</u>
Operating Revenues:				
Charges for services	\$ 493,251	\$ 20,569	\$ 4,416,415	\$ 4,930,234
Total Operating Revenues	<u>493,251</u>	<u>20,569</u>	<u>4,416,415</u>	<u>4,930,234</u>
Operating Expenses:				
Salaries and employee benefits	-	217,031	144,733	361,764
Operating expenses	32,388	138,542	31,452	202,382
Claims paid, excess loss coverage and claims administration	<u>456,322</u>	<u>725,730</u>	<u>4,578,363</u>	<u>5,760,415</u>
Total Operating Expenses	<u>488,710</u>	<u>1,081,303</u>	<u>4,754,548</u>	<u>6,324,561</u>
Operating Income (Loss)	<u>4,541</u>	<u>(1,060,734)</u>	<u>(338,133)</u>	<u>(1,394,327)</u>
Non-Operating Revenues:				
Interest earned on investments	<u>5,302</u>	<u>9,440</u>	<u>37,070</u>	<u>51,813</u>
Total Non-Operating Revenues	<u>5,302</u>	<u>9,440</u>	<u>37,070</u>	<u>51,813</u>
Income (Loss) before transfers	9,843	(1,051,294)	(301,063)	(1,342,514)
Transfers from other funds	<u>-</u>	<u>521,424</u>	<u>105,002</u>	<u>626,426</u>
Change in net assets	9,843	(529,870)	(196,061)	(716,088)
Total net assets – beginning	<u>1,632,667</u>	<u>2,032,806</u>	<u>7,798,911</u>	<u>11,464,384</u>
Net Assets, End of Year	<u>\$ 1,642,510</u>	<u>\$ 1,502,936</u>	<u>\$ 7,602,850</u>	<u>\$ 10,748,296</u>

CITY OF BURLINGTON, NORTH CAROLINA  
ALL INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For The Fiscal Year Ended June 30, 2012

	Dental Self Insurance Fund	Workers Compensation Self Insurance Fund	Group Health Benefits Self Insurance Fund	Total Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 492,752	\$ (212,639)	\$ 4,405,290	\$ 4,685,403
Cash paid for goods and services	(487,717)	(864,064)	(4,527,254)	(5,879,035)
Cash paid to employees	-	(217,031)	(144,733)	(361,764)
Net cash provided by operating activities	<u>5,035</u>	<u>(1,293,734)</u>	<u>(266,697)</u>	<u>(1,555,396)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
(Increase) Decrease in due from other funds	<u>19</u>	<u>-</u>	<u>172</u>	<u>191</u>
Net cash provided (used) by noncapital financing activities	<u>19</u>	<u>-</u>	<u>172</u>	<u>191</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Transfer from other funds:				
General Fund	-	377,854	35,002	412,856
Water and Sewer	-	143,570	70,000	213,570
Net cash provided by capital and related financing activities	<u>-</u>	<u>521,424</u>	<u>105,002</u>	<u>626,426</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	<u>5,302</u>	<u>9,440</u>	<u>37,070</u>	<u>51,812</u>
Net cash provided by investing activities	<u>5,302</u>	<u>9,440</u>	<u>37,070</u>	<u>51,812</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,356	(762,870)	(124,453)	(876,967)
Balances – Beginning of Year	<u>1,696,374</u>	<u>2,163,259</u>	<u>8,221,483</u>	<u>12,081,116</u>
Balances – End of Year	<u>\$ 1,706,730</u>	<u>\$ 1,400,389</u>	<u>\$ 8,097,030</u>	<u>\$ 11,204,149</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 ALL INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 For The Fiscal Year Ended June 30, 2012

	<u>Dental Self Insurance Fund</u>	<u>Workers Compensation Self Insurance Fund</u>	<u>Group Health Benefits Self Insurance Fund</u>	<u>Total Internal Service Fund</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income (loss) \$	4,541	\$ (1,060,734)	\$ (338,133)	\$ (1,394,326)
Adjustments to reconcile operating income to net cash provided by operating activities:				
(Increase) Decrease in accounts receivable	(499)	(233,208)	(11,124)	(244,831)
(Increase) Decrease in prepaid insurance	-	-	9,433	9,433
Increase (Decrease) in accounts payable	<u>993</u>	<u>208</u>	<u>73,127</u>	<u>74,328</u>
Net cash provided by operating activities	<u>\$ 5,035</u>	<u>\$ (1,293,734)</u>	<u>\$ (266,697)</u>	<u>\$ (1,555,396)</u>

CITY OF BURLINGTON, NORTH CAROLINA  
DENTAL SELF INSURANCE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES-  
FINANCIAL PLAN AND ACTUAL (NON-GAAP)  
For The Fiscal Year Ended June 30, 2012

	<u>Financial Plan</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
City of Burlington	\$ -	\$ 384,166	\$ -
Employee Premium	<u>                    </u>	<u>109,085</u>	<u>                    </u>
Total Operating Revenues	399,158	493,251	94,093
Non-Operating Revenues:			
Investment Earnings	<u>-</u>	<u>5,302</u>	<u>5,302</u>
Total Revenues	<u>399,158</u>	<u>498,553</u>	<u>99,395</u>
Expenditures:			
City of Burlington Claims		456,322	
Operating expenditures	<u>                    </u>	<u>31,395</u>	<u>                    </u>
Total Expenditures	<u>474,163</u>	<u>487,717</u>	<u>(13,554)</u>
Revenues Over Expenditures	\$ (75,005)	\$ 10,836	\$ 85,841
Fund balance appropriated	<u>75,005</u>		
Net change in fund balance	<u><u>-</u></u>		

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

Revenues Over Expenditures	\$ 10,836
Reconciling Items:	
Increase in allowance for unfiled claims	<u>(993)</u>
Net Income	<u>\$ 9,843</u>

CITY OF BURLINGTON, NORTH CAROLINA  
 WORKERS COMPENSATION SELF INSURANCE FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES-  
 FINANCIAL PLAN AND ACTUAL (NON-GAAP)  
 For The Fiscal Year Ended June 30, 2012

	<u>Financial Plan</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
City of Burlington	\$ -	\$ 20,569	\$ -
Total Operating Revenues	-	20,569	20,569
Non-Operating Revenues:			
Investment Earnings	<u>18,000</u>	<u>9,440</u>	<u>(8,560)</u>
Totals Revenues	<u>18,000</u>	<u>30,009</u>	<u>12,009</u>
Expenditures:			
Salaries and employee benefits		217,031	
Operating expenses		57,736	
Contractual services		79,183	
Workers compensation		725,730	
Safety training		<u>1,623</u>	
Total Expenditures	<u>1,224,277</u>	<u>1,081,303</u>	<u>142,974</u>
Revenues Over (Under) Expenditures	<u>(1,206,277)</u>	<u>(1,051,294)</u>	<u>154,983</u>
Other Financing Sources			
Transfers from other funds:			
General Fund	377,854	377,854	-
Water and Sewer Fund	<u>143,570</u>	<u>143,570</u>	<u>-</u>
Total Other Financing Sources	<u>521,424</u>	<u>521,424</u>	<u>-</u>
Revenues and Other Sources (Under) Expenditures	\$ (684,853)	<u>\$ (529,870)</u>	<u>\$ 154,983</u>
Fund balance appropriated	<u>684,853</u>		
Net change in fund balance	<u>-</u>		
Reconciliation From Financial Plan (Modified Accrual) to Full Accrual Basis:			
Revenues Over Expenditures		\$ (529,870)	
Reconciling Items:			
Decrease in allowance for unfiled claims		<u>-</u>	
Net Income		<u>\$ (529,870)</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
GROUP HEALTH BENEFITS SELF INSURANCE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES-  
FINANCIAL PLAN AND ACTUAL (NON-GAAP)  
For The Fiscal Year Ended June 30, 2012

	<u>Financial Plan</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
City of Burlington	\$	\$ 3,739,978	\$
City of Burlington Employee Premium		<u>676,437</u>	
Total Operating Revenues	4,315,902	4,416,415	100,513
Non-Operating Revenues:	<u>-</u>	<u>37,070</u>	<u>37,070</u>
Total Revenues	<u>4,315,902</u>	<u>4,453,485</u>	<u>137,583</u>
Expenditures:			
Salaries and employee benefits		144,733	
Operating expenditures		31,452	
Third party administration		321,346	
City of Burlington Claims		<u>4,184,175</u>	
Total Expenditures	<u>4,588,942</u>	<u>4,681,706</u>	<u>(92,764)</u>
Revenues Over (Under) Expenditures	<u>\$ (273,040)</u>	<u>\$ (228,221)</u>	<u>\$ 44,819</u>
Other Financing Sources			
Transfers from other funds:			
General Fund	35,002	35,002	-
Water and Sewer Fund	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Total Other Financing Sources	<u>105,002</u>	<u>105,002</u>	<u>-</u>
Revenues and Other Sources Over Expenditures	<u>\$ (168,038)</u>	<u>\$ (123,219)</u>	<u>\$ 44,819</u>
Fund balance, appropriated	<u>168,038</u>		
Net change in fund balance	<u>\$ -</u>		
Reconciliation From Financial Plan Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and Other Sources Over		\$ (123,219)	
Reconciling Items:			
Increase in allowance for unfiled claims		<u>(72,842)</u>	
Net Income		<u>\$ (196,061)</u>	





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**OTHER SCHEDULES**

## OTHER SCHEDULES

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

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

CITY OF BURLINGTON, NORTH CAROLINA  
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
 June 30, 2012

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2011</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2012</u>
2011-2012	\$ -	\$ 24,906,299	\$ 24,088,464	\$ 817,835
2010-2011	767,177	-	491,799	275,378
2009-2010	340,666	-	169,092	171,574
2008-2009	191,177	-	45,255	145,922
2007-2008	155,015	-	25,521	129,494
2006-2007	131,586	-	33,934	97,652
2005-2006	127,350	-	22,244	105,106
2004-2005	99,970	-	22,039	77,931
2003-2004	90,228	-	9,685	80,543
2002-2003	103,115	-	5,590	97,525
2001-2002	56,325	-	26,690	29,635
2000-2001	3,960	-	166	3,794
1965-1998	<u>21,106</u>	<u>-</u>	<u>1,802</u>	<u>19,304</u>
	<u>\$ 2,087,675</u>	<u>\$ 24,906,299</u>	<u>\$ 24,942,281</u>	<u>\$ 2,051,693</u>
Less: Allowance for uncollectible accounts:				
General Fund				(925,464)
Special Revenue Fund				<u>(36,297)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 1,089,932</u>
<u>Reconciliation with Revenues:</u>				
Taxes - ad valorem - General Fund				\$ 24,663,963
Taxes - ad valorem - Special Revenue Fund				<u>128,510</u>
Total				24,792,473
Reconciling Items:				
Discounts allowed				286,125
Interest collected				(214,563)
Taxes written off				<u>78,246</u>
Total Collections and Credits				<u>\$ 24,942,281</u>

CITY OF BURLINGTON, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
CITY WIDE LEVY  
For The Fiscal Year Ended June 30, 2012

	City-Wide			Total Levy	
	Property Valuation	Rate per \$100	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
City-Wide Levy:					
Original Levy:					
Property taxed at current year's rate	\$ 4,163,153,276	.58	\$ 24,146,289	\$ 22,374,965	\$ 1,771,324
Penalties	-		11,522	11,522	-
Total	<u>4,163,153,276</u>		<u>24,157,811</u>	<u>22,386,487</u>	<u>1,771,324</u>
Discoveries:					
Current year taxes	106,885,000	.58	619,933	606,527	13,406
Prior year taxes	-		-	-	-
Penalties	-		-	-	-
Total	<u>106,885,000</u>		<u>619,933</u>	<u>606,527</u>	<u>13,406</u>
Abatements and Adjustments:					
Advertising, interest and adjustments	-		(1,637)	(1,637)	-
Abatements	<u>(24,135,690)</u>	.58	<u>(139,987)</u>	<u>(105,503)</u>	<u>(34,484)</u>
Total	<u>(24,135,690)</u>		<u>(141,624)</u>	<u>(107,140)</u>	<u>(34,484)</u>
Total Property Valuation	<u>\$ 4,245,902,586</u>				
Net City Wide levy			24,636,120	22,885,874	1,750,246
Uncollected Taxes at June 30, 2011			<u>(817,110)</u>	<u>(564,516)</u>	<u>(252,594)</u>
Current Year's Taxes Collected			<u>\$ 23,819,010</u>	<u>\$ 22,321,358</u>	<u>\$ 1,497,652</u>
Current City-Wide Levy Collection Percentage			<u>96.68%</u>	<u>97.53%</u>	<u>85.57%</u>
Downtown Special Tax District:					
Original Levy:					
Property taxed at current year's rate	\$ 80,343,125	.16	\$ 128,549	\$ 127,324	\$ 1,225
Discoveries:					
Current year taxes	3,125		5	-	5
Abatements and Adjustments:					
Abatements	<u>(6,875)</u>		<u>(11)</u>	<u>-</u>	<u>(11)</u>
Total Property Valuation	<u>\$ 80,339,375</u>				
Net Downtown Special Tax District Levy			128,543	127,324	1,219
Uncollected Taxes at June 30, 2011			<u>(725)</u>	<u>(570)</u>	<u>(155)</u>
Current Year's Taxes Collected			<u>\$ 127,818</u>	<u>\$ 126,754</u>	<u>\$ 1,064</u>
Current Downtown Special Tax District Levy Collection Percentage			<u>99.44%</u>	<u>99.55%</u>	<u>87.28 %</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>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	129-136
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the city's most significant revenue source, the property tax.	137-140
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	141-145
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	146-147
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	148-150

**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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 44,355,341	\$ 42,802,718	\$ 39,828,855	\$ 41,007,895
Restricted	17,287,399	11,376,455	30,330,078	26,384,988
Unrestricted	54,423,395	60,773,388	43,528,565	41,653,949
Total governmental activities net assets	<u>\$ 116,066,135</u>	<u>\$ 114,952,561</u>	<u>\$ 113,687,498</u>	<u>\$ 109,046,832</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 85,748,070	\$ 97,111,037	\$ 109,690,950	\$ 109,331,715
Restricted	35,544,241	24,282,332	13,188,880	12,414,038
Unrestricted	33,404,248	31,292,633	28,245,081	23,327,332
Total business-type activities net assets	<u>\$ 154,696,559</u>	<u>\$ 152,686,002</u>	<u>\$ 151,124,911</u>	<u>\$ 145,073,085</u>
Primary government				
Invested in capital assets, net of related debt	\$ 130,103,411	\$ 139,913,755	\$ 149,519,805	\$ 150,339,610
Restricted	52,831,640	35,658,787	43,518,958	38,799,026
Unrestricted	87,827,643	92,066,021	71,773,646	64,981,281
Total primary government net assets	<u>\$ 270,762,694</u>	<u>\$ 267,638,563</u>	<u>\$ 264,812,409</u>	<u>\$ 254,119,917</u>

<b>Fiscal Year</b>					
<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
\$ 38,362,340	\$ 36,184,194	\$ 35,180,314	\$ 34,883,928	\$ 35,735,210	\$ 35,401,001
23,458,009	25,085,657	17,798,695	15,781,629	7,045,027	7,920,876
40,317,116	31,377,433	28,535,344	25,390,153	29,935,573	28,450,804
<b>\$ 102,137,465</b>	<b>\$ 92,647,284</b>	<b>\$ 81,514,353</b>	<b>\$ 76,055,710</b>	<b>\$ 72,715,810</b>	<b>\$ 71,772,681</b>
\$ 107,080,492	\$ 106,829,594	\$ 102,785,481	\$ 104,670,547	\$ 91,988,311	\$ 94,599,034
10,161,377	5,917,865	4,682,220	5,558,529	12,482,476	15,468,102
22,666,013	18,172,728	17,554,426	11,936,626	14,891,537	2,957,612
<b>\$ 139,907,882</b>	<b>\$ 130,920,187</b>	<b>\$ 125,022,127</b>	<b>\$ 122,165,702</b>	<b>\$ 119,362,324</b>	<b>\$ 113,024,748</b>
\$ 145,442,832	\$ 143,013,788	\$ 137,965,795	\$ 139,554,475	\$ 127,723,521	\$ 130,000,035
33,619,386	31,003,522	22,480,915	15,781,629	19,527,503	23,388,978
62,983,129	49,550,161	46,089,770	37,326,779	44,827,110	31,408,416
<b>\$ 242,045,347</b>	<b>\$ 223,567,471</b>	<b>\$ 206,536,480</b>	<b>\$ 192,662,883</b>	<b>\$ 192,078,134</b>	<b>\$ 184,797,429</b>

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>										
Governmental activities:										
General government	\$ 8,586,996	\$ 9,782,111	\$ 9,215,323	\$ 8,490,313	\$ 7,635,312	\$ 7,733,445	\$ 6,836,967	\$ 6,834,386	\$ 6,812,074	\$ 6,642,864
Public safety	20,992,476	20,077,388	19,012,031	18,063,290	17,759,301	16,297,845	15,740,847	15,526,355	14,890,057	13,590,526
Public works	9,857,328	8,931,972	7,511,084	8,513,949	9,064,789	6,985,391	6,931,658	6,273,072	7,014,302	6,564,032
Economic and physical development	1,574,410	1,367,129	1,510,984	933,593	820,213	723,084	1,019,551	1,258,892	830,763	645,551
Cultural and recreation	6,675,802	7,113,741	6,566,740	6,311,568	6,074,962	6,055,589	6,738,048	6,758,306	6,021,347	6,374,503
Interest on long-term debt	766,290	644,306	786,832	742,906	817,062	830,820	758,857	634,554	751,201	-
Total governmental activities expenses	48,453,302	47,916,647	44,602,994	43,055,619	42,171,639	38,626,174	38,025,928	37,285,565	36,319,744	33,817,476
Business-type activities:										
Storm water	305,939	310,474	364,391	310,215	167,149	180,423	97,631	-	-	-
Water and sewer	23,462,426	21,863,677	18,713,655	19,700,880	20,085,892	20,170,270	18,751,389	17,716,510	15,222,472	15,298,137
Total business-type activities expenses	23,768,365	22,174,151	19,078,046	20,011,095	20,253,041	20,350,693	18,849,020	17,716,510	15,222,472	15,298,137
Total primary government expenses	\$ 72,221,667	\$ 70,090,798	\$ 63,681,040	\$ 63,066,714	\$ 62,424,680	\$ 58,976,867	\$ 56,874,948	\$ 55,002,075	\$ 51,542,216	\$ 49,115,613
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General Government	\$ 2,661,120	\$ 2,507,577	\$ 2,281,618	\$ 2,498,973	\$ 2,799,530	\$ 3,244,533	\$ 2,670,060	\$ 1,890,103	\$ 1,732,506	\$ 2,272,542
Public safety	261,105	306,973	297,876	165,633	303,219	256,793	257,795	248,848	198,018	187,122
Public works	1,289,117	1,290,419	1,505,613	1,308,766	1,221,897	1,025,645	1,014,710	1,096,505	1,174,926	1,095,689
Economic and physical development		9,777								
Cultural and recreation	2,710,135	2,692,531	2,904,183	3,060,166	3,198,844	2,903,431	2,818,126	2,553,060	2,312,867	2,022,256
Operating grants and contributions	3,776,954	3,448,673	4,052,652	3,716,104	4,274,106	3,878,463	4,020,829	3,680,905	2,831,209	2,820,504
Capital grants and contributions								136,114	986,326	756,970
Total governmental activities program revenues	10,698,431	10,255,950	11,041,942	10,749,642	11,797,586	11,308,865	10,781,520	9,605,535	9,205,852	9,155,083



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

	<u>Fiscal Year</u>	
	<u>2012</u>	<u>2011</u>
General Fund		
Restricted		
Stabilization by State Statute	\$ 6,113,452	\$ 6,163,934
Historic Books	1,418	1,418
Animal Shelter	562	562
Committed		
Capital Reserve Fund	18,323,847	18,603,387
Assigned		
Subsequent Years Expenditure	2,053,816	1,636,986
General Government	4,316,000	4,316,000
Parks and Recreation	1,321,156	1,398,269
Public Safety	5,450,000	5,450,000
Economic Development	3,000,000	-
Public Works	3,125,000	700,000
Unassigned	8,211,865	12,946,857
Total general fund	<u>51,917,116</u>	<u>51,217,413</u>
All Other Governmental Funds		
Restricted		
Stabilization by State Statute		5,014
Economic Development	\$ 7,400,720	7,606,888
Public Safety	345,649	375,237
Committed - Capital Improvements	977,891	1,204,506
Assigned		
Subsequent year's expenditures:	491,785	505,148
Unassigned	(156,794)	20,114
Total all other governmental funds	<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 Eight Fiscal Years**

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
General Fund Reserved	\$ 5,704,163	\$ 4,790,077	\$ 5,594,611	\$ 3,779,002	\$ 2,847,904	\$ 6,136,701	\$ 3,965,041	\$ 6,426,029
Unreserved	8,356,723	9,424,139	7,995,407	10,662,379	11,646,018	8,033,236	6,146,674	9,834,740
Designated for subsequent year's expenditures	17,746,673	16,916,736	17,484,970	13,397,095	9,580,099	8,400,210	10,040,293	3,085,486
Total general fund	\$ 31,807,559	\$ 31,130,952	\$ 31,074,988	\$ 27,838,476	\$ 24,074,021	\$ 22,570,147	\$ 20,152,008	\$ 19,346,255
All Other Governmental Funds Reserved	7,538,843	7,764,131	7,415,684	6,936,527	6,694,424	6,541,509	6,015,438	5,843,710
Unreserved, reported in:			7,975,904					
Designated for subsequent year's expenditures:								
Special revenue funds-Restricted	18,981,952	16,778,857	638,619	5,296,068	9,554,742	7,694,423	329,258	300,491
Capital projects funds-Committed	2,612,992	1,165,781	6,863,526	5,837,718	1,114,577	1,545,697	7,234,302	7,478,956
Total all other governmental funds	\$ 29,133,787	\$ 25,708,769	\$ 22,893,733	\$ 18,070,313	\$ 17,363,743	\$ 15,781,629	\$ 13,578,998	\$ 13,623,157

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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Revenues</b>				
Ad valorem taxes	\$ 24,720,911	\$ 25,984,094	\$ 24,852,944	\$ 23,944,594
Other taxes and licenses	10,261,128	10,086,790	9,081,632	9,910,654
Unrestricted intergovernmental	4,509,286	4,444,816	4,298,234	4,344,070
Restricted intergovernmental	4,023,377	3,868,203	4,651,477	4,208,258
Permits and fees	1,025,476	868,641	700,723	810,402
Sales and services	3,947,957	3,983,062	4,046,529	4,224,621
Investment earnings	249,731	189,248	301,575	1,184,744
Miscellaneous	353,006	288,747	424,952	492,277
<b>Total revenues</b>	<b>49,090,872</b>	<b>49,713,601</b>	<b>48,358,066</b>	<b>49,119,620</b>
<b>Expenditures</b>				
General government	7,713,558	8,316,294	8,238,393	8,007,500
Public safety	19,523,967	18,654,343	18,584,573	17,527,448
Public works	8,644,203	7,962,307	6,924,894	7,688,216
Economic and physical development	1,574,410	1,619,663	1,522,589	933,595
Culture and recreation	5,812,752	5,628,193	5,498,179	5,687,867
Debt service:				
Principal	2,691,898	2,841,286	2,793,551	2,748,834
Interest	723,597	778,504	705,857	770,893
Capital Outlay	3,148,952	4,599,040	2,948,353	3,644,647
<b>Total expenditures</b>	<b>49,833,337</b>	<b>50,399,630</b>	<b>47,216,389</b>	<b>47,009,000</b>
Excess of revenues over (under) expenditures	(742,465)	(686,029)	1,141,677	2,110,620
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	2,679,386	711,581	2,725,287	3,781,627
Transfers to other funds	(3,092,241)	(1,024,435)	(3,741,877)	(4,346,869)
Transfers to component unit	-	-	-	-
Capital lease obligations issued	-	-	-	-
Certificates of participation issued	-	-	-	-
Issuance of private activity bonds (RZED)	-	-	2,899,000	-
Proceeds from bond issuance	-	-	-	-
Proceeds from installment purchase	1,267,473	991,857	1,077,538	1,325,622
<b>Total other financing sources (uses)</b>	<b>854,618</b>	<b>679,003</b>	<b>2,959,948</b>	<b>760,380</b>
<b>Net change in fund balances</b>	<b>\$ 112,153</b>	<b>\$ (7,026)</b>	<b>\$ 4,101,625</b>	<b>\$ 2,871,000</b>
 Debt service as a percentage of noncapital expenditures	 7.3%	 7.9%	 7.9%	 8.1%

<b>Fiscal Year</b>					
<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
\$ 22,959,919	\$ 22,020,569	\$ 18,993,866	\$ 18,524,056	\$ 16,685,362	\$ 16,535,835
10,425,711	9,956,747	9,194,171	8,173,551	7,511,238	6,663,570
4,492,768	4,284,884	3,745,537	3,947,053	3,773,185	3,742,948
4,816,213	4,241,322	4,352,292	4,149,194	4,004,997	4,586,002
1,428,348	1,918,985	1,341,313	734,605	564,603	525,156
3,957,048	3,673,388	3,576,218	3,324,187	3,079,077	3,053,699
2,097,076	2,273,169	1,577,263	677,657	343,577	511,832
301,892	312,095	566,928	1,048,006	1,110,576	592,959
<b>50,478,975</b>	<b>48,681,159</b>	<b>43,347,588</b>	<b>40,578,309</b>	<b>37,072,615</b>	<b>36,212,001</b>
7,529,925	7,774,715	7,101,680	6,310,133	6,250,019	5,502,377
17,587,449	16,130,108	15,718,644	14,972,428	13,790,378	13,150,331
8,186,747	7,158,072	6,999,791	5,660,416	6,027,469	5,882,710
817,368	722,891	1,048,340	1,275,662	817,194	755,334
5,408,875	5,525,920	6,388,082	5,966,471	5,561,503	5,136,131
2,548,160	2,688,134	1,748,916	1,629,609	1,120,916	1,177,730
838,078	874,616	753,937	630,911	766,652	786,006
7,360,677	5,713,214	471,920	439,308	2,213,199	3,832,835
<b>50,277,279</b>	<b>46,587,670</b>	<b>40,231,310</b>	<b>36,884,938</b>	<b>36,547,330</b>	<b>36,223,454</b>
201,696	2,093,489	3,116,278	3,693,371	525,285	(11,453)
2,407,433	2,454,576	1,845,882	2,991,440	1,938,964	2,525,911
(2,717,787)	(3,209,456)	(2,987,867)	(3,127,242)	(3,005,327)	(4,710,911)
-	-	-	-	(114,381)	-
-	-	-	-	-	165,000
-	-	-	-	630,000	-
-	-	-	-	-	-
-	9,359,162	-	-	-	-
1,664,789	277,055	1,111,695	1,063,200	-	-
<b>1,354,435</b>	<b>8,881,337</b>	<b>(30,290)</b>	<b>927,398</b>	<b>(550,744)</b>	<b>(2,020,000)</b>
<b>\$ 1,556,131</b>	<b>\$ 10,974,826</b>	<b>\$ 3,085,988</b>	<b>\$ 4,620,769</b>	<b>\$ (25,459)</b>	<b>\$ (2,031,453)</b>

7.9%

8.9%

6.6%

6.4%

5.5%

6.1%

**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
2012	\$ 3,577,135,670	\$ 647,804,267	\$ 68,040,422	\$ 47,077,773	\$ 4,245,902,586	0.580
2011	3,584,241,446	648,169,194	70,873,679	39,093,132	4,264,191,187	0.590
2010	3,547,546,834	640,124,432	74,014,766	24,980,100	4,236,705,932	0.590
2009	3,148,340,051	724,788,680	65,329,774	25,420,105	3,913,038,400	0.625
2008	2,998,789,899	702,223,245	71,968,398	24,782,192	3,748,199,350	0.625
2007	2,929,664,431	580,421,602	68,488,939	25,353,405	3,553,221,567	0.625
2006	2,825,617,455	577,276,951	66,643,479	25,250,317	3,444,287,568	0.555
2005	2,747,318,689	581,978,838	77,794,418	17,464,456	3,389,627,489	0.555
2004	2,686,124,520	585,656,234	63,860,782	15,393,336	3,320,248,200	0.500
2003	2,671,355,793	619,101,605	62,998,105	23,034,639	3,330,420,864	0.500

**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	Obligation Debt Service	Total Direct	Downtown Corp	Alamance County
2012	\$ 0.494	\$ 0.0852	\$0.580	\$ 0.160	\$ 0.520
2011	0.498	0.0916	0.590	0.160	0.520
2010	0.500	0.0903	0.590	0.160	0.520
2009	0.525	0.0996	0.625	0.160	0.580
2008	0.525	0.0998	0.625	0.160	0.580
2007	0.512	0.1134	0.625	0.160	0.575
2006	0.476	0.0791	0.555	0.160	0.563
2005	0.495	0.0596	0.555	0.160	0.510
2004	0.435	0.0650	0.500	0.160	0.520
2003	0.439	0.0608	0.500	0.160	0.500

**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	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Labcorp	\$ 97,529,255	1	2.58 %	\$ 76,878,475	1	2.34 %
Alamance Crossing LLC	56,732,998	2	1.50			
Roche	31,682,468	3	0.84			
Duke Energy Corp	31,393,186	4	0.83	24,562,165	3	0.75
PGS Burlington, LLC	28,778,649	5	0.76			
Carolina Hosiery	24,360,437	6	0.64			
Ethan Pointe LLC	22,103,353	7	0.59			
Huffman Mill Plaza	21,103,934	8	0.56			
Koury Properties	17,602,795	9	0.47			
Alamance Industrial Park	17,198,859	10	0.45			
Colonial Mall				32,964,328	2	1.00
Burlington Industries				23,600,000	4	0.72
Bell South				22,036,193	5	0.70
West Point Stevens				20,952,717	6	0.65
Ameritex				10,335,481	10	0.31
Hunters Bridge Apts.				13,899,813	7	0.43
Piedmont Natural Gas				13,050,092	8	0.41
Lowe's Home Improvement				12,128,730	9	0.37
<b>Total</b>	<b>\$ 348,485,934</b>		<b>9.22 %</b>	<b>\$ 250,407,994</b>		<b>7.68 %</b>

**Source:** City of Burlington Tax Department

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2012	\$ 24,636,120	\$23,819,010	96.68 %			23,819,010	96.68 %
2011	25,169,334	24,403,266	96.96	494,171		24,897,437	98.92
2010	24,993,044	23,825,333	95.33	785,443		24,610,776	98.47
2009	24,442,673	23,455,196	95.96	746,887		24,202,083	99.02
2008	23,439,381	22,583,026	96.35	659,879		23,242,905	99.16
2007	22,168,691	21,431,448	96.67	652,451		22,083,899	99.62
2006	19,113,060	18,542,350	97.01	563,461		19,105,811	99.96
2005	18,749,105	18,175,039	96.94	498,731		18,673,770	99.60
2004	16,633,761	16,168,531	97.20	403,117		16,571,648	99.63
2003	16,625,046	16,120,634	96.97	386,448		16,507,082	99.29

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

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

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	RZED Bonds	Installment Purchase	Capitalized Leases	Certificates of Participation	General Obligation Bonds	Revenue Bonds	Revolving Loan	Certificates of Participation				
2012	\$10,604,081	\$2,531,217	\$2,502,729	\$ -	\$ -	\$ 7,594,520	\$41,021,613	\$ -	\$ -	\$ -	64,254,160	13.8 %	1,270
2011	11,724,945	2,725,926	2,615,271	-	-	8,817,338	23,135,863	-	-	-	49,019,343	10.5	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
2007	16,118,945	-	4,617,391	-	-	13,903,542	-	-	12,075,000	-	46,714,878	10.9	980
2006	7,732,142	-	5,234,365	-	210,000	15,315,348	-	-	12,795,000	-	41,286,855	10.3	873
2005	7,970,338	-	5,392,596	-	420,000	16,180,387	-	1,000,000	13,515,000	-	44,478,321	11.5	954
2004	8,455,393	-	5,209,312	54,655	630,000	17,515,580	-	2,000,000	14,235,000	-	48,099,940	12.9	1,040
2003	5,739,204	-	8,944,789	156,274	-	18,866,422	-	3,000,000	-	-	36,706,689	10.3	798

**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			
2012	\$ 10,604,081	\$ 7,594,520	\$ 18,198,601	0.43 %	\$ 359.75
2011	11,724,945	8,817,338	20,542,283	0.48	411.15
2010	12,855,089	10,059,723	22,914,812	0.54	443.55
2009	13,979,593	11,342,853	25,322,446	0.65	497.23
2008	15,103,317	12,626,408	27,729,725	0.74	561.98
2007	16,118,945	13,903,542	30,022,487	0.84	629.51
2006	7,732,142	15,315,348	23,047,490	0.67	487.31
2005	7,970,338	16,180,387	24,150,725	0.24	517.76
2004	8,455,386	17,515,580	25,970,966	0.25	561.74
2003	8,944,785	18,866,422	27,811,207	0.27	604.46

**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**

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**City of Burlington, North Carolina**

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2012**

(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	\$ 56,320,000	33.17%	\$ 18,678,563
Guilford County General Obligation Debt	876,530,000	10.10%	88,504,506
Other debt			
Alamance County Installment Loans	26,092,079	33.17%	8,653,454
Guilford County Authorized & Unissued Bonds	270,940,000	10.10%	27,357,205
Guilford County Limited Obligation Bonds	16,845,000	10.10%	1,700,864
Guilford County Installment Financing	7,653,508	10.10%	<u>772,786</u>
Subtotal, overlapping debt			145,667,378
City direct debt			<u>15,638,027</u>
Total direct and overlapping debt			\$ 161,305,405

**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	4,245,902,586
Debt limit (8% of assessed value)	339,672,207
Gross Debt:	
Total Bonded Debt	18,198,601
Private Activity Bonds	2,531,217
Certificate of Participation	-
Revenue Bonds	41,021,613
Lease Financing Agreements	2,052,799
Total Gross Debt	63,804,230
Less: Water and Sewer Bonds	(48,616,133)
Total net debt applicable to limit	15,188,097
Legal debt margin	324,484,110

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 266,433,669	\$ 265,619,856	\$ 271,170,199	\$ 275,543,005	\$ 284,257,725	\$ 299,855,948	\$ 312,963,072	\$ 338,936,475	\$ 341,135,295	\$ 339,672,207
Total net debt applicable to limit	14,840,267	15,450,846	13,932,209	13,075,035	32,811,336	30,524,099	28,388,195	28,890,728	17,068,632	15,188,097
Legal debt margin	\$ 251,593,402	\$ 250,169,010	\$ 257,237,990	\$ 262,467,970	\$ 251,446,389	\$ 269,331,849	\$ 284,574,877	\$ 310,045,747	\$ 324,066,663	\$ 324,484,110

Total net debt applicable to the limit	5.57%	5.82%	5.14%	4.75%	11.54%	10.18%	9.07%	8.52%	5.00%	4.47%
as a percentage of debt limit										

**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 Two Fiscal Year**  
(dollars in thousands)

Fiscal Year	Water & Sewer Revenue Bonds (1)					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service (2)	Coverage	
2012	\$ 21,389,894	\$ 14,385,550	\$ 7,004,344	Principal \$ 960,000	Interest \$ 1,302,469	\$ 3.10
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 and Combined Enterprise System Revenue bonds, Series 2010B in the amount of \$10,700,000 in December of 2010.

(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>
2012	50,587	**	**	22,531	10.1%
2011	49,963	*	*	22,451	10.0%
2010	51,662	4,655,074	30,720	22,384	11.7%
2009	50,927	4,611,574	30,671	22,304	9.3%
2008	49,343	4,659,254	31,501	22,260	5.2%
2007	47,692	4,282,107	29,575	22,202	5.3%
2006	47,295	4,012,634	28,265	21,772	5.9%
2005	46,645	3,863,435	27,551	21,614	5.9%
2004	46,233	3,740,467	27,016	21,538	6.7%
2003	46,010	3,556,329	26,030	21,366	7.6%

\* Not available until April, 2013

\*\* Not available until April, 2014

**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**

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment %	Employees	Rank	Percentage of Total City Employment %
LabCorp, Inc.	3,500	1	16.95 %	2,700	2	12.50 %
Alamance-Burlington School Sys	3,329	2	16.12	3,200	1	14.81
Alamance Regional Medical Ctr	2,240	3	10.85	1,500	3	6.94
Wal-Mart Stores, Inc.	1,000	4	4.84			
City of Burlington	806	5	3.90	534	10	2.47
Kayser-Roth Corp	465	6	2.25			
Kernodle Clinic, Inc.	325	7	1.57			
American Multimedia, Inc.	250	8	1.21			
ITG	250	9	1.21			
Carolina Hosiery Mills, Inc.	240	10	1.16			
Elon University				870	4	4.03
Gold Toe				800	5	3.70
Culp Mills				700	7	3.24
West Point Stevens				784	6	3.63
Alamance County Offices				650	8	3.01
GKN Automotive				595	9	2.75
<b>Total</b>	<b>12,405</b>		<b>60.06 %</b>	<b>12,333</b>		<b>57.08 %</b>

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

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

<u>Function/Program</u>	<b>Full-time Equivalent Employees as of June 30</b>						<u>2006</u>
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	
General government							
Administration/Public Information	3	3	3	3	3	3	4
Customer Service/Collections	18	19	16	19	19	18	18
Finance	13	14	13	14	13	13	12
Information Technology	6	6	6	6	6	7	8
Legal	1	2	2	2	2	2	2
Human Resources	6	6	5	4	5	5	5
Planning	14	14	11	11	9	10	9
Inspections	9	9	10	11	14	13	13
Engineering/Traffic Control	14	14	18	17	18	18	17
Police							
Sworn Officers	122	124	115	112	106	105	112
Civilians	41	41	40	42	40	43	40
Fire							
Firefighter and officers	88	88	87	88	89	90	90
Civilians	1	1	1	1	2	2	2
Public Works							
Administration	4	3	2	2	2	2	3
Maintenance	24	24	22	23	24	22	23
Street	22	23	23	24	24	23	23
Cemetery	14	16	16	16	13	14	13
Sanitation	17	21	21	22	23	21	23
Recreation	42	43	42	41	44	45	42
Water and Sewer	88	86	84	87	84	86	83

**Source:** Full-time Equivalent Employee information was provided by the City of Burlington's payroll system that was installed in June of 2006. Only seven years of data were available.

**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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police										
Physical arrests	5,623	5,652	5,432	5,797	5,903	6,527	5,197	6,603	6,902	5,860
Parking violations	1,988	3,104	1,620	2,129	3,440	2,985	3,972	2,877	3,738	4,774
Traffic violations	5,248	5,903	5,612	4,793	6,063	8,651	7,414	11,192	10,732	9,457
Fire										
Emergency responses	7,481	4,992	5,056	5,064	4,375	4,501	5,071	3,386	3,420	3,150
Fires responses	2,173	2,125	2,061	1,610	2,036	1,438	1,571	1,632	1,718	1,668
Inspections	2,863	2,712	2,648	2,844	2,528	2,951	2,657	2,233	2,951	3,213
Refuse collection										
Refuse collected (tons per day)	72	72	73	69	79	76	74	78	75	75
Recyclables collected (tons per day)	21	23	29	33	30	31	28	28	31	23
Other Public Works										
Street resurfacing (miles)	7.73	5.8	13.4	0	7	35	30	7	0	4
Potholes repaired	63	100	542	335	101	100	100	100	100	100
Recreation and Parks										
Athletic field permits issued	150	94	103	82	82	75	70	63	65	48
Community center admissions	163,400	162,500	151,100	145,255	140,132	128,725	120,186	114,149	112,640	135,965
Water										
New connections	36	32	33	61	83	81	121	170	99	158
Water mains breaks	53	72	81	78	101	83	39	n/a	n/a	n/a
Average daily consumption (thousands of gallons)	12,114	10,995	11,875	10,200	12,461	11,586	11,755	9,800	9,800	11,100
Peak daily consumption (thousands of gallons)	21,577	18,460	19,000	19,000	18,897	16,670	17,469	15,300	13,100	16,500
Wastewater										
Average daily sewage treatment (thousands of gallons)	10,550	11,794	12,000	11,200	11,170	10,900	11,950	12,300	14,600	13,000

**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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	7	7	7	6	4	3	3	3	3	4
Patrol units	151	148	144	141	134	133	130	130	123	123
Fire Stations	5	5	5	5	5	5	5	5	5	5
Refuse collection										
Collection trucks	19	19	20	18	16	15	15	15	15	16
Other public works										
Streets (miles)	243.29	238.89	237.90	238	238	234	230	223	219	218
Highways (miles)	66.79	62.24	62.27	61	61	61	63	66	60	59
Streetlights	4,844	4,760	4,754	4,738	4,706	4,492	4,239	4,145	4,064	4,048
Traffic Signals	36	36	35	35	35	32	32	32	32	32
Recreation and parks										
Acreage	638.45	638.45	631.45	631.45	631.45	631.45	631.45	631.45	631.45	631.45
Playgrounds	21	21	16	16	16	16	16	16	14	14
Baseball/softball diamonds	17	17	17	17	17	17	17	17	13	13
Soccer/football fields	15	15	12	12	12	12	12	12	5	5
Community centers	6	6	6	6	6	6	6	6	6	6
Water										
Water mains (miles)	387.29	385.82	385.12	383	376.15	360.22	350.00	342.80	333.16	327.66
Fire hydrants	2,284	2,064	2,064	2,032	1,900	1,900	1,886	1,846	1,846	1,846
Storage capacity (thousands of gallons)	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	3,000	3,000
Wastewater										
Sanitary sewers (miles)	384.36	383.70	382.85	382.85	378.24	364.55	371.00	362.57	356.41	348.29
Storm sewers (miles)	219.63	219.63	213	113	100	100	100	-	-	-
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 the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregated remaining fund information of the City of Burlington, North Carolina, as of and for the year ended June 30, 2012, which collectively comprises the City of Burlington's basic financial statements and have issued our report thereon dated October 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the City of Burlington is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Burlington's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Burlington, in a separate letter dated October 19, 2012.

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

STOUT STUART McEDMON & KING LLP

October 19, 2012

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& KING LLP**



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**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**

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

Compliance

We have audited the City of Burlington, North Carolina, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 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, 2012. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Burlington's management. Our responsibility is to express an opinion on the City of Burlington's compliance based on our audit.

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We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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. Our audit does not provide a legal determination on the City of Burlington's compliance with those requirements.

In our opinion, the City of Burlington complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

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

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

STOUT STUART MCGOWEN & KINGS LLP

October 19, 2012



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

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

Compliance

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 its major State programs for the year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major State program is the responsibility of the City of Burlington's management. Our responsibility is to express an opinion on the City of Burlington's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, 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. Our audit does not provide a legal determination on the City of Burlington's compliance with those requirements.

In our opinion, the City of Burlington complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State program for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the City of Burlington is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City of Burlington's internal control over compliance with the requirements that could have a direct and material effect on a major State program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, 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 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 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.

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

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

STOUT STUART McEDWARDS & KINGS LLP

October 19, 2012

CITY OF BURLINGTON, NORTH CAROLINA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Fiscal Year Ended June 30, 2012

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Section I. Summary of Auditor's Results

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Financial Statements

Type of auditor's report issued: Unqualified

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: Unqualified

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

Identification of major federal 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
16.005	Federal Asset Forfeiture Funds

Dollar threshold used to distinguish between Type A and Type B programs: \_\_\_\_\_ \$300,000 \_\_\_\_\_

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

CITY OF BURLINGTON, NORTH CAROLINA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Fiscal Year Ended June 30, 2012

---

Section I. Summary of Auditor's Results

---

State Awards

Internal control over major State 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 State programs: \_\_\_\_\_ Unqualified

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

Identification of major State program:

Program Name

Powell Bill

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Section II. Financial Statement Findings

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None reported.

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Section III. Federal Award Findings and Questioned Costs

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None reported.

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Section IV. State Award Findings and Questioned Costs

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None reported.

CITY OF BURLINGTON, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Fiscal Year Ended June 30, 2012

None

CITY OF BURLINGTON, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 For the Year Ended June 30, 2012

<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	\$530,268		
Passed-through Greensboro Consortium:				
Home Investment Partnership Program	14.239	384,851		
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	389,170		
Office of Community Oriented Policing Services:				
Public Safety Partnership and Community Policing Grant	16.710	271,005		
Passed-through North Carolina Department Of Crime Control and Public Safety:				
Edward Byrne Memorial Justice Assistance Grant	16.738	69,293		
<u>U.S. Department of Transportation</u>				
Passed-through North Carolina Department of Transportation:				
Highway Planning and Construction Grant	20.205	256,829		
Federal Transit Metropolitan Planning Grants	20.505	13,800	1,725	50,379
<u>U.S. Department of Energy</u>				
Direct Programs:				
ARRA – Energy Efficiency and Conservation Block Grant	81.128	52,621		
<u>U.S. Department of Homeland Security</u>				
Passed-through North Carolina Division of Emergency Management:				
Emergency Management Performance Grant 97.042		<u>79,641</u>		
Total assistance - federal programs		<u>2,112,478</u>	<u>1,725</u>	<u>50,379</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 For the Year Ended June 30, 2012

<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			1,381,697	
<u>N.C. Department of Environment and Natural Resources:</u>				
Community Waste Reduction and Recycling Grant			21,147	
<u>Piedmont Triad Council of Governments:</u>				
Division of Aging			13,954	
<u>N.C. Department of Health and Human Services:</u>				
Get Alarmed Grant		_____	1,000	_____
Total assistance - State programs		_____ -	1,417,798	_____ -
Total assistance		\$ 2,112,478	\$ 1,419,523	\$ 50,379

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

- The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the City of Burlington and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

City of Burlington  
 GASB 34 CALCULATION OF MAJOR FUNDS  
 June 30, 2012

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	Assets	Computes "X" if Meets			Liabilities	Revenue	Computes "X" if Meets			Expenditures/ Expenses	Computes "X" if Meets			Computes "MAJOR" if Fund is Major If a "Category" Has an "X" in Both Columns, Then Fund is a Major Fund
		10% Rule	5% Rule	N/A			10% Rule	5% Rule	N/A		10% Rule	5% Rule	N/A	
General Fund	37,827,956	N/A	N/A	4,234,687	46,879,717	N/A	N/A	N/A	47,127,509	N/A	N/A	N/A	YES, ALWAYS MAJOR	
Special Revenue Funds:														
Mpo Planning/Trans.	312,713	-	-	-	265,958	-	-	-	326,946	-	-	-	-	
Capital Reserve	18,299,404	X	-	-	85,460	-	-	-	-	-	-	-	-	
Substance Abuse	57,752	-	-	4,286	289,252	-	-	-	18,277	-	-	-	-	
Rico	341,869	-	-	2,095,625	335,760	X	-	-	389,170	-	-	-	-	
Home Program	6,196,552	-	-	4,814	488,837	-	-	-	398,822	-	-	-	-	
Community Dev.	36,757	-	-	6,922	74,589	-	-	-	484,035	-	-	-	-	
All Hazard Preparedness		-	-	64,004	110,131	-	-	-	79,641	-	-	-	-	
Downtown	64,004	-	-	28,634	154,166	-	-	-	110,131	-	-	-	-	
Guilford Mackintosh	28,634	-	-	2,079	17,428	-	-	-	154,166	-	-	-	-	
Rehab Loan	2,360,858	-	-	149,872	121,133	-	-	-	119,967	-	-	-	-	
Community Oriented Policing Grant		-	-			-	-	-	271,005	-	-	-	-	
Energy Efficiency Conservative Fund		-	-			-	-	-	52,621	-	-	-	-	
Medicare Part D	13,307	-	-			-	-	-	2,247	-	-	-	-	
Governor Crime Commission Proj. Sale	10,000	-	-	7,000	89,729	-	-	-	69,293	-	-	-	-	
Edward Elyne Justice Assistance	65,053	-	-			-	-	-		-	-	-	-	
Rental Rehab	957,898	-	-		17,808	-	-	-		-	-	-	-	
Total Special Revenue	28,744,601	-	-	2,363,636	2,070,817	-	-	-	2,476,321	-	-	-	-	
Debt Service Fund														
Capital Projects Funds:														
ERP System	631,567	-	-		367	-	-	-	21,358	-	-	-	-	
Renovation of Existing Rec. & Park Facilities		-	-			-	-	-	9,263	-	-	-	-	
Mebane St/Grand Oak Sidewalk		-	-			-	-	-		-	-	-	-	
Energy Efficiency Upgrade Mainstreet 2	2,869	-	-		136,768	-	-	-	149,988	-	-	-	-	
Drainage Improvement	343,455	-	-		155	-	-	-		-	-	-	-	
Street Resurfacing Project		-	-		4,954	-	-	-	48,898	-	-	-	-	
Piedmont Way Widening & Sidewalk Proj.		-	-		(1,906)	-	-	-		-	-	-	-	
Total Capital Projects	977,891	-	-		140,338	-	-	-	229,507	-	-	-	-	
Total Governmental Funds	67,550,448			6,598,523	49,090,872				49,833,337					
10 % of Total Governmental Funds	6,755,045			659,852	4,909,087				4,983,334					
Enterprise Funds:														
Water and Sewer	207,066,876	X	X	53,811,799	21,389,894	X	X	X	18,696,207	X	X	X	MAJOR	
Storm Water	1,569,989	-	-	24,889	450,521	-	-	-	305,939	-	-	-	-	
Other Enterprise Fund 1		-	-			-	-	-		-	-	-	-	
Total Enterprise Funds	208,636,875			53,836,698	21,840,415				19,002,146					
10% of Total Enterprise Funds	20,863,688			5,383,670	2,184,042				1,900,215					
Total Governmental & Enterprise Funds	276,187,323			60,435,221	70,931,287				68,835,483					
5% of Total Governmental & Enterprise Funds	13,809,366			3,021,761	3,546,564				3,441,774					