

# **CITY OF BURLINGTON NORTH CAROLINA**

*Connecting the Triad & Triangle*



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2018**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

## **CITY OF BURLINGTON**

FISCAL YEAR ENDED JUNE 30, 2018



### **CITY COUNCIL**

IAN T. BALTUTIS, MAYOR  
KATHRYN O. HYKES, MAYOR PRO TEM  
ROBERT M. WARD, COUNCILMEMBER  
JAMES B. BUTLER, COUNCILMEMBER  
HAROLD T. OWEN, COUNCILMEMBER

CITY MANAGER  
F. HARDIN WATKINS, JR.

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

Prepared by the City of Burlington Finance Department

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2018

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

**CITY OF BURLINGTON, NORTH CAROLINA**

**TABLE OF CONTENTS**

**June 30, 2018**

<u>Exhibit</u>	<u>Page Number</u>
Notes to the Financial Statements	11-48
Schedule of the Proportionate Share of the Net Pension Liability (Asset)-Local Government Employees' Retirement System	49
Schedule of Contributions-Local Government Employees' Retirement System	50
Schedule of the Proportionate Share of the Net Pension Liability- Firefighters' and Rescue Squad Workers' Pension	51
Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance	52
Schedule of Total Pension Liability as a Percentage of Covered Payroll	53
Schedule of Changes in the Total OPEB Liability and Related Ratios	54
<b>Individual Fund Statements and Schedules:</b>	
Balance Sheet- General Fund	55
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	56-71
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Reserve Fund	72
Combining Balance Sheet for Non-Major Governmental Funds	73
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance for Non-Major Governmental Funds	74
<b>Special Revenue Funds:</b>	
Combining Balance Sheet	75-76
Combining Statements of Revenues, Expenitures and Changes in Fund Balances	77-78
Schedule of Revenues and Expenditures - Budget and Actual:	
Community Development Fund	79-91
Rehabilitation Loan Program Fund	92
Rental Rehabilitation Loan Program Fund	93
Downtown Special Tax District Fund	94
HOME Program Project Fund	95-96

**CITY OF BURLINGTON, NORTH CAROLINA**

**TABLE OF CONTENTS**

**June 30, 2018**

<u>Exhibit</u>	<u>Page Number</u>
Governor's Crime Commision Human Trafficking	97
RICO Fund	98
Edward Byrne Justice Assistance Grant Fund	99
Guilford Mackintosh Fund	100
Controlled Substance Tax Fund	101
MPO Planning Transportation Fund	102
Medicare Part D Grant Project Fund	103
Bureau of Justice Community Oriented Policing Grant	104
 <b>General Capital Project Funds:</b>	
Combining Balance Sheet	105
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance	106
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
ERP System Project Fund	107
Transportation Sidewalks & Intersection Project Fund	108
Animal Shelter Project Fund	109
Front Street Greenway/Bikeway	110
Willowbrook Arboretum	111
 <b>Enterprise Funds:</b>	
Nonmajor Enterprise Funds - Combining Statement of Net Position	112
Nonmajor Enterprise Funds - Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	113
Nonmajor Enterprise Funds - Combining Statement of Cash Flows	114
Schedule of Revenues and Expenditures - Budget (Modified Accrual Basis) and Actual:	
Public Transportation Fund	115-116
Storm Water Fund	117
Water and Sewer Fund	118-123
Water and Sewer Capital Projects - Water Capital Reserve Fund	124
Water and Sewer Capital Projects - Sewer Capital Reserve Fund	125

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2018

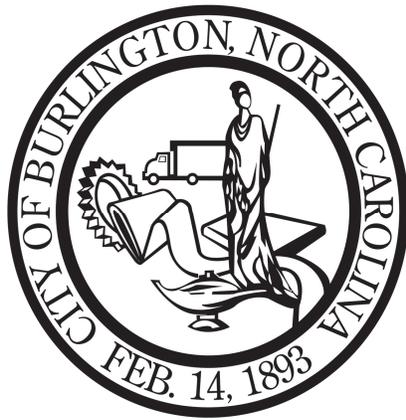
<u>Exhibit</u>	<u>Page Number</u>
Water and Sewer Capital Projects - Tank Removal Project Fund	126
Water and Sewer Capital Projects- Hwy. 87 Ossipee Water Line Fund	127
Water and Sewer Capital Projects - Sewer Service Expansion/Airport	128
Water and Sewer Capital Projects - J D Mackintosh Treatment Process	129
<b>Internal Service Funds:</b>	
Statement of Net Assets	130
Combining Schedules of Revenues, Expenses, and Changes in Net Assets	131
Combining Statement of Cash Flows	132-133
Schedule of Revenues and Expenditures - Budget (Modified Accrual Basis) and Actual:	
Dental Self Insurance Fund	134
Workers Compensation Self Insurance Fund	135
Group Health Benefits Self Insurance Fund	136
<b>Other Schedules:</b>	
Schedule of Ad Valorem Taxes Receivable	137
Analysis of Current Tax Levy	138
<b>STATISTICAL SECTION:</b>	
Net Assets by Component	139-140
Changes in Net Assets	141-142
Fund Balances, Governmental Funds	143-144
Changes in Fund Balances, Governmental Funds	145-146
Assessed Value and Actual Value of Taxable Property	147
Direct and Overlapping Property Tax Rates	148
Principal Property Tax Payers	149
Property Tax Levies and Collections	150
Ratios of Outstanding Debt by Type	151
Ratios of General Bonded Debt Outstanding	152

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2018

<u>Exhibit</u>	<u>Page Number</u>
Direct and Overlapping Governmental Activities Debt	153
Legal Debt Margin Information	154
Pledged-Revenue Coverage Last Fiscal Year	155
Demographic and Economic Statistics	156
Principal Employers	157
Full-Time Equivalent City Government Employees by Function/Program	158
Operating Indicators by Function/Program	159
Capital Asset Statistics by Function/Program	160
<b>COMPLIANCE SECTION:</b>	
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	161-162
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act	163-164
Report on Compliance for Each Major State Program and Internal Control Over Compliance in Accordance with the OMB Uniform Guidance and the State Single Audit Implementation Act	165-166
Schedule of Findings and Questioned Costs	167-168
Summary Schedule of Prior Audit Findings	169
Schedule of Expenditures of Federal and State Awards	170-171
Major Fund Determination	172





# CITY OF BURLINGTON

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

FINANCE DEPARTMENT

Phone (336) 222-5060

November 30, 2018

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, 2018, 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, 2018, 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, 2018, 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 unmodified opinion that the City of Burlington's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is included in the financial section of this report. In addition, the auditor's report, required as part of a single audit, is found in the Single Audit Section of this report. This report focuses not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements involving the administration of state and federal awards.

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

### **CITY PROFILE**

The City of Burlington, incorporated on February 14, 1893, is located in the Piedmont Region of Central North Carolina along Interstate Highways 85/40. The City is the largest municipality in Alamance County, with a land area of 35.10 square miles and a population of 53,077. 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' inventories located therein. The City is also empowered by statute to extend its corporate limits by annexation. Since January 1980, the City has annexed 18.41 square miles. These annexations represent industrial and institutional properties. The City generally annexes on a voluntary basis.

The City of Burlington operates under the council-manager form of government. Policy-making and legislative authority is vested in the City Council, which consists of a mayor and four council members. The City Council members are responsible for the government and general management of the City; approval and amendment of all general and technical ordinances, including budgetary appropriations and construction and zoning ordinances; approval of all contracts; and the appointments of the City Manager and City Attorney. Council members are elected at large to four-year staggered terms, and the Mayor is elected to a two-year term. The Mayor presides at all meetings of the City Council, and has the right to vote upon all issues, but has no additional vote in case of a tie and no veto power.

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

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

The annual budget serves as the foundation for the City of Burlington's financial planning and control. The North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1 of each year for all funds for which an annual budget is required. Activities of the General Fund, Special Revenue Funds (except for Grant Project Funds), and Proprietary Funds are included in the annual appropriated budget. Project-length financial plans are adopted for Grant and Capital Project Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by the department level within the funds. Any increase or decrease in the original budget as adopted must be approved by City Council. The City also maintains an encumbrance accounting system as one technique to accomplish budgetary control. Encumbered amounts lapse at year end; however, outstanding encumbrances generally are re-appropriated as part of the following year's budget. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund the budgetary comparison is presented in Exhibit 5, page 6, as part of the Basic Financial Statements pertaining to the governmental funds. For other governmental funds with annual and project-length budgets, detailed budget-to-actual comparisons are presented in the supplementary information subsection of this report, which starts on page 79.

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

### ***Local Economy***

For the prior fiscal year, the City of Burlington's economy continued to improve. There continues to be opening and closing of some small retail stores and businesses throughout the area. There have been no significant losses of businesses. The year ended June 30, 2018, has seen a minimal increase in the water and sewer revenues. Of interest to note, according to projections recently released by the American City Business Journals, Alamance County is expected to see the greatest growth of any area of the Triad, with the population of Burlington and surrounding communities expected to grow by 15.4 percent by the year 2040. Commercial and residential permits are up, with +/- 1300 new apartment units proposed for the upcoming year. Below you will find noted some of the more significant economic activity occurring in the area.

Burlington's retail development is still thriving. Academy Sports opened its doors on their 75,000 square foot retail store. Other stores in Huffman Mill Commons, a \$5.7 million project, will be Burlington Coat Factory, Chipotle and Total Nutrition. Lidl, Sheetz, and Wendy's are all under contract for projects on University Drive corridor.

The Burlington-Alamance Regional Airport continues to grow. They have expanded their campus by approximately 50 acres and continue toward a goal of a new terminal and operations area for incoming aircraft. Annual aircraft operations are up to nearly 75,000. The airport has been awarded \$10.2 million in state and federal funds for expansion and improvements by the NC Board of Transportation. Aero Accessories Inc. has purchased property and an industrial building and land on Airpark Drive, another indicator of aviation growth in Burlington.

Businesses are expanding into Burlington. Burlington Kia is nearing completion of its dealership on Hatchery Road. This \$2.5 million dollar project is slated to open in August of 2018. PRA Group, a call center focused on debt resolution, opened in March, 2018 and brought to Burlington 500 new jobs. PRA has its headquarters in Norfolk, VA. It has employees in 16 countries throughout the world.

Local businesses are seeing growth in our area. Burlington's Hummingbird 3D's printing facility is bringing new jobs to Burlington as it continues its expansion. Alamance Foods completed its \$8 million expansion on Plantation Drive this past spring.

There are several other companies who have made commitments to build distribution and manufacturing centers, all within a 10-mile radius of the city limits of Burlington. Supermarket giant Publix will build a distribution facility in McLeansville, bringing over 1000 jobs to the area. The \$300 million project includes a 1.8 million square feet facility, and will span 350 acres. Mebane's Lidl Distribution Center opened this spring and is operating in their new facility, offering our area 150 new jobs. Other future investments from Lotus Bakeries, Universal Preserv-A-Chem and Prescient Company will create approximately more than 300 new jobs. Honda Power Equipment is expanding by over 116,000 feet in Swepsonville in a \$10 million project. Again, while these centers are not within the city limits of Burlington, they will have an impact on the economy for the City.

Triad Business Journal reports that Burlington is nationally ranked for its Gross Metropolitan Product, with a 10.2% increase over six years. Burlington was in first place, and one of only three metro areas in NC to show an increase in tech job employment when compared to the previous year's data.

Unemployment fell from 3.8% to 2.9%, and while that rate fell in all 100 NC counties, Burlington is ahead of the 3.1% state average.

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

**City of Burlington, North Carolina  
Principal Employers  
June 30, 2017**

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Alamance-Burlington School Sys	Public Education	3,329
LabCorp, Inc.	Medical Supplies/Services/Facilities	2,500
Alamance Regional Medical Ctr	Health Care	2,240
Wal-Mart Stores, Inc.	Retail Sales	1,000
City of Burlington	Local Government	806
Kayser-Roth Corp	Textiles	465
Kernodle Clinic	Medical Services	325
Twin Lakes Community	Retirement/Assisted Living	291
American Multimedia	Multimedia	250
ITG	Textiles	250

Alamance County's unemployment rate continues to stay below the peak reached in January of 2010 as evidenced in the following table.

% Unemployment (Alamance County)													
	<u>05</u>	<u>06</u>	<u>07</u>	<u>08</u>	<u>09</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>
Jan	6.1	5.5	5.7	5.4	10.8	12.4	10.4	9.1	8.6	6.0	5.5	5.0	5.0
Feb	6.5	5.7	5.4	5.4	11.2	12.3	10.0	9.0	8.0	6.1	5.3	4.8	4.6
Mar	5.9	5.2	4.9	5.2	11.2	11.7	9.5	8.5	7.5	6.0	5.1	4.7	4.4
Apr	5.7	5.1	4.8	5.1	11.5	11.1	9.3	8.1	7.2	5.2	5.0	4.4	3.9
May	6.0	5.5	4.9	5.6	11.5	11.0	9.5	8.4	7.5	5.8	5.6	4.4	4.1
Jun	6.3	6.0	5.4	6.2	12.0	11.0	10.3	9.1	8.1	5.9	5.8	5.0	4.1
Jul	6.4	6.2	5.4	6.5	12.3	10.9	10.2	9.3	7.7	6.3	6.0	5.1	4.3
Aug	6.2	5.9	5.1	6.7	12.0	10.5	10.1	8.9	7.2	6.2	5.6	5.0	4.3
Sept	5.9	5.3	4.7	6.2	11.8	9.8	9.4	8.0	6.5	5.3	5.0	4.6	
Oct	5.8	5.0	4.7	6.3	11.8	9.7	9.3	8.1	6.5	5.2	5.1	4.6	
Nov	5.9	5.3	4.7	8.3	11.8	10.2	8.8	8.0	6.2	5.1	5.1	4.5	
Dec	5.2	4.8	5.0	9.4	12.2	9.8	8.7	8.1	5.8	4.9	4.9	4.5	

Source: Bureau of Labor Statistics

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

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

<u>Year</u>	<u>County</u>	<u>State</u>	<u>US</u>	<u>Year</u>	<u>County</u>	<u>State</u>	<u>US</u>
1998	2.9	3.5	4.5	2008	6.4	6.1	5.8
1999	2.4	3.2	4.2	2009	11.7	10.6	9.3
2000	3.1	3.7	4.0	2010	10.9	10.9	9.6
2001	5.5	5.5	4.7	2011	9.6	10.2	8.9
2002	7.2	6.6	5.8	2012	8.5	9.2	8.1
2003	7.1	6.4	6.0	2013	7.3	7.9	7.4
2004	6.2	5.5	5.5	2014	5.6	6.1	6.2
2005	6.0	5.2	5.1	2015	5.3	5.7	5.3
2006	5.5	4.7	4.6	2016	4.9	5.2	4.9
2007	5.1	4.7	4.6	2017	4.3*	4.6*	4.5*

\*Through August 2017

Source: Bureau of Labor Statistics

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

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

***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.

(2) The study on the Ed Thomas Water plant is still being conducted to determine what kind of upgrades, if any, are required. Since the study is not complete, it is unknown how extensive the upgrades may be, and likewise, the costs for such upgrades. Monies have been set aside for this project during this fiscal year.

(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 final module to be installed is the utility billing/payments module. This module conversion was completed in the fall of 2018.

(4) Transportation

The Link Transit transportation system launched on June 1, 2016. There are federal monies available to help with the capital purchases (80% match from federal grants) and the operations (50% match from federal grants) of a transportation system. June, 2018 marked the second anniversary of the Link Transit System, with 174,578 riders in its first year. Routes take riders to shopping centers, neighborhoods, Alamance Community College and into Gibsonville.

(5) Capital Improvements

Outside of Community Development Block Grant (CDBG) funds, the City Council approved a 3-phase improvement plan to be made to North Park Recreation facility and surrounding area. On July 22, the City celebrated the completion of Phase 1 with a RKRE8 North Park Celebration. The North Park pool will be redesigned and renovated in the next 2 years with \$200,000 allocated from the State of NC. The City Council also approved an improvement plan to be made to Willowbrook Park. Improvements include stream restoration, the children's playground, new educational walk ways, and an arboretum. Work has also started on Front Street for the first phase of the City's bikeway/greenway trail. Finally, there are two studies being conducted by consultants for City Council. They are as follows: 1) to assess the need of a new police station, and 2) a study on the Maple Avenue corridor to determine what changes need to be made to improve the main corridor entrance into the City of Burlington. No other specific plans for capital projects have been decided by Council.

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

The City spent the following:

- Housing Rehabilitation - \$145,868.71
- Public Facilities - \$169,799.69
- Public Infrastructure - \$595.50
- Public Service - \$72,722.76
- Planning & Administration - \$44,438.35

Housing Rehabilitation: The total CDBG expenditures for housing projects include the costs for lead-based painting hazards inspections and temporary relocations. Of the total expenditures for housing projects, the City spent \$94,273.41 of its CDBG loan fund proceeds for 7 housing rehabilitations, which includes \$3,170 for lead-based paint hazards inspections/remediation for houses. During the program year, the City used \$51,595.30 of HOME funds (Rehab, Program Income, Match Funds, etc.) for housing rehabilitation projects. The City of Burlington also expended \$2,180 of Urgent Repair Funds from the NC Housing Finance Agency and NC Homebuilders Association.

Public Facilities: The City expended \$46,134.09 to make restrooms ADA compliant and to upgrade fixtures in Ralph Scott Lifeservices' Starpoint facility. The City also expended \$123,665.60 on North Park upgrades, specifically upgrading the interior of the Mayco and Sertoma Community Centers.

Public Infrastructure: The City has started the bidding process for N. Church Street Sidewalk and Pedestrian Crossing installation in East Burlington. The City will expend \$84,415.50 more to complete this project.

Public Services: The City expended \$9,982.76 at the public library branch at the North Park Community Center. During the program year, the library circulated 8,022 materials for use in the library and in the patrons' homes, an increase of 36.52% over the previous program year. For the program year, the door count at the branch library was 6,620 patrons. The City expended \$36,000 on Burlington Development Corporation's HOPE and STEPS programs. During the year four families (7 individuals) were served by the HOPE program (permanent supportive housing) and three families (12 individuals) by the STEPS (rapid re-housing) program. The City also invested \$26,740 of CDBG funds in the North Carolina Construction Training Partnership Program (CTP) to provide job training and job placement in the construction industry and housing assistance for low-income area residents. To date, 12 individuals completed the program, with 14 individuals gaining employment. The individuals also helped to rehab two houses this current program year.

Administration: The City expended \$44,438.35 on Administration. The City used the money to fund the Community Development Technician and Rehab Specialist positions. Funds were also used to cover the cost of program administration.

The Community Development Division will also establish multiple projects for the upcoming fiscal year 2018-19.

(6) Plans For Debt Issuance

There are plans to continue the annual installment purchase agreement that provides funding for approximately \$1 million to \$2 million in capital equipment in the General Fund that the City purchases each fiscal year. This policy allows for ongoing purchases of equipment without causing major fluctuations in each annual budget.

### ***Awards and Acknowledgements***

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Burlington for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This was the nineteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

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

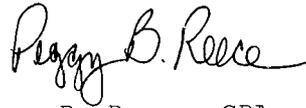
The preparation of this comprehensive annual financial report would not have been possible without the dedication and collective efforts of the entire staff of the Finance and Risk Management Department. We would like to take this opportunity to express gratitude to all members of the department for their efforts. In addition, it is also important to express appreciation to the City Department Heads who supply information regarding the numerous projects with which they are involved.

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

Respectfully submitted,



Hardin Watkins  
City Manager



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



Government Finance Officers Association

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

Presented to

**City of Burlington  
North Carolina**

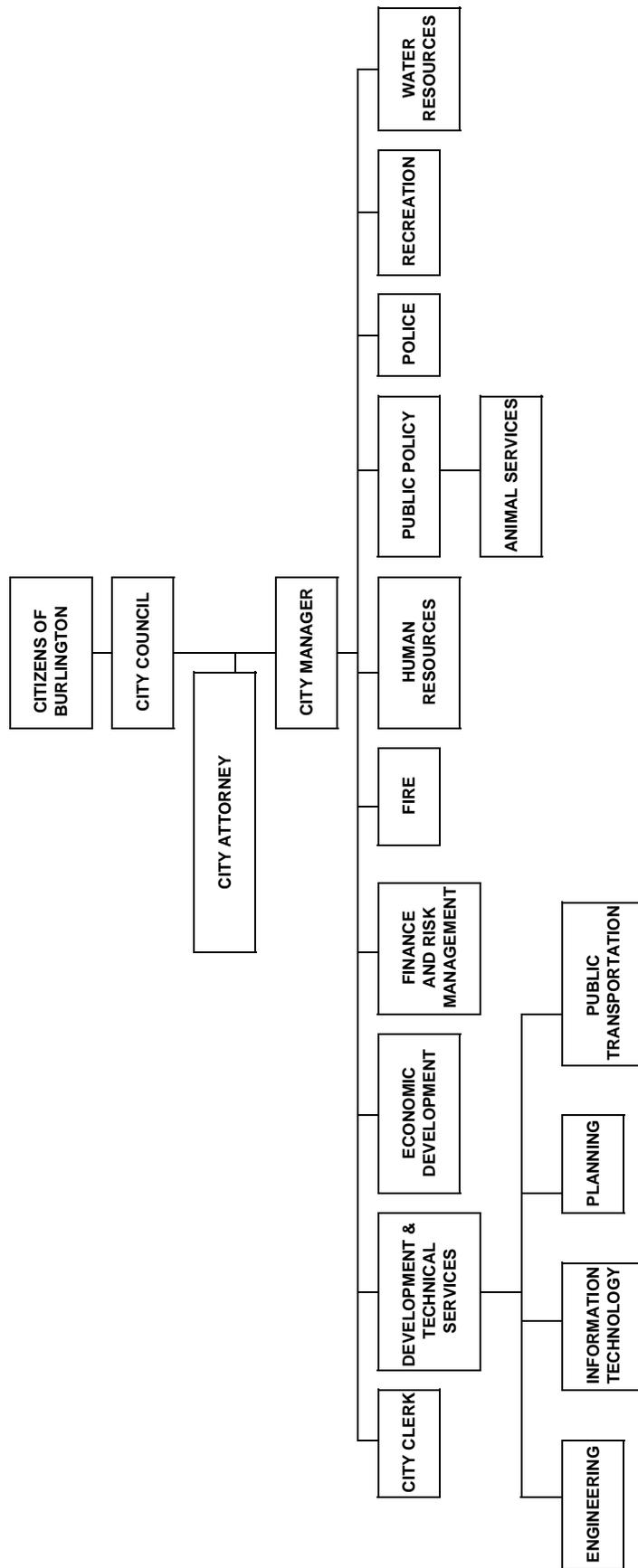
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO

CITY OF BURLINGTON, NORTH CAROLINA  
ORGANIZATIONAL CHART



# CITY OF BURLINGTON

## List of Principal Officials For the Fiscal Year Ended June 30, 2018

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





**STOUT  
STUART  
MCGOWEN  
& KING LLP**

*Certified  
Public  
Accountants*

*Advisors to  
Management*

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

*Mailing Address:  
P.O. Box 1440  
Burlington, NC 27216-1440*

*Street Address:  
1233 South Church Street  
Burlington, NC 27215*

*336-226-7343  
fax 336-229-4204*

*www.ssmkllp.com  
e-mail: ssmk@ssmkllp.com*

**INDEPENDENT AUDITOR'S REPORT**

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

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Burlington, North Carolina as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

### **Opinions**

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Burlington, North Carolina as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 54, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 49 and 50, respectively, the Firefighter's and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability on page 51 and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 52 and 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards general accepted in the United State of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018 on our consideration of the City of Burlington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Burlington's internal control over financial reporting and compliance.

STOUT STUART MCGOWEN & KINGS LLP

November 30, 2018

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, 2018. The Management's Discussion and Analysis (MD&A) section is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial condition, identify material deviations from the financial budget, and identify individual fund issues or concerns.

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

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City of Burlington exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$282,632,854 (net position). Of this amount, \$57,088,370 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$19,492,976 (6.5%) compared to fiscal year 2017. The governmental net position decreased by \$20,789,215(17.6%) (due to implementation of GASB 75), and the business-type net position increased by \$1,296,239 (0.70%).
- During the year, the City's governmental expenses were \$59,628,267, an increase of \$963,942, while expenses in the business-type activities were \$26,111,138 a decrease of \$2,168,002.
- At the end of the current fiscal year, the City of Burlington's governmental funds reported combined ending fund balances of \$54,058,322, a decrease of \$3,159,652 in comparison with the prior year. Approximately \$7,657,044 (or 14.2%) is available for spending, with \$36,609,852 designated for specific purposes.
- As of year-end, the unassigned fund balance for the General Fund was \$7,822,866, or 13.5% of total General Fund expenditures of \$58,077,377.
- The General Fund budget for fiscal year ending 6/30/18 was adopted with a \$.5973 per \$100 assessed valuation tax rate, which is slightly higher than fiscal year 2016-2017.
- The City of Burlington's total long-term debt decreased \$6,583,423. There was a decrease of \$3,117,269 in the governmental activities and a decrease of \$3,466,154 in the business-type activities.

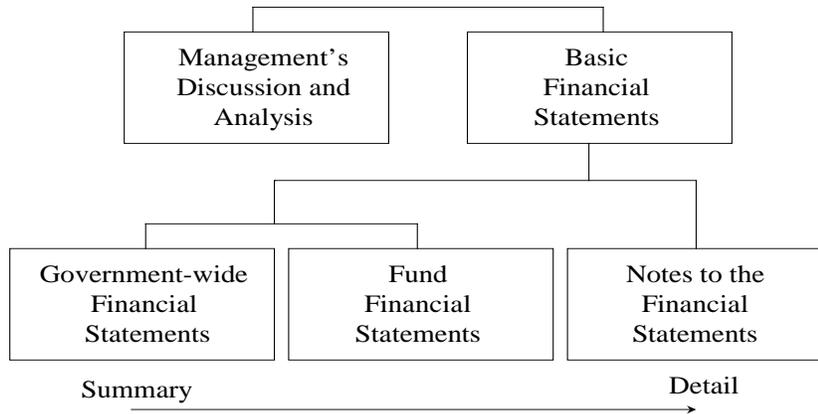
The City has maintained its GO bond rating with both Standard & Poor's Corporation at AA and Moody's at Aa2. Moody's most recent review of the City's GO Bonds occurred in July 2016 and the rating was confirmed at Aa2. The City has also maintained the same ratings on its 2011 and 2010 Revenue Bonds. The 2010 and 2011 Revenue Bonds were rated AA by Standard & Poor's Corporation. In October 2015, Moody's reviewed the City's Revenue bonds and the rating was upgraded from Aa3 to Aa2.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Required Components of Annual Financial Report

Figure 1



#### Basic Financial Statements

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

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

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

A. Government-wide financial statements

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

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

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

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

B. Fund financial statements

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

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

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

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

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

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

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

#### C. Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-48 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 49 of this report.

#### E. Interdependence with Other Entities

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

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of the City of Burlington exceeded liabilities and deferred inflows by \$282,632,854 as of June 30, 2018. The City's net position decreased by \$19,492,976 for the fiscal year ended June 30, 2018. The majority of the decrease is due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As a result of implementing this GASB, net position decreased \$22,635,304. The increase in restricted net position is \$1.5 million. The increase in capital assets is only \$608,672. The huge decrease in unrestricted net position is due to implementing GASB No. 75, as previously mentioned. The largest portion of the total net position (64%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The City of Burlington uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Burlington's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate those liabilities. An additional portion of the City of Burlington's net position (16.42%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$57,088,370 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 \$7,822,866 as found on Exhibit 3.

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

**Figure 2**

**City of Burlington's Net Position**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>ASSETS</b>						
Current and other assets	\$ 72,566,331	\$ 75,628,662	\$ 78,382,823	\$ 73,377,838	\$150,949,154	\$ 149,006,500
Capital assets	69,258,958	68,334,021	147,893,892	151,527,078	217,152,850	219,861,099
Total assets	141,825,289	143,962,683	226,276,715	224,904,916	368,102,004	368,867,599
Deferred outflow s of resources	7,883,702	7,788,574	1,285,973	996,018	9,169,675	8,784,592
<b>LIABILITIES</b>						
Current and other liabilities	7,130,546	6,898,110	6,871,393	7,716,825	14,001,939	14,614,935
Noncurrent liabilities	43,020,188	25,711,125	35,326,036	34,332,457	78,346,224	60,043,582
Total liabilities	50,150,734	32,609,235	42,197,429	42,049,282	92,348,163	74,658,517
Deferred inflow s of resources	1,914,907	709,457	375,755	158,387	2,290,662	867,844
<b>NET POSITION</b>						
Net investment in capital assets	63,335,497	61,866,098	116,139,450	117,000,177	179,474,947	178,866,275
Restricted	17,333,258	15,836,565	28,736,279	24,824,561	46,069,537	40,661,126
Unrestricted	16,974,595	40,729,902	40,113,775	41,868,527	57,088,370	82,598,429
Total net position	\$ 97,643,350	\$ 118,432,565	\$184,989,504	\$183,693,265	\$282,632,854	\$ 302,125,830

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

- The property tax rate was increased to \$0.5973 per \$100 assessed valuation to offset the decrease in valuation that occurred during the revaluation process performed by the county. There was some growth in the property tax base due to new apartment complexes, businesses and minimal annexations. This resulted in a respective similar increase in the total amount of revenues collected for property taxes.
- In 2014 the State changed the collection method for vehicle property taxes from being collected by the counties to being collected by the Division of Motor Vehicles when individuals renew their tags for their vehicles. This method of collecting property taxes has proven to be very effective as individuals must now first pay their property taxes before receiving their new or renewed license tags. The City of Burlington has seen a steady growth in the amount of vehicle taxes collected, with 7.0% more collected in 2018 versus 2017.
- Continued diligence in the collection of property taxes results in the City maintaining a tax collection percentage of 98.7%, which is comparable to the statewide average of 99.08%.
- Sales tax revenues increased by 4.8%, continuing a trend from last year. This is attributed to the improvement in consumer confidence and also the lower unemployment rate, which translates into more consumer spendable dollars which leads to increased consumer spending.

The Capital Reserve Fund's Restricted Net Assets decreased by \$2,677,984. There was \$2,829,195 in expenses as transfers out to the following capital projects/equipment needs; sidewalks and intersection improvements, Quick

Hitter project, Front St Greenway/Bikeway project, Willowbrook Park Arboretum project, and a ladder fire truck. There were revenues to offset these capital expenditures. The revenue was from two sources: interest income earned of 51,211 and a transfer from the General Fund of \$100,000.

**Figure 3**

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 7,433,787	\$ 7,694,351	\$ 31,267,151	\$ 34,764,492	\$ 38,700,938	\$ 42,458,843
Operating Grants & Contributions	3,527,365	2,528,586	-	-	3,527,365	2,528,586
Capital Grants & Contributions	-	-	-	-	-	-
General Revenues:						
Property taxes, levied for general purpose	28,364,921	27,870,953	-	-	28,364,921	27,870,953
Other taxes	13,386,770	12,881,088	-	-	13,386,770	12,881,088
Grants and Contributions not restricted to specific programs	4,474,051	5,176,015	-	-	4,474,051	5,176,015
Other	487,763	1,521,632	320,427	873,981	808,190	2,395,613
<b>Total Revenues</b>	<b>57,674,657</b>	<b>57,672,625</b>	<b>31,587,578</b>	<b>35,638,473</b>	<b>89,262,235</b>	<b>93,311,098</b>
Expenses:						
General Government	8,575,711	8,666,518	-	-	8,575,711	8,666,518
Public Safety	28,890,052	28,337,065	-	-	28,890,052	28,337,065
Public Works	13,052,857	12,118,548	-	-	13,052,857	12,118,548
Economic and Physical Development	922,133	1,112,715	-	-	922,133	1,112,715
Cultural and Recreation	8,119,854	8,378,403	-	-	8,119,854	8,378,403
Interest on long-term debt	67,660	51,076	-	-	67,660	51,076
Water and Sewer			26,111,138	28,279,140	26,111,138	28,279,140
<b>Total Expenses</b>	<b>59,628,267</b>	<b>58,664,325</b>	<b>26,111,138</b>	<b>28,279,140</b>	<b>85,739,405</b>	<b>86,943,465</b>
Change in Net Position before Transfers	(1,953,610)	(991,700)	5,476,440	7,359,333	3,522,830	6,367,633
Transfers	80,124	1,131,061	(460,626)	(1,131,061)	(380,502)	-
<b>Increase (Decrease) in net position</b>	<b>(1,873,486)</b>	<b>139,361</b>	<b>5,015,814</b>	<b>6,228,272</b>	<b>3,142,328</b>	<b>6,367,633</b>
Net position-beginning	118,432,565	122,593,839	183,693,265	177,201,021	302,125,830	299,794,860
Prior Period Adjustments and Restatements	(18,915,729)	(4,300,635)	(3,719,575)	263,972	(22,635,304)	(4,036,663)
Net position-beginning (re-stated)	99,516,836	118,293,204	179,973,690	177,464,993	279,490,526	295,758,197
<b>Net position-ending</b>	<b>\$ 97,643,350</b>	<b>\$ 118,432,565</b>	<b>\$184,989,504</b>	<b>\$183,693,265</b>	<b>\$282,632,854</b>	<b>\$302,125,830</b>

*Governmental activities*

Governmental activities decreased the City's net position by \$20,789,215, whereas business type activities increased the City's net position by \$1,296,239. The biggest factor affecting the City's net position is the implementation of Governmental Accounting Standards Board (GASB) No. Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As a result of implementing this GASB, net position for the governmental activities decreased \$18,915,729.

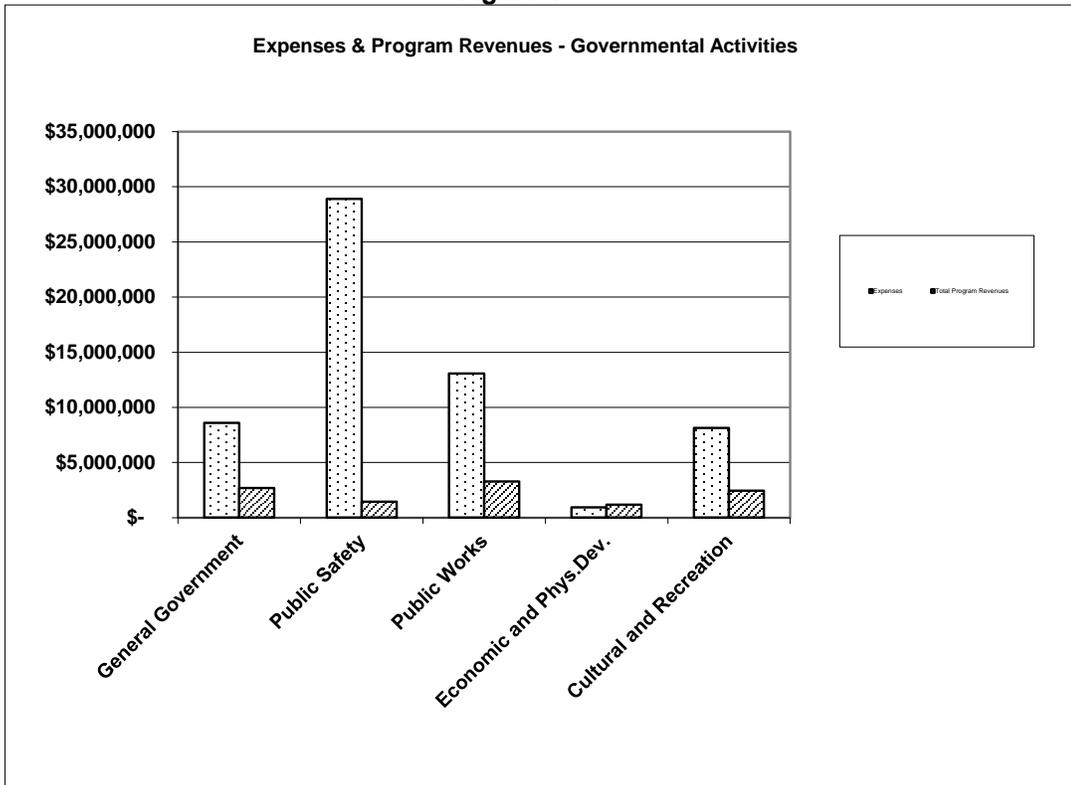
Offsetting the decrease mentioned above are increases that came from the following funds:

- Sales tax revenues increased approximately \$505,682 over the prior year in the General Fund, maintaining the increase in sales from the last year, attributable to an overall favorable outlook on the economy by consumers.
- Property tax collections were up slightly over the prior year by \$493,968 in the General Fund.
- Grants and contributions increased by \$998,779. The increases can be primarily attributed to the following. Three funds received more in grant monies this year versus the prior year. The increases are as follows: the RICO fund showed a \$275,559 increase, the Edward Byrne Justice Grant showed \$21,612 increase, and the Bureau of Justice Community Oriented Policing Grant showed \$110,341 increase. Lastly, \$360,000 was transferred in to the Front Street Greenway/bikeway project fund.

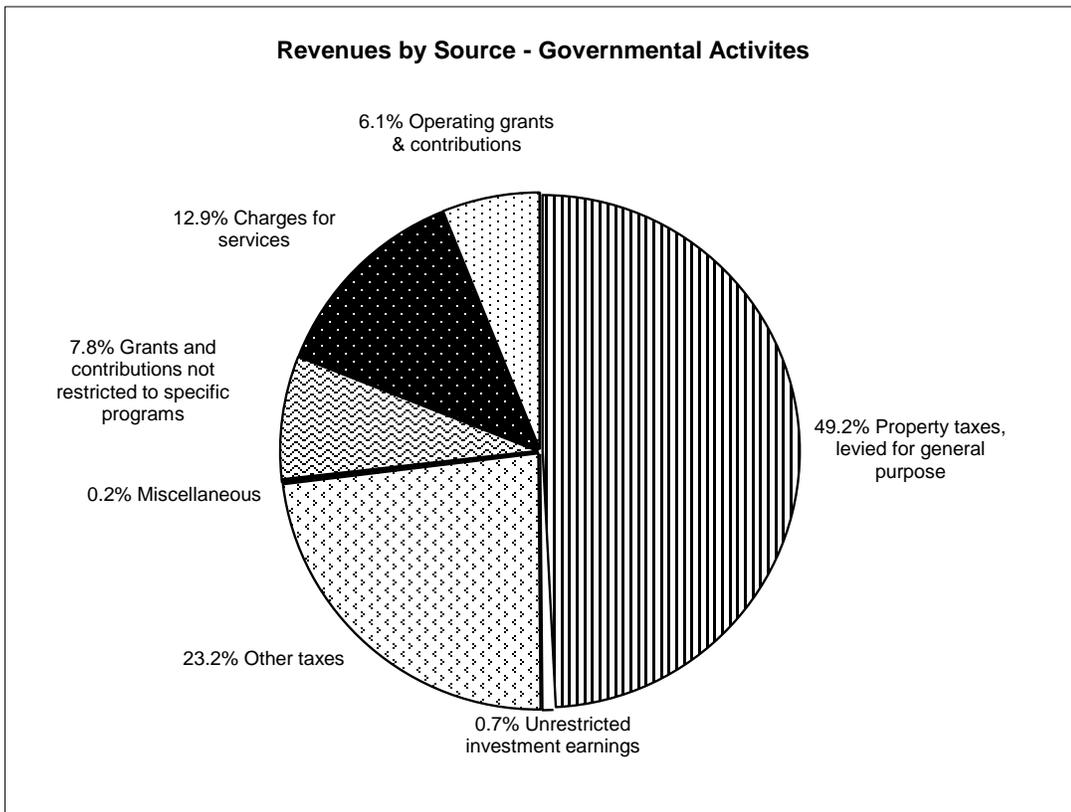
Other items affecting the changes in net position are below:

- For all of the internal service funds, which are the Dental Self Insurance Fund, Workers Compensation Self Insurance Fund, and Group Health Self Insurance Fund, claims were more than expected and resulted in approximately \$347,346 decrease in net position.
- Miscellaneous revenue decreased by \$1,033,869. This is due to one-time revenues that were received in the prior year but not in this fiscal year.
- Charges for services decreased by \$260,564 in the Governmental Activities. The decreases are due to various decreases in both the Cultural and Recreational divisions and Economic and Physical Development.

**Figure 4**



**Figure 4 continued**



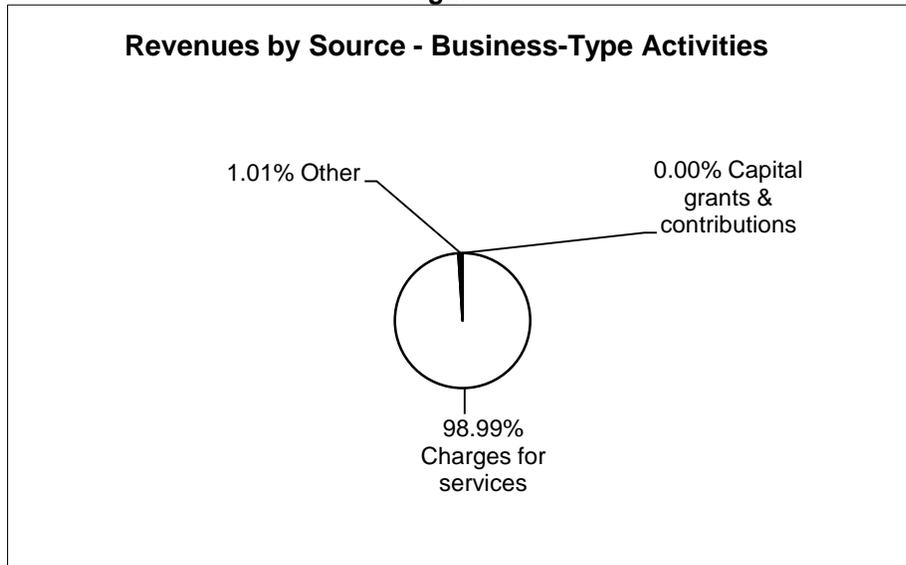
- Ad valorem taxes provided 49.18% of the revenues for governmental activities in the General Fund, with other taxes and licenses providing 23.21% of revenues in the General Fund also.
- Expenses increased approximately \$3,028,857 or 5.16%. One contributor to this was the \$969,667 increase in direct personnel costs to the City. With the City continuing to grow, health insurance expenses saw an increase of \$637,194 and retirement expense saw an increase from the prior year by \$140,481. Overtime-time employee compensation also contributed with a net increase of \$159,268, of which Public Safety made up \$136,421. Automotive expenses increased by \$128,838 and utilities increased by \$138,751. In efforts to prolong the life of city buildings/structures, building maintenance and repairs had a net increase of \$196,548. The last major component of the increase was due to maintenance and service contracts of \$149,249. Of this increase, \$68,321 is for the City Council use of voting machines (election year). To combat the increases, there was a decrease to Public Works capital accounts of \$359,590. The bulk of these savings stem from street projects that had to be carried forward. In addition, equipment not capitalized had a net decrease of \$85,748. Maintenance and equipment had a net decrease of \$105,975.

#### *Business-type activities*

Business-type activities increased the City of Burlington's net position by \$1,296,239, accounting for all of the growth in the government's net position. (The growth in the business-type activities was offset by a significant decrease in governmental activities.) Key elements of the increase in net position include increases and decreases and are as follows:

- In fiscal year 2017-2018, business type activities revenues increased 10.1% for the Water Resources Fund. The first factor was due to a 2.0% rate increase instituted by the City of Burlington for the 2017-2018 fiscal year in the Water Resources Fund. The rate increase amounted to approximately a 2.0% increase for water and sewer rates for all customers, inside and outside the corporate city limits. Even with this increase, Burlington's rates continue to remain below other cities with similar collection and distribution systems.
- Another factor in the increase in revenues was due to an overall increase in consumption. Sales to the City of Greensboro increased also due to consumption.
- There was a decrease in the pension liability of \$174,244.
- The Transportation fund's expenses decreased by \$1,612,195 from 2017 to 2018. This is primarily due to a reduction in capital expenditures. Last year there was a transfer to the transportation, sidewalk and intersection capital project fund in fiscal year 2017 for sidewalk construction/improvements.

Figure 5



- Expenses for business-type activities decreased \$2,168,002 from the preceding year. Expenses directly related to personnel saw an increase of \$82,167. Of this increase, the major contributing factors were as follows: With multiple retirements throughout the year, general personnel services expenses saw a \$58,106 decrease, while group and retired insurance expenses increased by \$139,824. General operating expenses increased by \$134,931. (With utilities expenses increasing \$46,280, line maintenance and repair increasing \$68,698, lines materials increasing \$46,423, and equipment maintenance and repair increasing \$45,943 - while outfall rehab decreased \$28,345 and professional services decreased \$62,531.) With the addition of new vehicles and departmental compliance updates, departmental supplies expenses increased \$284,573, automotive expenses increased \$62,438, chemical expenses increased \$142,109, and postage expenses for all departments increased \$43,936. Administration expenses experienced a net decrease of \$81,128. (With maintenance and service expenses increasing \$563,595 - while permits and fees expenses decreased \$433,632, fees for Greensboro sewer decreased \$164,726, and water purchases and materials expenses decreased \$50,262.) There was also a decrease of \$1,305,000 in transfers out of the enterprise funds to capital project fund from the prior year. Principal and interest expenses experienced a net decrease of \$449,278, while depreciation expenses increased by \$236,332.
  
- The City operates three enterprise funds: the Water Resources Fund that constitutes most of the business-type activities, the Storm Water Fund, and the Transportation Fund. There is a small allocation of the internal service funds included in the business-type activities.

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

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

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

The General Fund is the chief operating fund of the City of Burlington. At the end of the current fiscal year, fund balance available in the General Fund was \$7,822,866, while total fund balance reached \$37,231,386. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 13.5% of total General Fund expenditures.

At June 30, 2018, the governmental funds of the City of Burlington reported a combined fund balance of \$54,058,322, a \$3,159,652 decrease over last year. Key factors (increases and decreases) in the changes of the fund balances for the governmental funds are noted below:

- The capital reserve fund had a net decrease \$2,677,984, due to transfers to the several capital project funds including the animal shelter, sidewalk improvements, Willowbrook Park improvements and the Front Street Greenway/Bikeway path.
- The Public Safety Special Revenue Funds had a net increase of fund balances by \$72,097 after receiving monies from grants, and expending the money on purchases in the current year.
- The Home Program, the Community Development Block Grant, and the Rental Rehabilitation Loan Programs when netted altogether, used and thus decreased fund balance by \$107,403.
- There was a \$938,949 decrease in fund balance in the General Fund as a result of actual revenues being less than actual expenses. This is due to having several budget amendments throughout the year that used appropriated fund balance. Some of the budget amendments were for the following: 1) replacement radios for police and fire communications, 2) matching funds for replacing police body worn cameras, 3) athletic stadium upgrades, and 4) replacement of the firewall software.

*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 \$9,515,771 increase in appropriations, and the main items can be briefly summarized as follows:

- \$2,015,318 capital equipment financed consisting of the annual computer replacements for employees, 1 fire engine, 2 new knuckle boom tucks for sanitation, 1 patching vehicle for streets, marked and unmarked police cars and various other equipment.
- \$1,353,550 for projects carried forwards from the prior year. Of which \$973,800 was attributed to maintenance-paved streets and consisted of resurfacing/patching or sidewalk construction.
- \$2,887,598 in year-end adjustments, the largest portion attributable to a transfer to Group Health Insurance Fund

- (\$800,000) for insurance claims. In addition, police had direct increases in both personnel (\$325,000) and overtime (\$320,000).
- Other major adjustments include \$715,000 for a new engine (fire), \$550,500 for the Quick Hitter Trail, \$1,187,500 for the replacement of radios for both the Fire and Police department.

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

- Ad Valorem tax revenues were greater than final amended budgeted amounts due to a conservative estimate of a 96.5% collection rate rather than the actual 98.7% rate.
- Vehicle property tax collection experienced an increase. A major factor in the continued increase is the change in the collection method. Instead of being collected by the county, vehicle property taxes are now collected by the NC State Division of Motor Vehicles. Individuals cannot get a tag for their vehicle without first paying the owed property taxes.
- Sales taxes were up \$1,462,418 primarily due to consumers being confident in the economy and steadily increasing their consumer spending.
- Unrestricted intergovernmental revenues were up by a net of \$277,184. Major factors were: receiving more than expected for the State shared franchise tax (\$307,707), ABC revenue (\$74,273) and Alamance County fuel purchase (down \$104,777).
- Permits and fees were \$149,286 over final amended budget. Construction being a major contributor, both residential and commercial.
- General government actual expenditures were \$742,463 under final amended budgeted expenditures. Largely in-part to the conservative approach taken by staff and budgeted items not being incurred. Legal expenses were \$286,745 under budget, which can be attributed to the reduction in the need for (third-party) contracted legal services. The Planning department had \$309,028 in unspent funds primarily due to professional services that were not used and one open full-time position. The Recreation department had a \$351,544 of capital expenditures that are from projects not yet completed. Likewise, the Fire department had an Engine (truck) ordered for \$715,000 that did not arrive before year end.
- Public Works actual expenditures were \$1,090,103 under final amended budgeted expenditures primarily due to street resurfacing projects that were not finished.

*Proprietary funds:* The City of Burlington's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Water Resources Fund, Storm Water Fund and Public Transportation Fund combined at the end of the fiscal year amounted to \$41,105,221. The total growth in net position was \$1,607,555. 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, 2018, totals \$217,152,850 (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 decrease of \$2,708,249. The capital asset decreases and increases are explained below. In accordance with GASB 75, the pension liabilities were added to the government wide statements which are \$28,241,295.

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

Governmental activities:

Governmental Capital Assets had a net increase of \$924,937. The changes (outside of depreciation) are explained below:

- Infrastructure had a net decrease of \$771,337. This decrease consisted of depreciation netted against approximately \$202,000 in additions of streets resurfacing/patching and sidewalk projects.
- Construction in progress had a net increase \$1,337,818. The majority of the increase stems from street resurfacing/patching and widening projects for \$925,638, renovations to the Carousel \$177,938, updates to the Animal Shelter \$365,492. Offsetting these increases were decreases in various projects that were started in the prior year were finished this fiscal year. Including wireless communication consoles for \$78,786, building renovations \$28,707.
- Buildings had a net decrease of \$647,762. The net decrease represents the proactive measures the City has taken over the years with maintenance and repairs in-order to preserve its buildings/structures,
- Equipment had a net increase of \$665,734. All of which was made up of purchases related to computer hardware and software, police body cameras and server, lawn mower and veterinary equipment.
- Vehicles had a net increase \$340,484. The increase in vehicles is due to the purchase of: 17 police vehicles for \$499,265, 1 knuckle-boom loader (sanitation) for \$109,100, 5 street department trucks for \$474,699. Offsetting the increase in vehicles is a decrease of \$759,257 which represents the disposal value of used and worn out vehicles.

Business-type activities:

Business-type Capital Assets had a net decrease of \$3,633,186. The changes are explained below:

- There was no change in Land costs.
- Buildings experienced a decrease of \$1,857,333, primarily due to depreciation. Assets added were approximately \$859,462, consisting of \$521,256 for building repairs and upgrades, \$58,869 for a boat house replacement, \$130,341 for two clarifier drives, \$107,000 for a MORSE pump, and \$41,996 for miscellaneous building repairs.
- Other improvements experienced a decrease of \$2,461,288, primarily due to depreciation. Assets added were approximately \$68,632.
- Infrastructure experienced an increase of \$4,614. Assets added were approximately \$674,650, consisting of \$375,661 for water main, pipe and sewer repair, \$287,394 for the mobilization project, and \$11,595 for the Haw River Interceptor project. These costs were offset by the depreciation amounts for new and existing assets.
- General equipment experienced a net increase of \$277,466. Assets added were approximately \$523,286, consisting of \$208,022 for John Deere equipment, \$252,220 for a rotary press, \$35,500 for fiber installation, and \$27,544 for other machinery. These costs were offset by the depreciation amounts for new and existing assets, as well as \$92,696 in asset disposals.
- Vehicles experienced a net increase of \$16,334. Assets added were approximately \$521,289, consisting of \$146,007 for two heavy vehicles, and \$375,282 for five conventional vehicles. These costs were offset by the depreciation amounts for new and existing assets, as well as \$221,388 in asset disposals.

- Construction in progress experienced an increase of \$387,021. The majority of this increase was due to \$295,163 in various water line projects, \$22,780 for a sodium hypochlorite facility, \$26,141 in lift station upgrades, and \$102,542 for the Willowbrook Park restoration project. Offsetting these increases were the completion of a \$252,220 rotary press and pump project and \$58,869 boat house replacement project. These projects are now considered to be complete.
- No major demolitions were recorded this year.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 8,628,374	\$ 8,628,374	\$ 6,945,444	\$ 6,945,444	\$ 15,573,818	\$ 15,573,818
Buildings and system	26,924,829	27,572,591	45,287,288	47,144,621	72,212,117	74,717,212
Improvements other than buildings			90,783,034	93,244,322	90,783,034	93,244,322
Machinery and equipment	4,530,568	3,864,834	1,695,485	1,418,019	6,226,053	5,282,853
Infrastructure	18,086,259	18,857,596	94,061	89,447	18,180,320	18,947,043
Vehicles and motorized equipment	8,885,314	8,544,830	2,298,344	2,282,010	11,183,658	10,826,840
Construction in progress	2,203,614	865,796	790,236	403,215	2,993,850	1,269,011
<b>Total</b>	<b>\$ 69,258,958</b>	<b>\$ 68,334,021</b>	<b>\$ 147,893,892</b>	<b>\$ 151,527,078</b>	<b>\$ 217,152,850</b>	<b>\$ 219,861,099</b>

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

*Long-term debt:* As of June 30, 2018, the City of Burlington had total bonded debt outstanding of \$35,626,839. Of this amount, all is backed by the full faith and credit of the City.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 3,940,000	\$ 4,492,742	\$ 399,000	\$ 1,567,000	\$ 4,339,000	\$ 6,059,742
Installment purchases	1,983,462	1,975,181		-	1,983,462	1,975,181
Revenue bonds**		-	31,287,839	32,959,901	31,287,839	32,959,901
Compensated absences	2,789,614	2,517,662	299,530	358,104	3,089,144	2,875,766
OPEB liability	23,920,377	24,992,481	4,320,198	4,410,438	28,240,575	29,402,919
Net pension liability (LGERS)	6,436,263	8,816,795	1,162,631	1,555,905	7,598,894	10,372,700
Total pension liability (LEO)	6,506,414	5,983,262	-	-	6,506,414	5,983,262
<b>Total</b>	<b>\$ 45,576,130</b>	<b>\$ 48,778,123</b>	<b>\$ 37,469,198</b>	<b>\$ 40,851,348</b>	<b>\$ 83,045,328</b>	<b>\$ 89,629,471</b>

The City of Burlington's total debt decreased by \$6,583,423 (7.3%) during the past fiscal year. The majority of this decrease (\$2,773,806) comes from the decrease in the City's net pension liability for the Local Government Retirement System. Offsetting the decreases in the pension liabilities are the increases (\$736,530) in compensated absences and total pension liability (LEO) for governmental activities. The City issued \$2,015,318 in installment financings, bearing an interest rate of 1.560%, to acquire certain vehicles and other equipment for general government uses, to be paid back over a 3-year period.

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

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Burlington is \$380,394,940. The City has no bonds authorized but un-issued at June 30, 2018.

Additional information regarding the City of Burlington's long-term debt can be found in note III.6, beginning on page 40-44 of this report.

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

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

- Continued improvements in the unemployment rate. From last year's average of 4.53%, the rate has fallen to 4.11% in Alamance County, where the City of Burlington is located. This rate is comparable to the US average of 4.10 and slightly below the state average of 4.34%.
- Interest rates on certificates of deposit, commercial paper, etc. averaged 1.32%, a 53.5% increase over last fiscal year. The economy is continuing its growth pattern.
- Commercial construction permits decreased slightly from 1,139 permits issued in the prior year to 1,127 issued for the fiscal year ending 6/30/18. Residential construction permits increased from 3,376 in the prior year to 3,907.
- The City's largest taxpayer, Laboratory Corporation of America (LabCorp) continues to grow. The company posted net revenue of \$2.9 billion for the quarter ending 6/30/18, up 13% over last year.

#### ***BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2019***

*Governmental activities:* General Fund revenues are budgeted for a \$1.46 million increase over the prior year's budget. Property taxes are projected at a net \$931,880 increase (64% of total revenue increase). The increase in property taxes stems from taking a more aggressive approach in collecting taxes as well as growth in property values (from increases in construction of new properties residential and business) and discoveries. Sales tax has been projected to increase by another \$691,947 or (47.5% of total revenue increase). The amount of sales tax budgeted, even though increased, is still slightly below actual sales tax received in the prior year. Offsetting these increases in revenues is an increase in economic development incentives, which is a contra revenue account, and thus a decrease to total revenue by \$197,212. If job numbers continue to come in as they have in past few months, and GDP remains steady, then economists are projecting that these and other factors are strong indicators that the Federal Reserve Board will raise the interest rate again in December, thus interest earnings are projected to increase

minimally. The City continues to participate in performance measurement analysis. Specifically looking at indirect costs, measures validate that the dollar amount the General Fund is reimbursed from the Water Resources Fund for administrative charges is reasonable.

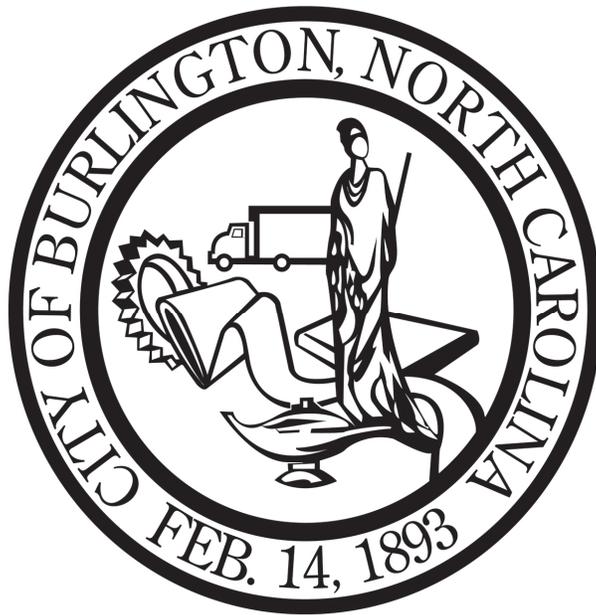
Budgeted expenditures, like the revenues, have an increase of \$1.46 million when comparing the General Fund expenditures to the prior year. The largest portion of the increase (\$1,803,748) is due to personnel costs and is for five reasons. First, 5 new positions were approved, one in public works, one for engineering, one for fire and two for police. Second, there were also 5 positions restructured, including two new assistant city manager positions, which increased personnel costs. Third, there was an average 2% merit pay increase approved by Council. Fourth, Council chose to keep the police merit-based pay plan for continuity in the police department. Fifth, Council has decided to have a classification study done for one third of the staff each year. Other increases in the budget are as follows: \$349,506 increase in police operations, \$149,791 increase in transportation and technical services, and \$88,438 increase in IT's operations. Offsetting these increases is a \$265,448 decrease in capital purchased and a \$162,947 decrease in contributions to the public transportation fund due to a one time grant being received this year.

*Business-type activities:* Total revenue is projected to increase by 2.2% over the previous fiscal year. The majority of the increase is due to a 2% increase in water and sewer rates for fiscal year ending June 30, 2019 over the prior fiscal year ending June 30, 2018. Both water and sewer rates are double the inside rate for customers outside the corporate limits of the City. In addition, the "municipal service rate" remains the same such that the rate is now 110% of the inside sewer rate, thereby assuring that inside City customers would be paying the lesser rate for their sewer service.

Operating expenses are also budgeted to increase by 2.2% over the previous fiscal year. In the next year's budget, there is an increase in costs for professional services in the amount of \$200,000. Other increases are personnel costs due to an average 2% merit approved by Council by \$130,377, a increase in transfers to the water capital reserve fund and the sewer capital reserve fund by \$162,971, an increase in repairs and maintenance for \$150,145, an increase of \$496,400 in capital expenditures and an increase of \$220,000 for which the City of Burlington pays another municipality to treat sewage for an area closer to their service area. Offsetting these increases is a decrease in debt of \$654,444.

#### ***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**

## Exhibit 1

City of Burlington, North Carolina  
Statement of Net Position  
June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Burlington Downtown Corporation
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 47,184,348	\$ 69,453,314	\$ 116,637,662	\$ 184,478
Taxes receivables (net)	868,488	-	868,488	26,637
Accrued interest receivable on taxes	676,424	-	676,424	-
Accounts receivable (net)	22,845,625	8,146,937	30,992,562	-
Internal balances	991,446	(991,446)	-	-
Inventories	-	1,235,094	1,235,094	-
Prepaid items	-	3,600	3,600	-
Restricted assets:				
Cash and cash equivalents	-	535,324	535,324	-
<b>Total current assets</b>	<b>72,566,331</b>	<b>78,382,823</b>	<b>150,949,154</b>	<b>211,115</b>
Capital assets (Note 1):				
Land, non-depreciable improvements, and construction in progress	10,831,988	7,735,680	18,567,668	-
Other capital assets, net of depreciation	58,426,970	140,158,212	198,585,182	-
<b>Total noncurrent assets</b>	<b>69,258,958</b>	<b>147,893,892</b>	<b>217,152,850</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 141,825,289</b>	<b>\$ 226,276,715</b>	<b>\$ 368,102,004</b>	<b>\$ 211,115</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals	\$ 5,695,372	\$ 890,678	\$ 6,586,050	
OPEB deferrals	\$ 2,188,330	395,295	2,583,625	
<b>Total deferred outflows of resources</b>	<b>\$ 7,883,702</b>	<b>\$ 1,285,973</b>	<b>\$ 9,169,675</b>	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 4,473,829	\$ 2,644,815	\$ 7,118,644	\$ 7,020
Accrued interest payable	100,775	1,547,372	1,648,147	-
Customer deposit	-	535,324	535,324	-
Payable from restricted assets	-	-	-	-
Current portion of long-term liabilities	2,555,942	2,143,882	4,699,824	-
<b>Total current liabilities</b>	<b>7,130,546</b>	<b>6,871,393</b>	<b>14,001,939</b>	<b>7,020</b>
Noncurrent liabilities:				
Net pension liability - LGERS	6,436,263	1,162,631	7,598,894	
Net pension liability - LEO	6,506,414	-	6,506,414	
OPEB liability	23,920,377	4,320,918	28,241,295	
Due in more than one year	6,157,134	29,842,487	35,999,621	-
<b>Total noncurrent liabilities</b>	<b>43,020,188</b>	<b>35,326,036</b>	<b>78,346,224</b>	<b>-</b>
<b>Total liabilities</b>	<b>50,150,734</b>	<b>42,197,429</b>	<b>92,348,163</b>	<b>7,020</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on refunding	122,985	67,603	190,588	
Pension deferrals	358,494	49,221	407,715	
OPEB deferrals	1,433,428	258,931	1,692,359	
<b>Total deferred inflows of resources</b>	<b>1,914,907</b>	<b>375,755</b>	<b>2,290,662</b>	
<b>NET POSITION</b>				
Net Investment in capital assets	63,335,497	116,139,450	179,474,947	-
Restricted for:				
Capital projects	3,591,727	28,736,279	32,328,006	-
Public safety	662,993	-	662,993	-
Economic development	3,463,636	-	3,463,636	-
Stabilization by State Statute	9,614,902	-	9,614,902	-
Unrestricted	16,974,595	40,113,775	57,088,370	204,095
<b>Total net position</b>	<b>\$ 97,643,350</b>	<b>\$ 184,989,504</b>	<b>\$ 282,632,854</b>	<b>\$ 204,095</b>

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

City of Burlington, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
Governmental Activities:								
General government	\$ 8,575,711	\$ 2,468,385	\$ 198,622	\$ -	\$ (5,908,704)	\$ -	\$ (5,908,704)	\$ -
Public safety	28,890,052	818,406	616,127	-	(27,455,519)	-	(27,455,519)	-
Public works	13,052,857	1,370,364	1,893,246	-	(9,789,247)	-	(9,789,247)	-
Economic and physical development	922,133	351,947	808,388	-	238,202	-	238,202	-
Cultural and recreation	8,119,854	2,424,685	10,982	-	(5,684,187)	-	(5,684,187)	-
Interest on long-term debt	67,660	-	-	-	(67,660)	-	(67,660)	-
Total governmental activities (See Note 1)	59,628,267	7,433,787	3,527,365	-	(48,667,115)	-	(48,667,115)	-
<b>Business-type activities:</b>								
Non-major enterprise funds	2,075,238	2,083,675	-	-	-	8,437	8,437	-
Water and sewer	24,035,900	29,183,476	-	-	-	5,147,576	5,147,576	-
Total business-type activities	26,111,138	31,267,151	-	-	-	5,156,013	5,156,013	-
Total primary government	\$ 85,739,405	\$ 38,700,938	\$ 3,527,365	\$ -	\$ (48,667,115)	\$ 5,156,013	\$ (43,511,102)	\$ -
<b>Component unit:</b>								
Burlington Downtown Corporation	\$ 249,917	\$ 126,011	\$ 142,289	\$ -	\$ -	\$ -	\$ -	18,383
Total component units	\$ 249,917	\$ 126,011	\$ 142,289	\$ -	\$ -	\$ -	\$ -	18,383
<b>General revenues:</b>								
Taxes:								
Property taxes, levied for general purpose					28,364,921	-	28,364,921	-
Local options sales tax					13,081,292	-	13,081,292	-
Other taxes and licenses					305,478	-	305,478	-
Grants and contributions not restricted to specific programs					4,474,051	-	4,474,051	-
Unrestricted investment earnings					394,119	320,427	714,546	187
Miscellaneous					93,644	-	93,644	-
Transfers					80,124	(460,626)	(380,502)	-
Total general revenues, special items, and transfers					46,793,629	(140,199)	46,653,430	187
Change in net position					(1,873,486)	5,015,814	3,142,328	18,570
Total net position previously reported					118,432,565	183,693,265	302,125,830	185,525
Restatement					(18,915,729)	(3,719,575)	(22,635,304)	-
Total net position-restated					99,516,836	179,973,690	279,490,526	185,525
Net position-ending					\$ 97,643,350	\$ 184,989,504	\$ 282,632,854	\$ 204,095

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

**City of Burlington  
Balance Sheet  
Governmental Funds  
June 30, 2018**

Exhibit 3

3

	MAJOR FUND		Total Non-Major Funds	Total Governmental Funds
	General	HOME Program Project Fund		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 32,262,075	\$ 205,624	\$ 5,394,041	\$ 37,861,740
Restricted cash	5,472,685	-	-	5,472,685
Receivables, net:				
Taxes	804,016	-	64,472	868,488
Accounts	8,170,952	-	411,593	8,582,545
Housing rehabilitation loans	-	-	1,992,609	1,992,609
Home incentive loans	-	10,876,115	53,105	10,929,220
Prepays	-	-	-	-
<b>Total assets</b>	<b>\$ 46,709,728</b>	<b>\$ 11,081,739</b>	<b>\$ 7,915,820</b>	<b>\$ 65,707,287</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 3,192,849	\$ -	\$ 280,293	\$ 3,473,142
Total liabilities	3,192,849	-	280,293	3,473,142
Deferred Inflows of Resources				
Property taxes receivable	779,532	-	-	779,532
Deferred revenue	-	7,331,819	64,472	7,396,291
Total deferred inflows of resources	779,532	7,331,819	64,472	8,175,823
Fund balances:				
Restricted:				
Stabilization by State Statute	9,614,902	-	176,524	9,791,426
Historic Books	1,418	-	-	1,418
Animal Shelter	562	-	-	562
Economic Development	-	3,553,738	3,113,856	6,667,594
Public Safety	-	-	525,440	525,440
Committed:				
Capital Improvements	-	-	3,508,898	3,508,898
Capital Reserve Fund	5,505,961	-	-	5,505,961
Assigned				
Subsequent Years Expenditures	1,636,986	196,182	412,159	2,245,327
General Government	4,316,000	-	-	4,316,000
Parks and Recreation	1,763,652	-	-	1,763,652
Public Safety	5,950,000	-	-	5,950,000
Economic Development	3,000,000	-	-	3,000,000
Public Works	3,125,000	-	-	3,125,000
Unassigned	7,822,866	-	(165,822)	7,657,044
Total fund balances	42,737,347	3,749,920	7,571,055	54,058,322
<b>Total liabilities and fund balances</b>	<b>\$ 46,709,728</b>	<b>\$ 11,081,739</b>	<b>\$ 7,915,820</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Gross capital assets at historical costs - \$ 129,489,887 accumulated depreciation - (\$60,230,929) 129,489,887 69,258,958

Deferred outflows of resources related to pensions are not reported in the funds. 7,883,702

Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds. 676,424

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. 991,446

Liabilities for earned revenues considered deferred inflows of resources in fund statements 8,295,451

Deferred inflows of resources related to pensions are not reported in the funds (1,791,922)

Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets. 4,070,859

Net pension liability - LGERS (6,436,263)

Other long-term debt (post employment benefits) are not due and therefore are not reported in the funds. (23,920,377)

Net pension liability - LEO (6,506,414)

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-\$3,940,000 installment purchases-\$1,983,462 compensated absences-\$2,789,614, accrued interest-\$100,775 and bond issuance cost \$122,985. (8,936,836)

Net position of governmental activities \$ 97,643,350

**City of Burlington**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	Major Fund		Total Non-Major Funds	Total Governmental Funds
	General Fund	HOME Program Project Fund		
<b>REVENUES</b>				
Ad valorem taxes	\$ 28,343,053	\$ -	\$ 126,017	\$ 28,469,070
Other taxes and licenses	13,488,383	-	-	13,488,383
Unrestricted intergovernmental	4,837,184	-	168,693	5,005,877
Restricted intergovernmental	2,940,832	-	1,432,075	4,372,907
Permits and fees	1,406,586	-	-	1,406,586
Sales and services	4,198,553	-	43,515	4,242,068
Investment earnings	231,175	-	19	231,194
Miscellaneous	240,897	94,135	20,134	355,166
Total revenues	55,686,663	94,135	1,790,453	57,571,251
<b>EXPENDITURES</b>				
Current:				
General government	7,873,369	-	-	7,873,369
Public safety	25,066,572	-	1,374,334	26,440,906
Public works	10,150,081	-	-	10,150,081
Economic and physical development	-	25,183	1,577,864	1,603,047
Culture and recreation	6,984,853	-	176,393	7,161,246
Debt service:				
Principal	2,542,038	-	-	2,542,038
Interest and other charges	104,685	-	-	104,685
Capital outlay	5,380,788	-	-	5,380,788
Total expenditures	58,102,386	25,183	3,128,591	61,256,160
Excess (deficiency) of revenues over expenditures	(2,415,723)	68,952	(1,338,138)	(3,684,909)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	1,617,189	19,391	1,738,215	3,374,795
Transfers to other funds	(4,833,717)	-	(19,391)	(4,853,108)
Issuance of installment purchase	2,015,318	-	-	2,015,318
Total other financing sources (uses)	(1,201,210)	19,391	1,718,824	537,005
Net change in fund balance	(3,616,933)	88,343	380,686	(3,147,904)
Fund balances-beginning	46,354,280	3,661,577	7,190,369	57,206,226
Prior period adjustment	-	-	-	-
Fund balances-beginning adjusted	46,354,280	3,661,577	7,190,369	57,206,226
Fund balances-ending	\$ 42,737,347	\$ 3,749,920	\$ 7,571,055	\$ 54,058,322

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, 2018**

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

Net changes in fund balances - total governmental funds	\$ (3,147,904)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay-\$5,380,788 exceeded depreciation-(\$4,460,608).	920,180
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	2,350,409
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	1,669,357
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	332,428
Change in accrued interest receivable	254,664
Change in unavailable revenue for tax revenues	527,821
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Issuance of debt- (\$1,951,100), principal expenditures- \$2,134,205 change in accrued interest payable- (\$16,267) and net change ammortization \$37,118 and 15,373.	20,925
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	(5,380,764)
Net pension obligation LEO	
Compensated absences	(271,952)
Other post employment benefits	987,380
Net revenue of internal service funds determined to be governmental-type.	(36,030)
Total changes in net position of governmental activities	\$ (1,773,486)

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

**City of Burlington**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2018**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
Ad valorem taxes	\$ 26,904,824	\$ 26,904,824	\$ 28,343,053	\$ 1,438,229
Other taxes and licenses	11,983,572	11,983,572	13,488,383	1,504,811
Unrestricted intergovernmental	4,560,000	4,560,000	4,837,184	277,184
Restricted intergovernmental	2,803,840	3,043,415	2,915,823	(127,592)
Permits and fees	1,257,300	1,257,300	1,406,586	149,286
Sales and services	4,185,584	4,295,344	4,198,553	(96,791)
Investment earnings	401,000	401,000	179,964	(221,036)
Miscellaneous	103,000	103,000	240,897	137,897
	<u>52,199,120</u>	<u>52,548,455</u>	<u>55,610,443</u>	<u>3,061,988</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	9,082,435	9,024,146	8,281,683	742,463
Public safety	24,592,973	28,421,939	27,333,262	1,088,677
Public works	11,107,383	13,210,091	11,973,575	1,236,516
Cultural and recreation	6,488,789	7,844,453	7,842,134	2,319
Principal retirement	2,509,840	2,542,040	2,542,038	2
Interest and other charges	104,686	104,686	104,685	1
	<u>53,886,106</u>	<u>61,147,355</u>	<u>58,077,377</u>	<u>3,069,978</u>
<b>Total expenditures</b>				
	<u>53,886,106</u>	<u>61,147,355</u>	<u>58,077,377</u>	<u>3,069,978</u>
Revenues over (under) expenditures	(1,686,986)	(8,598,900)	(2,466,934)	6,131,966
<b>Other financing sources (uses):</b>				
Transfers from other funds	-	3,415,818	3,415,818	-
Transfers to other funds	-	(2,254,522)	(2,004,522)	250,000
Sale of properties and materials	50,000	50,000	116,689	66,689
Installment financing	-	-	-	-
	<u>50,000</u>	<u>1,211,296</u>	<u>1,527,985</u>	<u>316,689</u>
<b>Total other financing sources (uses)</b>				
	<u>50,000</u>	<u>1,211,296</u>	<u>1,527,985</u>	<u>316,689</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(1,636,986)	(7,387,604)	(938,949)	<u>\$ 6,448,655</u>
Fund balances appropriated	1,636,986	7,387,604		
Fund balances, beginning of year	-	-	38,170,335	
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,231,386</u>	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
<b>Interest Income</b>			\$ 51,211	
<b>Transfer from General Fund</b>			100,000	
<b>Transfer from other funds</b>			-	
<b>Transfer to other funds</b>			(2,829,195)	
<b>Fund balance beginning</b>			<u>8,183,945</u>	
<b>Fund Balance Ending (Exhibit 4)</b>			<u>\$ 42,737,347</u>	

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

City of Burlington  
Statement of Net Position  
Proprietary Funds  
June 30, 2018

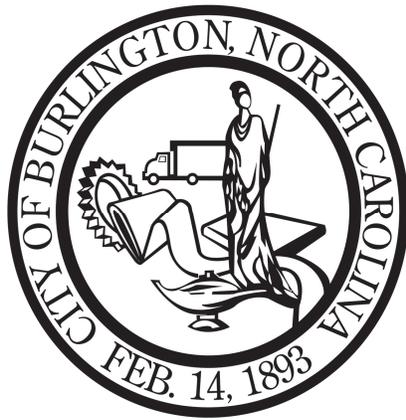
	Business-Type Activities			Internal Service Funds
	Water and Sewer Fund	Non-Major Enterprise Funds	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 65,542,334	\$ 3,910,980	\$ 69,453,314	\$ 3,849,923
Accounts receivable (net) - billed	5,366,642	490,512	5,857,154	220,936
Accounts receivable (net) - unbilled	2,191,091	98,692	2,289,783	-
Due from other funds	356,294	(356,294)	-	-
Prepaid assets	3,600	-	3,600	-
Inventories	1,235,094	-	1,235,094	-
Restricted assets:				
Cash and cash equivalents	535,324	-	535,324	-
Total current assets	<u>75,230,379</u>	<u>4,143,890</u>	<u>79,374,269</u>	<u>4,070,859</u>
Capital assets:				
Land and other non-depreciable assets	7,627,190	108,490	7,735,680	-
Other capital assets, net of depreciation	138,860,568	1,297,644	140,158,212	-
Capital assets (net)	<u>146,487,758</u>	<u>1,406,134</u>	<u>147,893,892</u>	<u>-</u>
Total noncurrent assets	146,487,758	1,406,134	147,893,892	-
Total assets	<u>\$ 221,718,137</u>	<u>\$ 5,550,024</u>	<u>\$ 227,268,161</u>	<u>\$ 4,070,859</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals	\$ 881,771	\$ 8,907	\$ 890,678	\$ -
OPEB deferrals	<u>\$ 395,295</u>	<u>-</u>	<u>395,295</u>	<u>-</u>
Total deferred outflows of resources	\$ 1,277,066	\$ 8,907	\$ 1,285,973	\$ -
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 2,321,225	\$ 1,870,962	\$ 4,192,187	\$ 1,000,688
Due to other funds	-	-	-	-
Compensated absences - current	74,133	749	74,882	-
Other postemployment benefits	-	-	-	-
General obligation bonds payable - current	399,000	-	399,000	-
Revenue bonds payable	1,670,000	-	1,670,000	-
Liabilities payable from restricted assets:				
Customer deposits	535,324	-	535,324	-
Total current liabilities	<u>4,999,682</u>	<u>1,871,711</u>	<u>6,871,393</u>	<u>1,000,688</u>
Noncurrent liabilities:				
Other noncurrent liabilities:				
Pension liability	1,151,005	11,626	1,162,631	-
OPEB liability	4,320,918	-	4,320,918	-
Compensated absences	222,402	2,246	224,648	-
General obligation bonds payable - noncurrent (net)	-	-	-	-
Revenue bonds payable	29,617,839	-	29,617,839	-
Total noncurrent liabilities	<u>35,312,164</u>	<u>13,872</u>	<u>35,326,036</u>	<u>-</u>
Total liabilities	<u>40,311,846</u>	<u>1,885,583</u>	<u>42,197,429</u>	<u>1,000,688</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals	48,729	492	49,221	-
OPEB deferrals	258,931	-	258,931	-
Deferred gain on refunding	67,603	-	67,603	-
Total deferred inflows of resources	<u>375,263</u>	<u>492</u>	<u>375,755</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	114,733,316	1,406,134	116,139,450	-
Restricted for Capital projects	28,736,279	-	28,736,279	-
Unrestricted	<u>38,838,499</u>	<u>2,266,722</u>	<u>41,105,221</u>	<u>3,070,171</u>
Total net position	<u>\$ 182,308,094</u>	<u>\$ 3,672,856</u>	<u>185,980,950</u>	<u>\$ 3,070,171</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(991,446)	
Net position of business-type activities			<u>\$ 184,989,504</u>	

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

**City of Burlington**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	<b>Business-Type Activities</b>			<b>Governmental Activities-</b>
	<b>Water and Sewer Fund</b>	<b>Non-Major Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 28,942,311	\$ 1,275,757	\$ 30,218,068	\$ 6,762,613
Other operating revenues	241,165	807,918	1,049,083	-
Total operating revenues	<u>29,183,476</u>	<u>2,083,675</u>	<u>31,267,151</u>	<u>6,762,613</u>
<b>OPERATING EXPENSES</b>				
Building and administrative	2,632,669	-	2,632,669	474,796
Customer services	1,523,743	1,766,702	3,290,445	104,214
Supervision - lines	273,182	-	273,182	-
Line maintenance and repairs	1,172,824	-	1,172,824	-
Line services and construction	617,444	-	617,444	-
Supervision - treatment	659,370	-	659,370	-
Water source of supply	193,868	-	193,868	-
Water plant operations	3,091,629	-	3,091,629	-
Sewage treatment plant operations	4,308,907	-	4,308,907	-
Laboratories	540,062	-	540,062	-
Plants maintenance	929,030	-	929,030	-
Lakes and marinas	463,863	-	463,863	-
Depreciation	6,343,346	308,536	6,651,882	-
Claims paid, excess loss coverage and claims administration	-	-	-	8,598,848
Total operating expenses	<u>22,749,937</u>	<u>2,075,238</u>	<u>24,825,175</u>	<u>9,177,858</u>
Operating income (loss)	<u>6,433,539</u>	<u>8,437</u>	<u>6,441,976</u>	<u>(2,415,245)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	279,692	40,735	320,427	12,271
Interest and other charges	(974,647)	-	(974,647)	-
Total nonoperating revenue (expenses)	<u>(694,955)</u>	<u>40,735</u>	<u>(654,220)</u>	<u>12,271</u>
Income (loss) before contributions and transfers	5,738,584	49,172	5,787,756	(2,402,974)
Capital contributions	-	-	-	-
Transfers to other funds	(876,926)	-	(876,926)	-
Transfers from other funds	-	416,300	416,300	2,055,628
Change in net position	4,861,658	465,472	5,327,130	(347,346)
Total net position - previously reported	181,166,011	3,207,384		3,417,518
Restatement	(3,719,575)	-		-
Total net position-restated	<u>177,446,436</u>	<u>3,207,384</u>		<u>3,417,518</u>
Total net position - ending	<u>\$ 182,308,094</u>	<u>\$ 3,672,856</u>		<u>\$ 3,070,172</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(311,316)</u>	
Change in net position - business-type activities			<u>\$ 5,015,814</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, 2018**

	<b>Enterprise Funds</b>			<b>Internal Service Funds</b>
	<b>Water and Sewer Fund</b>	<b>Non-Major Enterprise Funds</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 28,581,366	\$ 2,016,796	\$ 30,598,162	\$ 6,570,657
Cash paid for goods and services	(10,525,712)	(1,319,592)	(11,845,304)	(8,681,054)
Cash paid to or on behalf of employees for services	(6,705,347)	(300,359)	(7,005,706)	(474,798)
Net cash provided (used) by operating activities	<u>11,350,307</u>	<u>396,845</u>	<u>11,747,152</u>	<u>(2,585,195)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
(Increase) decrease in interfund payables	-	-	-	-
Transfers from other funds	-	416,300	416,300	2,055,628
Transfers to other funds	(876,926)	-	(876,926)	-
Total cash flows provided (used) by noncapital financing activities	<u>(876,926)</u>	<u>416,300</u>	<u>(460,626)</u>	<u>2,055,628</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(1,708,577)	(156,887)	(1,865,464)	-
Principal paid on bond maturities	(2,797,848)	-	(2,797,848)	-
Interest and fees paid on debt maturities	(1,635,572)	-	(1,635,572)	-
Net cash used by capital and related financing activities	<u>(6,141,997)</u>	<u>(156,887)</u>	<u>(6,298,884)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	<u>152,902</u>	<u>36,143</u>	<u>189,045</u>	<u>12,271</u>
Net increase (decrease) in cash and cash equivalents	4,484,286	692,401	5,176,687	(517,296)
Balances-beginning of the year	<u>61,593,372</u>	<u>3,218,579</u>	<u>64,811,951</u>	<u>4,367,219</u>
Balances-end of the year	<u>\$ 66,077,658</u>	<u>\$ 3,910,980</u>	<u>\$ 69,988,638</u>	<u>\$ 3,849,923</u>
<b>Reconciliation of Cash and Cash Equivalents:</b>				
Cash and Cash Equivalents - Current	\$ 65,542,334	\$ 3,910,980	\$ 69,453,314	\$ 3,849,923
Cash and Cash Equivalents - Restricted	535,324	-	535,324	-
Total Cash and Cash Equivalents - June 30, 2016	<u>\$ 66,077,658</u>	<u>\$ 3,910,980</u>	<u>\$ 69,988,638</u>	<u>\$ 3,849,923</u>

(continued)

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

**City of Burlington  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2017**

	<u>Water and Sewer Fund</u>	<u>Non-Major Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income (loss)	\$ 6,433,539	\$ 8,437	\$ 6,441,976	\$ (2,415,245)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	6,343,346	308,536	6,651,882	
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(704,247)	343,119	(361,128)	(191,956)
Increase in inventory	(193,295)	-	(193,295)	-
(Increase) decrease in deferred outflows of resources				
pensions	104,287	1,053	105,340	-
Decrease in net pension liability	(389,342)	(3,933)	(393,275)	-
Decrease in deferred inflows of resources-pension	(29,596)	(299)	(29,895)	-
Increase(decrease) in accounts payable and accrued liabilities	155,431	(259,482)	(104,051)	22,006
Increase (decrease) in accrued vacation pay	(57,988)	(586)	(58,574)	-
Increase in deferred outflows of resources - OPEB	(395,295)	-	(395,295)	-
Increase in deferred inflows of resources - OPEB	258,931	-	258,931	-
Decrease in OPEB liability	(177,729)	-	(177,729)	-
Increase in customer deposits	2,265	-	2,265	-
Total adjustments	<u>4,916,768</u>	<u>388,408</u>	<u>5,305,176</u>	<u>(169,950)</u>
Net cash provided (used) by operating activities	<u>\$ 11,350,307</u>	<u>\$ 396,845</u>	<u>\$ 11,747,152</u>	<u>\$ (2,585,195)</u>
Noncash contributions of capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

## CITY OF BURLINGTON, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2018

I. Summary of Significant Accounting Policies:

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

A. Reporting Entity

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

Burlington Downtown Corporation

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

B. Basis of Presentation

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

I. Summary of Significant Accounting Policies: (continued)

*Fund Financial Statements:* The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The City reports the following major governmental funds:

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

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

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

The City reports the following non-major governmental funds:

**Special Revenue Funds.** The Special Revenue funds account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The City has thirteen Special Revenue Funds: the Community Development Fund, the Rehabilitation Loan Program Fund, the Rental Rehabilitation Loan Program Fund, the Downtown Special Tax District Fund, the RICO Fund, the Edward Byrne Justice Assistance Grant Fund, the Guilford Mackintosh Fund, the Controlled Substance Tax Fund, the MPO Planning Transportation Fund, the Medicare Part D Grant Project Fund, Public Transportation Fund, Bureau of Justice Assistance Community Oriented Policing Grant Fund and the Governor's Crime Commission Human Trafficking Grant.

**Capital Projects.** The Capital Project Fund is used to account for financial resources to be used for the acquisition and/or construction of major capital facilities (other than those financed in the enterprise fund) and infrastructure. The city has 3 projects at this time.

The City reports the following major enterprise fund:

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

I. Summary of Significant Accounting Policies: (continued)

The City reports the following non-major enterprise fund:

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

The City reports the following non-major enterprise fund:

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

The City reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

I. Summary of Significant Accounting Policies: (continued)

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Burlington because the tax is levied by Alamance County and then remitted and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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.

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.

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

1. Deposits and Investments

All deposits of the City and the Burlington Downtown Corporation are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The City and the

I. Summary of Significant Accounting Policies: (continued)

Burlington Downtown Corporation may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and the Burlington Downtown Corporation may establish time deposit accounts such as money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the City and the Burlington Downtown Corporation to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The City's and the Burlington Downtown Corporation's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT-Government Portfolio, a SEC registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected.

City of Burlington Restricted Cash

Business-type Activities

Water Resources Fund

Customer deposits	\$ 534,924
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Total Business-type Activities	\$ 534,924
--------------------------------	------------

Total Restricted Cash	<u>\$ 534,924</u>
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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, 2017. 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 and Prepaid Items

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

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

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines and other plant and distribution systems, \$15,000; infrastructure, \$20,000; furniture and equipment, \$5,000; vehicles and motorized equipment, \$10,000; and computer equipment, \$5000. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

I. Summary of Significant Accounting Policies: (continued)

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be reported as an expense or expenditures until then. The City has one item that meets this criterion, contributions made to the pension plan in the 2016 fiscal year. The City has in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources* represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category – prepaid taxes, deferred gain on refunding, property taxes receivable and pension deferrals.

9. Long-term Obligations

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

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

10. Compensated Absences

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

Both the City and the Burlington Downtown Corporation's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the City nor the Burlington Downtown Corporation has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

I. Summary of Significant Accounting Policies: (continued)

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

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

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

I. Summary of Significant Accounting Policies: (continued)

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

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

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

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

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

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

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

12. Pensions

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

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

## II. Stewardship, Compliance, and Accountability

### A. Deficit in Fund Balance or Net Assets of Individual Funds

For the year ended June 30, 2018 the Public Transportation Fund had a deficit of \$442,912 in fund balance. The grants for the City's expenditures for the project exceeded the grant money received for the year. The City will closely monitor this fund to assure that money is drawn from the grant to cover all expenditures.

## III. Detail Notes on All Funds:

### A. Assets

#### 1. Deposits

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

At June 30, 2018, the City's deposits had a carrying amount of \$10,260,696 and a bank balance of \$11,635,048. Of the bank balance, \$750,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the Burlington Downtown Corporation was \$142,069 and the bank balance was \$168,568. All of the bank balance was covered by federal depository insurance. At June 30, 2018, the City's petty cash fund totaled \$4,990.

III. Detail Notes on All Funds: (continued)

2. Investments

At June 30, 2018, the City's investments were as follows:

<b>Investment Type</b>	<b>Valuation Measurement Method</b>	<b>Book Value at 6/30/2018</b>	<b>Maturity</b>	<b>Rating</b>
US Treasuries	Fair Value Level 1	4,959,967	various	AAA
Government Agency:				
Federal Farm Credit Bank	Fair Value Level 1	19,661,202	various	AA+
Federal National Mortgage Assn	Fair Value Level 1	9,524,972	various	AA+
Federal Home Loan Bank	Fair Value Level 1	26,950,550	various	AA+
Federal Home Loan Mtg Corp	Fair Value Level 1	14,242,320	various	AA+
Commercial Paper:				
Commercial Paper - ING	Fair Value Level 1	982,133	2-8-19	A-1
Commercial Paper – GE	Fair Value Level 1	2,182,818	various	A-2
Commercial Paper – JP Morgan	Fair Value Level 1	7,686,182	various	A-1
NC Capital Management Trust – Cash Portfolio	Amortized Cost	6,068,901	N/A	AAAm
NC Capital Management Trust – Term Portfolio	Fair Value Level 1	11,160,177	0.11 years	Unrated
Total:		103,419,222		

*Interest Rate Risk.*

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

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

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

*Credit Risk.* The City has no formal policy regarding credit risk, but has internal management procedures that limits the City's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The investment in the NC Capital Management Trust Cash Portfolio is rated AAAM by Standard and

III. Detail Notes on All Funds: (continued)

Poor's as of June 30, 2018. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. Investments in commercial paper purchased by the City are rated either A1/P1 by Standard and Poor's or Moody's Investors Service.

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

*Concentration of Credit Risk* The City's Board places no limit on the amount that the City may invest in any one issuer. Less than 10.5% percent of the City's investments are in Commercial Paper.

3. Receivables – Allowances for Doubtful Accounts

The amount of taxes receivable presented in the Balance Sheet and the Statement of Net Assets includes penalties and interest levied and outstanding in the amount of \$29,778.

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>6/30/18</u>
General Fund:	
Taxes receivable	\$ 673,210
Solid Waste receivables	511,576
Special Revenue Funds:	
Rehabilitation Loan Program Fund:	
Rehabilitation Loans	97,440
Home Incentive Loans	5,117
Rental Rehabilitation Loan Program Fund:	
Rehabilitation Loans	24,236
Downtown Special Tax District Fund:	
Taxes Receivable	35,684
Home Program Fund:	
Home Incentive Loans	459,005
Enterprise Fund:	
Water and Sewer Fund:	
Utility Receivables	<u>67,194</u>
Total	<u>\$ 1,873,462</u>

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

Capital asset activity for the Primary Government for the year ended June 30, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 8,628,374	\$ -	\$ -	\$ 8,628,374
Construction in progress	<u>865,796</u>	<u>1,537,102</u>	<u>199,284</u>	<u>2,203,614</u>
Total capital assets not being depreciated	<u>9,494,170</u>	<u>1,537,102</u>	<u>199,284</u>	<u>10,831,988</u>
<b>Capital assets being depreciated:</b>				
Buildings	48,923,971	592,601	-	49,516,572
Streets and sidewalks	36,225,588	201,530	-	36,427,352
Equipment	10,497,792	1,690,075	14,490	12,173,377
Vehicles	<u>19,718,424</u>	<u>1,566,941</u>	<u>744,767</u>	<u>20,540,598</u>
Total capital assets being depreciated	<u>115,365,775</u>	<u>4,051,381</u>	<u>759,257</u>	<u>118,657,899</u>
<b>Less accumulated depreciation for:</b>				
Buildings	21,351,380	1,240,363	-	22,591,743
Streets and sidewalks	17,367,992	973,101	-	18,341,093
Equipment	6,632,958	1,024,341	14,490	7,642,809
Vehicles	<u>11,173,594</u>	<u>1,222,803</u>	<u>741,113</u>	<u>11,655,284</u>
Total accumulated depreciation	<u>56,525,924</u>	<u>4,460,608</u>	<u>510,419</u>	<u>60,230,929</u>
Total capital assets being depreciated, net	<u>58,839,851</u>			<u>58,426,970</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 68,334,021</u>			<u>\$ 69,258,958</u>

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

General government	\$ 403,607
Public safety	1,383,995
Public works	1,859,010
Cultural and recreational	<u>813,996</u>
Total depreciation expense	<u>\$ 4,460,608</u>

III. Detail Notes on All Funds: (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Public Transportation Fund</b>				
<b>Capital assets being depreciated:</b>				
Building	\$ 28,153	\$ -	\$ -	\$ 28,153
Infrastructure	10,439	10,962	-	21,400
General equipment	-	-	-	-
Vehicle	1,228,838	-	-	1,228,838
Total capital assets being depreciated	1,267,430	10,962	-	1,278,391
<b>Less accumulated depreciation for:</b>				
Building	1,525	1,408	-	2,933
Infrastructure	44	1,285	-	1,329
General equipment	-	-	-	-
Vehicle	297,543	245,768	-	543,311
Total accumulated depreciation	299,112	\$ 248,461	\$ -	547,573
Total capital assets being depreciated, net	968,319			730,818
<b>Public Transportation fund capital assets, net</b>	<b>968,319</b>			<b>730,818</b>
<b>Storm Water Fund</b>				
<b>Capital assets not being depreciated:</b>				
Construction in progress	-	108,490	-	108,490
Total capital assets not being depreciated	-	108,490	-	108,490
<b>Capital assets being depreciated:</b>				
Building	\$ 173,394	\$ -	\$ -	\$ 173,394
Infrastructure	90,167	11,064	-	101,231
General equipment	230,561	-	-	230,561
Vehicle	306,805	26,371	-	333,176
Total capital assets being depreciated	800,927	37,435	-	838,362
<b>Less accumulated depreciation for:</b>				
Building	30,208	5,754	-	35,962
Infrastructure	720	6,450	-	7,170
General equipment	125,462	21,950	-	147,412
Vehicle	59,663	21,329	-	80,992
Total accumulated depreciation	216,053	\$ 60,075	\$ -	271,536
Total capital assets being depreciated, net	584,874			566,826
<b>Storm water fund capital assets, net</b>	<b>\$ 584,874</b>			<b>\$ 675,316</b>

III. Detail Notes on All Funds: (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Water and Sewer Fund</b>				
<b>Capital assets not being depreciated:</b>				
Land	6,945,444	-	-	6,945,444
Construction in progress	<u>403,215</u>	<u>592,369</u>	<u>313,838</u>	<u>681,746</u>
Total capital assets not being depreciated	<u>7,348,659</u>	<u>592,369</u>	<u>313,838</u>	<u>7,627,190</u>
<b>Capital assets being depreciated:</b>				
Water lines	56,535,690	106,976	-	56,642,666
Sewer lines	85,373,205	567,674	-	85,940,880
Buildings, plant, & pumping equipment				
Water	54,228,196	459,299	-	54,687,495
Sewer	66,813,043	400,163	-	67,213,206
General equipment	3,351,725	500,375	92,696	3,759,404
Vehicles	<u>3,453,268</u>	<u>544,200</u>	<u>135,156</u>	<u>3,862,312</u>
Total capital assets being depreciated	<u>269,755,128</u>	<u>2,578,687</u>	<u>227,852</u>	<u>272,105,963</u>
<b>Less accumulated depreciation for:</b>				
Water and sewer lines	23,846,837	1,072,145	-	24,918,982
Water and sewer lines	24,828,132	2,073,469	-	26,901,601
Buildings, plant, & pumping, equipment				
Water	32,287,635	1,289,269	-	33,576,904
Sewer	41,778,797	1,420,364	-	43,199,161
General equipment	2,038,805	200,959	92,696	2,147,068
Vehicles	<u>2,349,695</u>	<u>287,140</u>	<u>135,156</u>	<u>2,501,679</u>
Total accumulated depreciation	<u>127,129,901</u>	<u>\$ 6,343,346</u>	<u>\$ 227,852</u>	<u>133,245,395</u>
Total capital assets being depreciated, net	<u>142,625,226</u>			<u>138,860,568</u>
Water and Sewer fund capital assets, net	<u>149,973,885</u>			<u>146,487,758</u>
<b>Business-type activity</b>				
<b>capital assets, net</b>				<u>\$ 147,893,892</u>

## 5. Construction Commitments

The government has active construction projects as of June 30, 2018. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Whitsett Lift Station Renovation	\$ 26,141	\$ 443,978
Street Resurfacing Project	925,638	48,144
Water System Improvements	186,687	231,913
Animal Services Center	554,207	4,130,470
Willowbrook Park Restoration	102,542	294,096
Fairchild Park Improvements	7,797	34,238
Maple Avenue Corridor Plan	86,210	54,775
Ellwood Street Water Main Replacement	<u>-</u>	<u>106,976</u>
Total	<u>\$ 1,889,222</u>	<u>\$ 5,344,590</u>

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

#### B. Liabilities

##### 1. Pension Plan Obligations

###### a. Local Governmental Employees' Retirement System

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

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Burlington employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Burlington's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.5% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Burlington were \$2,444,909 for the year ended June 30, 2018.

III. Detail Notes on All Funds: (continued)

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

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

At June 30, 2018, the City reported a liability of \$7,598,894 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the City's proportion was 0.498%, which was an increase of 0.84% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$2,507,225. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 437,767	\$ 215,101
Changes of assumptions	1,085,227	-
Net difference between projected and actual earnings on pension plan investments	1,845,021	-
Changes in proportion and differences between contributions and proportionate share of contributions	15,088	106,602
City contributions subsequent to the measurement date	2,438,324	
Total	\$ 5,821,427	\$ 321,703

\$2,444,909 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2019	\$ 350,900
2020	2,177,441
2021	1,095,572
2022	( 562,513)
2023	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 8.10, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate.* The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City's proportionate share of the net pension liability (asset)	\$ 22,812,052	\$ 7,598,894	\$(5,099,290)

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

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

#### b. Law Enforcement Officers Special Separation Allowance

##### 1. *Plan Description.*

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

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	23
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>124</u>
Total	147

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

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

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

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

##### 3. *Actuarial Assumptions*

The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

III. Detail Notes on All Funds: (continued)

4. *Contributions.*

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$555,962 as benefits came due for the reporting period.

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

At June 30, 2018, the City reported a total pension liability of \$6,506,414. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the City recognized pension expense of \$512,386.

	<b>Deferred Outflows of</b>	<b>Deferred Inflows of</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 200,137	\$ -
Changes of assumptions	279,337	86,011
Benefit payments and plan administrative expense made subsequent to the measurement date	285,149	-
	<u>                    </u>	<u>                    </u>
Total	\$ 764,623	\$ 86,011

\$494,474 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

\$303,961 paid as benefits came due and \$346 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

III. Detail Notes on All Funds: (continued)

*Sensitivity of the City's total pension liability to changes in the discount rate.* The following presents the City's total pension liability calculated using the discount rate of 3.16 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	<b>1% Decrease</b> <b>(2.16%)</b>	<b>Discount Rate</b> <b>(3.16%)</b>	<b>1% Increase</b> <b>(4.16%)</b>
Total Pension Liability	\$ 7,013,109	\$ 6,506,414	\$ 6,043,287

**Law Enforcement Officers' Special Separation Allowance**

	<b>2018</b>
Beginning balance as of December 15, 2016	\$ 5,983,262
Service cost	210,184
Interest on the total pension liability	221,492
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	242,810
Changes of assumptions or other inputs	338,897
Benefit payments	(490,231)
Other changes	-
Net changes	<u>\$ 523,152</u>
Ending balance of the total pension liability as of December 15, 2016	<u>\$ 6,506,414</u>

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

III. Detail Notes on All Funds: (continued)

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 2,507,225	\$ 512,386	\$ 3,019,611
Pension Liability	7,598,894	6,506,414	14,105,308
Proportionate share of the net pension liability	0.00498%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	437,767	200,137	637,904
Changes of assumptions	1,085,227	279,337	1,364,564
Net difference between projected and actual earnings on plan investments	1,845,021	-	1,845,021
Changes in proportion and differences between contributions and proportionate share of contributions	15,088	-	15,088
Benefit payments and administrative costs paid subsequent to the measurement date	2,438,324	285,149	2,723,473
Deferred of Inflows of Resources			
Differences between expected and actual experience	215,101	-	215,101
Changes of assumptions	-	86,011	86,011
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	106,602	-	106,602

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, 2018 were \$641,367 which consisted of \$406,658 from the City and \$234,709 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, 2018 for general employees were \$1,814,763, which consisted of \$1,138,310 from the City and \$676,453 from the general employees.

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

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

*Plan Description.* The State of North Carolina contributes, on behalf of the City of Burlington, to the Firefighter's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighter's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Firefighter's and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

*Contributions.* Plan members are required to contribute \$10 per month to the Fund. The State, a nonemployer contributor, funds the plan through appropriations. The City does not contribute to the plan. Contributions provisions are established by Gereneal Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2017, the state contributed \$17,602,000 to the plan. The City of Burlington's proportionate share of the State's contribution is \$25,009.

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

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

At June 30, 2018, the City reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the City through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the City and supported by the State was \$114,294. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the City is not projected to make any future contributions to the plan, its proportionate share at June 30, 2017 and at June 30, 2016 was 0%.

For the year ended June 30, 2018, the City recognized pension expense of \$25,009 and revenue of \$25,009 for support provided by the State. At June 30, 2018, the City reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

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

*Actuarial Assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

*Discount rate.* The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

#### e. Other Post-employment Benefits

##### 1. Healthcare Benefits

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

Currently, 109 retirees are eligible for post-employment health benefits. For the fiscal year ended June 30, 2018, the city made payments for post-employment health benefit premiums of \$ 1,177,880. The City obtains healthcare coverage through private insurers.

III. Detail Notes on All Funds: (continued)

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

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

Membership of the Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	246	-
Active plan members	<u>398</u>	<u>123</u>
Total	<u><u>644</u></u>	<u><u>123</u></u>

**Total OPEB Liability**

The City's total OPEB liability of \$28,241,295 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 %
Salary increases	3.5 – 7.75%, average, including inflation
Discount rate	3.56 %
Healthcare cost trend rates	7.75% decreasing to an ultimate rate of 5.0% by 2022

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

III. Detail Notes on All Funds: (continued)**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2016</b>	\$ 29,402,919
<b>Changes for the year</b>	
Service cost	896,725
Interest	857,596
Changes of benefit terms	-
Differences between expected and actual experience	612,719
Changes in assumptions or other inputs	(1,692,359)
Benefit payments	(1,836,305)
Other	-
<b>Net changes</b>	<u>\$ (1,161,624)</u>
<b>Balance at June 30, 2017</b>	<u><u>\$ 28,241,295</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale RP-2015.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	<b>1% Decrease (2.56%)</b>	<b>Discount Rate (3.56%)</b>	<b>1% Increase (4.56%)</b>
Total OPEB liability	\$ 31,424,417	\$ 28,241,295	\$ 25,488,990

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

	<b>(Medical - 5.5%, Prescription -6.25%, Admin Expenses - 2.00%)</b>	<b>Discount Rate (Medical - 6.5%, Prescription - 7.25%, Admin Expenses - 3.00%)</b>	<b>(Medical - 7.5%, Prescription - 8.25%, Admin Expenses - 4.00%)</b>
Total OPEB liability	\$ 25,857,542	# \$ 28,241,295	\$ 31,044,580

III. Detail Notes on All Funds: (continued)

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the City recognized OPEB expense of \$1,577,620. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 612,719	\$ -
Changes of assumptions	-	1,692,359
Benefit payments and administrative costs made subsequent to the measurement date	1,970,906	
Total	<u>\$ 2,583,625</u>	<u>\$ 1,692,359</u>

\$1,970,905 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2019	\$ 176,701
2020	176,701
2021	176,701
2022	176,701
2023	19,434
Thereafter	-

2. Other Employment Benefit

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

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 Outflows and Inflows of Resources

The City has several deferred outflows of resources.

Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 2,438,324
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	285,149
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	1,970,906
Differences between expected and actual experience	1,250,623
Changes of assumptions earnings on pension plan investments	1,364,564
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,845,021
Charge on refunding	15,088
Total	<u>\$ 9,169,675</u>

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

	Statement of Net Position	General Fund Balance Sheet
Deferred Gain on refunding	\$ 190,588	
Taxes Receivable, less penalties (General Fund)	-	779,532
Changes in assumptions	1,778,370	-
Differences between expected and actual experience	215,101	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	106,602	-
Total	<u>\$ 2,290,661</u>	<u>\$ 779,532</u>

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

#### 4. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City partially self-insures workers compensation coverage, with commercial insurance providing coverage for workers compensation claims in excess of \$750,000 per claim occurrence. The commercial insurance provides \$1,000,000 in coverage for claims in excess of the City's assumed aggregate risk of \$2,536,829 annually. At June 30, 2018 the Workers Compensation Self Insurance Fund had recorded a liability of \$113,258 for estimated unpaid claims.

The City provides its employees with dental coverage through a choice of self-insurance plans. Covered claims are limited to a maximum of \$2,000 per employee annually. At June 30, 2018, the Dental Self Insurance Fund had recorded a liability of \$65,879 for estimated unpaid claims.

On July 1, 1999, the City began to partially self-insure group health benefits, with commercial insurance providing coverage for health benefit claims in excess of \$125,000 per claim. The commercial coverage provides unlimited reimbursement in coverage for claims in excess of the City's assumed claim risk of \$125,000 per member. The City also has commercial coverage for claims exceeding approximately \$7,486,264 in aggregate annually. At June 30, 2018 the Group Health Benefits Fund had a recorded liability of \$750,979 for estimated unpaid claims.

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 Travelers Property Casualty Company of America; the City has purchased coverage of \$1,000,000 per occurrence.

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

The Burlington Downtown Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Burlington Downtown Corporation has property, 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, 2018, 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 September 8, 2016 the City entered into an installment purchase contract to purchase various pieces of equipment. The financing contract requires three annual payments of \$657,430 beginning September 8, 2016 with interest of 1.09%. On August 21, 2017 the City entered into an installment purchase contract to purchase various pieces of equipment. The financing contract requires three annual payments of \$682,198 beginning August 21, 2017 with interest of 1.56%.

Annual debt service payments of the installment purchase as of June 30, 2018, including \$38,364 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,311,742	\$ 27,885
2019	671,719	10,479
Present value of the minimum lease payments	<u>\$ 1,983,461</u>	
Total interest payments		<u>\$ 38,364</u>

b. General Obligation Indebtedness

The City's general obligation bonds serviced by the governmental funds were issued for the acquisition of public safety equipment. Those general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the City. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2018 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the General Fund:

\$5,321,000 of 2013 refinanced General Obligation Bonds due in annual installments ranging from \$74,000 to \$543,000 through June 1, 2026; interest at 1.85% annum. 3,940,000

Serviced by the Water and Sewer Fund:

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

\$ 4,339,000

At June 30, 2018 the City of Burlington had a legal debt margin of \$ 380,394,940.

III. Detail Notes on All Funds: (continued)General Obligation Bonds

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

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 526,000	\$ 72,890	\$ 399,000	\$ 4,190
2020	517,000	63,159	-	-
2021	508,000	53,595	-	-
2022	498,000	44,197	-	-
2023	488,000	34,984	-	-
2024-2026	1,403,000	51,523	-	-
Totals	<u>\$ 3,940,000</u>	<u>\$ 320,347</u>	<u>\$ 399,000</u>	<u>\$ 4,190</u>

c. Revenue Bonds

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

\$ 4,415,000

Year Ending June 30	Principal	Interest
2019	\$ 1,115,000	\$ 188,087
2020	670,000	143,488
2021	665,000	116,688
2022	660,000	90,088
2023	655,000	57,088
2024	650,000	29,250
	<u>\$ 4,415,000</u>	<u>\$ 624,688</u>

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

\$ 10,700,000

Year Ending June 30	Principal	Interest
2019	\$ -	\$ 702,820
2020	450,000	702,820
2021	465,000	678,466
2022	485,000	653,300
2023	500,000	626,082
2024-2026	1,620,000	1,694,997
2027-2031	3,195,000	2,061,541
2032-2036	3,985,000	858,275
	<u>\$ 10,700,000</u>	<u>\$ 7,681,301</u>

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

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

\$ 15,435,000

Year Ending June 30	Principal	Interest
2019	\$ 555,000	\$ 652,275
2020	580,000	630,075
2021	605,000	606,875
2022	625,000	582,675
2023	650,000	557,675
2024-2026	2,085,000	1,544,214
2027-2031	4,085,000	1,964,515
2032-2036	5,090,000	960,590
2037	<u>1,160,000</u>	<u>49,300</u>
	<u>\$ 15,435,000</u>	<u>\$ 7,548,194</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, 2010B 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 2010B 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 \$46,701,176 as of June 30, 2018. Certain financial covenants are combined in the revenue bond order, including a covenant to budget and collect revenues in the combined enterprise system sufficient enough to pay the principal and interest requirements and maintain unrestricted net assets at a level that provides that 15% of unrestricted net assets on the last day of the fiscal year added to Income Available for Debt Service will not be less than 120% of the long-term debt service requirement for parity indebtedness for such fiscal year. Pledged unrestricted net assets at June 30, 2018 were \$5,829,478 to provide a coverage ratio of 603%. The long-term debt service coverage ratio calculations for the year ended June 30, 2018, is as follows:

Operating revenues	\$ 29,183,476
Operating expenses*	16,361,904
Operating income	12,821,572
Nonoperating revenues (expenses)**	(940,617)
Income available for debt service	13,762,189
Debt service, principal and interest paid (Revenue bond only)	3,249,332
Debt service coverage ratio	424%

\*Per rate covenants, this does not include the depreciation expense of \$6,343,346

\*\* Per rate covenants, this does not include revenue bond interest paid of \$1,635,572

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

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

#### d. Advance Refunding

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

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

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

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

#### e. Current Refunding

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

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

	Restated Balance <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2018</u>	Current Portion of Balance
Governmental activities:					
General Obligation bonds	\$ 4,475,000	\$ -	\$ 535,000	\$ 3,940,000	\$ 526,000
Add: Bond premium	<u>17,742</u>	<u>-</u>	<u>17,742</u>	<u>-</u>	<u>-</u>
Total General Obligation bonds	<u>\$ 4,492,742</u>	<u>\$ -</u>	<u>\$ 552,742</u>	<u>\$ 3,940,000</u>	<u>\$ 526,000</u>
Installment purchase	\$ 1,975,181	\$ 2,015,318	\$ 2,007,037	\$ 1,983,462	\$ 1,332,539
Compensated absences	2,517,662	1,868,747	1,596,795	2,789,614	697,403
Net pension liability (LGERS)	8,816,795	-	2,380,532	6,436,263	
Total pension liability (LEO)	5,983,262	523,152	-	6,506,414	
OPEB liability-General Fund	<u>24,907,757</u>	<u>-</u>	<u>987,380</u>	<u>23,920,377</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$48,693,399</u>	<u>\$ 4,407,217</u>	<u>\$ 7,524,486</u>	<u>\$ 45,576,130</u>	<u>\$ 2,555,942</u>
Business-type activities:					
General obligation bonds	\$ 1,567,000	\$ -	\$ 1,168,000	\$ 399,000	\$ 399,000
Revenue Bonds	\$32,180,000	\$ -	\$ 1,630,000	\$ 30,550,000	\$ 1,670,000
Add: Bond premium	<u>779,901</u>	<u>-</u>	<u>42,062</u>	<u>737,839</u>	<u>-</u>
Total Revenue Bonds	<u>\$32,959,901</u>	<u>\$ -</u>	<u>\$ 1,672,062</u>	<u>\$ 31,287,839</u>	<u>\$ 1,670,000</u>
Compensated absences	\$ 358,104	\$ 327,116	\$ 385,690	\$ 299,530	\$ 74,882
Net pension liability (LGERS)	1,555,905		393,274	1,162,631	-
OPEB liability	<u>4,494,442</u>	<u>-</u>	<u>174,244</u>	<u>4,320,198</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$40,935,352</u>	<u>\$ 327,116</u>	<u>\$ 3,793,270</u>	<u>\$ 37,469,198</u>	<u>\$ 2,143,882</u>

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

III. Detail Notes on All Funds: (continued)C. Interfund Balances and Activity

Due to/Due From between the Governmental and Proprietary funds is due to the internal service fund being blended into the Governmental fund of \$2,055,628.

Transfers to/from other funds at June 30, 2018 consist of the following:

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
Transfers To/From Other Funds:		
<u>General Fund</u>		
Capital Reserve Fund	\$ 1,400,500	\$ 100,000
Group Health Benefits	-	847,934
MPO Planning Transportation	-	74,520
Workmen's Compensation	-	565,768
Transportation	-	<u>416,300</u>
Total General Fund	<u>1,400,500</u>	<u>2,004,522</u>
<u>Capital Reserve Fund</u>		
General Fund	100,000	1,400,500
Animal Shelter	-	1,096,800
Trans. Sidewalks & Intersection Improv.	-	51,895
Willowbrook Park Arboretum	-	250,000
Front St Greenway/Bikeway Project	-	<u>30,000</u>
Total Capital Reserve	<u>100,000</u>	<u>2,829,195</u>
<u>Special Revenue Funds</u>		
MPO Planning Transportation		
General Fund	74,520	-
Home Program Project Fund		
Rental Rehabilitation Loan Program Fund	19,391	-
Rental Rehabilitation Loan Program Fund		
Home Program Project Fund	-	<u>19,391</u>
Total Special Revenue Funds	<u>510,211</u>	<u>19,391</u>
<u>Public Transportation Fund</u>		
General Fund	<u>416,300</u>	-
Total Special Revenue Funds	<u>416,300</u>	<u>-</u>

III. Detail Notes on All Funds: (continued)

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
<u>Internal Service Funds</u>		
Group Health Benefits		
General Fund	847,934	-
Water & Sewer Fund	261,424	-
Workmen's Compensation Fund		
General Fund	565,768	-
Water & Sewer Fund	<u>380,502</u>	<u>-</u>
Total Internal Service Funds	<u>2,055,628</u>	<u>-</u>
<u>Water Resources Fund</u>		
Water Capital Reserve	-	1,242,464
Sewer Capital Reserve	-	1,242,463
ERP System Project	-	235,000
J D Mackintosh Treatment Process	-	1,300,000
Workmen's Compensation	-	380,502
Group Health Insurance	<u>-</u>	<u>261,424</u>
Total Water Resources Fund	<u>-</u>	<u>4,661,853</u>
<u>Water Capital Projects</u>		
Water Capital Reserve		
Water Resources Fund	1,242,464	-
Sewer Capital Reserve		
Water Resources Fund	1,242,463	-
Sewer Capital Reserve		
Sewer Serv Expansion/Airport	-	239,200
Sewer Serv Expansion/Airport		
Sewer Capital Reserve	239,200	-
J D Mackintosh Treatment Process		
Water Resources Fund	<u>1,300,000</u>	<u>-</u>
Total Water Capital Projects	<u>4,024,127</u>	<u>239,200</u>
<u>Capital Projects</u>		
ERP		
Water Resources Fund	235,000	-
Trans. Sidewalks & Intersection Improv.		
Capital Reserve Fund	51,895	-
Animal Shelter Fund		
Capital Reserve Fund	1,096,800	-
Front St Greenway/Bikeway Project		
Capital Reserve Fund	30,000	-
Willowbrook Park Arboretum		
Capital Reserve Fund	250,000	-
Total Capital Projects	<u>1,663,695</u>	<u>-</u>
Total Operating Transfers	<u>\$ 9,754,161</u>	<u>\$ 9,754,161</u>

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

III. Detail Notes on All Funds: (continued)

D. On-Behalf Payments for Fringe Benefits and Salaries

The City has recognized as a revenue and an expenditure on-behalf payments for fringe benefits and salaries of \$25,009 for the salary supplement and stipend benefits paid to eligible firefighter by the local board of trustees of the Firefighter's Relief Fund during the fiscal year ended June 30, 2018. Under State law the local board of trustees for the Fund receives an amount each year, which the board may use at its own discretion for eligible firefighter or their departments.

E. Prior Period Adjustment

There were no prior period adjustments-

F. Net Investment in Capital Assets

The table below shows the net investment in capital assets.

	<u>6/30/2017</u>		<u>6/30/2018</u>	
	<u>Governmental</u>	<u>Business-type</u>	<u>Governmental</u>	<u>Business-type</u>
Capital Assets	68,334,021	151,527,078	69,258,958	147,893,892
Less: Long-term debt	6,467,923	34,526,901	5,800,477	31,686,839
Deferred gain on refunding	138,358	79,116	122,985	67,603
Add: unexpended debt proceeds	0	0	0	0
Net investments in Capital Assets	<u>61,727,740</u>	<u>116,921,061</u>	<u>63,335,496</u>	<u>116,139,450</u>

G. Fund Balance

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

<b>Total fund balance – General Fund</b>	\$ 42,764,347
<b>Less:</b>	
<b>Stabilization by State Statute</b>	9,614,902
<b>Historic Books</b>	1,418
<b>Animal Shelter</b>	562
<b>Capital Reserve Fund</b>	5,505,961
<b>Appropriated Fund Balance in 2019 budget</b>	1,636,986
<b>General Government</b>	4,316,000
<b>Economic Development</b>	3,000,000
<b>Public Works</b>	3,125,000
<b>Parks and Recreation</b>	1,763,652
<b>Public Safety:</b>	
<b>Police</b>	3,250,000
<b>Fire</b>	2,200,000
<b>Disaster Management</b>	500,000
<b>Working Capital/Fund Balance Policy</b>	7,849,866
<b>Remaining Fund Balance</b>	-

#### IV. Jointly Governed Organization

The City, in conjunction with six counties and thirty-two other municipalities, established the Piedmont Triad Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$16,970 to the Council during the fiscal year ended June 30, 2018.

#### 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, 2018. 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, 2018. Complete financial statements for the ABC Board can be obtained from the administrative offices at 603 W. Harden Street, City of Graham, NC 27253.

#### VI. Related Organization

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

#### VII. Summary Disclosure of Significant Contingencies

##### Federal and State Assisted Programs

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

#### VIII. Change in Accounting Principles

The City implemented Governmental Accounting Standards Board (GASB) No. Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in the fiscal year ending June 30, 2018. The implementation of the statement required the City to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the City related to OPEB during the measurement period (fiscal year ending December 31, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$18,915,729 and \$3,719,575 for the business-type activities.

See independent auditor's report.





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**REQUIRED SUPPLEMENTAL  
FINANCIAL DATA**

REQUIRED  
SUPPLEMENTARY 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
- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Proportions Share of Net Pension Liability for Firefighters' and Rescue Squad Workers' Pension Plan
- Schedule of Changes in the Total OPEB Liability

**City of Burlington, North Carolina**  
**City of Burlington's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Five Fiscal Years \***

**Local Government Employees' Retirement System**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Burlington's proportion of the net pension liability (asset) (%)	0.49740%	0.48874%	0.49890%	0.49830%	0.50280%
Burlington's proportion of the net pension liability (asset) (\$)	\$ 7,598,894	\$ 10,372,700	\$ 2,239,168	\$ (2,938,645)	\$ 6,060,671
Burlington's covered payroll	\$ 31,445,856	\$ 30,144,885	\$ 29,241,727	\$ 27,673,809	\$ 26,647,845
Burlington's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	24.17%	34.41%	7.66%	( 10.62%)	22.74%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

**City of Burlington, North Carolina  
City of Burlington's Contributions  
Required Supplementary Information  
Last Five Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,507,225	\$ 2,715,090	\$ 2,010,823	\$ 1,981,518	\$ 1,898,880
Contributions in relation to the contractually required contribution	2,507,225	2,715,090	2,010,823	1,981,518	1,898,880
Contribution deficiency (excess)	<u>\$ -</u>				
Burlington's covered payroll	\$ 31,445,856	\$ 30,144,885	\$ 29,241,727	\$ 27,673,809	\$ 26,647,845
Contributions as a percentage of covered payroll	7.97%	9.01%	6.88%	7.16%	7.13%

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

**City of Burlington, North Carolina**  
**City of Burlington's Proportionate Share of Net Pension Liability**  
**Required Supplementary Information**  
**Last Four Fiscal Years \***

**Firefighters' and Rescue Squad Workers' Pension**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Burlington's proportionate share of the net pension liability (%)	0.0000%	0.0000%	0.0000%	0.0000%
Burlington's proportionate share of the net pension liability (\$)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with City of Burlington	25,009	25,658	6,948	21,722
Total	<u>\$ 25,009</u>	<u>\$ 25,658</u>	<u>\$ 6,948</u>	<u>\$ 21,722</u>
Burlington's covered payroll	\$5,161,203	\$ 5,031,523	\$4,687,076	\$ 4,206,632
Burlington's proportionate share of the net pension liability as a percentage of its covered payroll	0.48%	0.51%	0.15%	0.52%
Plan fiduciary net position as a percentage of the total pension liability	89.35%	84.94%	91.40%	93.42%

\* The amounts presented are for the prior fiscal year.

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

**City of Burlington, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2018**

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 5,983,262	\$ 6,144,882
Service Cost	210,184	219,380
Interest on the total pension liability	221,492	211,136
Changes of benefit terms	-	-
Differences between expected and actual experience in the measurement of the total pension liability	242,810	-
Changes of assumptions or other inputs	338,897	(130,693)
Benefit payments	(490,231)	(461,443)
Other changes	-	-
Ending balance of the total pension liability	<u>\$ 6,506,414</u>	<u>\$ 5,983,262</u>

The amounts presented for each fiscal year were determined as of the prior year ending December 31.

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

**City of Dogwood, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2018**

	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 6,506,414	\$ 5,983,262
Covered payroll	7,999,099	7,709,975
Total pension liability as a percentage of covered payroll	81.34%	77.60%

Notes to the schedules:

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

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

**City of Burlington**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**June 30, 2018**

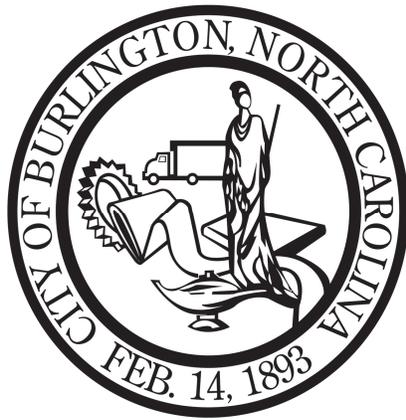
	<u><b>2018</b></u>
<b>Total OPEB Liability</b>	
Service cost	896,725
Interest	857,596
Changes of benefit terms	-
Differences between expected and actual experience	612,719
Changes of assumptions	(1,692,359)
Benefit payments	(1,836,305)
<b>Net change in total OPEB liability</b>	<b>(1,161,624)</b>
<b>Total OPEB liability - beginning</b>	<b>29,402,919</b>
<b>Total OPEB liability - ending</b>	<b>28,241,295</b>
<b>Covered payroll</b>	14,918,116
<b>Total OPEB liability as a percentage of covered payroll</b>	189.31%

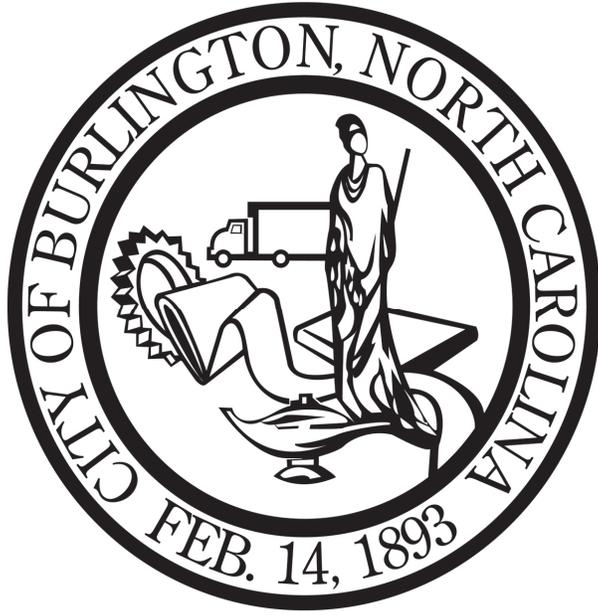
**Notes to Schedule**

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u><b>Fiscal year</b></u>	<u><b>Rate</b></u>
2018	3.56%

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





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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, 2018

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ASSETS

Cash and cash equivalents	\$ 32,262,075
Receivables (net):	
Taxes	804,016
Accounts	8,137,676
Prepaid expenses	-
Total Assets	\$ 41,203,767

LIABILITIES AND FUND BALANCE

LIABILITIES:	
Accounts payable and accrued liabilities	\$ 3,192,849
Deferred Revenue	779,532
Total Liabilities	3,972,381

FUND BALANCES:

Restricted:	
Stabilization by State Statute	9,614,902
Historic Books	1,418
Animal Shelter	562
Assigned:	
Subsequent Years Expenditures	1,636,986
General Government	13,953,523
Economic Development	-
Public Works	700,000
Parks and Recreation	297,861
Public Safety	-
Unassigned	11,026,134
Total fund balances	37,231,386

Total Liabilities and fund balances	\$ 41,203,767
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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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ 26,500,824	\$ 28,138,236	\$
Prior year	402,000	422,339	
Penalties and interest	120,000	162,054	
Tax discounts	(90,000)	(154,364)	
Economic Dev Incentives	(28,000)	(225,212)	
Total	<u>26,904,824</u>	<u>28,343,053</u>	<u>1,438,229</u>
Other Taxes and Licenses:			
Payment in lieu of taxes	100,000	139,430	
Privilege licenses	2,000	3,824	
Cable TV franchise tax	350,000	351,139	
Local option sales tax	11,531,572	12,993,990	
Total	<u>11,983,572</u>	<u>13,488,383</u>	<u>1,504,811</u>
Unrestricted Intergovernmental Revenues:			
Utility franchise tax	3,700,000	4,007,707	
Beer and wine tax	220,000	227,071	
Alamance County fuel Purchase	450,000	345,923	
ABC revenue	165,000	239,273	
Alamance Jr. Tennis Foundation	25,000	17,210	
Total	<u>4,560,000</u>	<u>4,837,184</u>	<u>277,184</u>
Restricted Intergovernmental Revenues:			
ABC police contract	35,000	54,988	
Powell Bill allocation	1,438,600	1,434,335	
NC Dept of Transportation On-behalf of Payments- Fire and rescue	460,000	458,911	
Camp Green Leaves	12,500	25,009	
PTCOG Grants	22,940	27,194	
Alamance - Burlington Schools:			
School Guards			
Afterschool Programs	180,000	185,505	
Contributions – Fire	50	120	
Fire grants	-	-	
Animal Shelter	38,428	31,718	
Spay/Neuter Clinic	74,384	58,924	
Teen to Teen Theatre	3,000	132	
Junior Police Academy	-	13,733	
Recreation	65,000	27,021	
Senior Programs	60,000	57,342	
Reimbursed Cost	356,740	352,544	

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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues: (continued)			
Restricted Intergovernmental			
Revenues: (continued)			
Police Donations - Melvin Hall	6,683	3,707	
DOT Reimbursement	-	-	
N Park in Motion Program	-	170	
NCHFA Urgent Repair Grant	75,000	-	
Donations – Miscellaneous	17,500	10,344	
Donations – Splash Pad Park	-	(125)	
Miscellaneous State Grants	149,590	134,763	
Federal Grant	48,000	53,515	
Total	<u>3,043,415</u>	<u>2,915,823</u>	<u>(127,592)</u>
Permits and Fees:			
Building permits and & inspection fees	710,000	765,222	
Fees and permits – other	547,300	641,364	
Total	<u>1,257,300</u>	<u>1,406,586</u>	<u>149,286</u>
Sales and Services:			
Animal Control - Alamance County	436,274	436,274	
Miscellaneous	334,110	331,680	
Recreation revenues	2,135,960	1,920,760	
Cemetery lots and fees	119,000	139,475	
Sanitation fees	1,270,000	1,370,364	
Total	<u>4,295,344</u>	<u>4,198,553</u>	<u>(96,791)</u>
Investment Earnings:			
Investment earnings	400,000	115,526	
Interest Subsidy	-	-	
Interest earned street assessment	1,000	6,187	
Vacant Lot/Demo Interest	-	58,251	
Total	<u>401,000</u>	<u>179,964</u>	<u>(221,036)</u>
Miscellaneous:			
Miscellaneous	103,000	240,897	
Total	<u>103,000</u>	<u>240,897</u>	<u>137,897</u>
Total Revenues	<u>52,548,455</u>	<u>55,610,443</u>	<u>3,061,988</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General Government:			
City Council:			
Salaries and employee			
Benefits	88,525	79,982	
Operating expenditures	<u>139,500</u>	<u>137,704</u>	
Total	228,025	217,686	
Reimbursement from			
Water and Sewer Fund	<u>(37,938)</u>	<u>(37,938)</u>	
Total City Council	<u>190,087</u>	<u>179,748</u>	<u>10,339</u>
Public Administration:			
Salaries and employee			
Benefits	353,354	349,864	
Operating expenditures	31,400	<u>32,373</u>	
Total		382,237	
Reimbursement from			
Water and Sewer Fund	<u>(114,191)</u>	<u>(114,191)</u>	
Total Public Administration	<u>270,563</u>	<u>268,046</u>	<u>2,517</u>
Public Information:			
Salaries and employee			
Benefits	166,231	162,424	
Operating expenditures	133,470	113,722	
Capital Outlay	-	<u>-</u>	
Total		276,146	
Reimbursement from			
Water and Sewer Fund	<u>(96,841)</u>	<u>(96,841)</u>	
Total Public Information	<u>202,860</u>	<u>179,305</u>	<u>23,555</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
General Government: (continued)			
PEG Support:			
Salaries and employee			
Benefits	18,096	14,282	
Operating expenditures	11,935	10,786	
Capital Outlay	10,000	-	
Total		25,068	
Reimbursement from Water and Sewer Fund			
Total PEG Support	40,031	25,068	14,963
Economic Development:			
Salaries and employee			
Benefits	172,124	119,828	
Operating Expenditures	70,500	38,600	
Total		158,428	
Reimbursement from Water and Sewer Fund	-	-	
Total Economic Development	242,624	158,428	84,196
Finance:			
Supervision:			
Salaries and employee			
Benefits	619,381	552,807	
Operating expenditures	26,000	22,328	
Total		575,135	
Reimbursement from Water and Sewer Fund	(261,966)	(261,966)	
Net	383,415	313,169	
Collections:			
Salaries and employee			
Benefits	350,842	347,244	
Operating expenditures	153,950	149,989	
Total		497,233	
Reimbursement from Water and Sewer Fund	(222,873)	(222,873)	
Net	281,919	274,360	

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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
General Government: (continued)			
Purchasing:			
Salaries and employee			
Benefits	292,362	292,211	
Operating expenditures	<u>21,000</u>	<u>8,765</u>	
Total Purchasing	<u>313,362</u>	<u>300,976</u>	
Total Finance	<u>978,696</u>	<u>888,505</u>	<u>90,191</u>
Information Technologies:			
Salaries and employee			
Benefits	688,152	695,538	
Operating expenditures	534,241	493,436	
Capital Outlay	282,650	<u>262,124</u>	
Total		1,451,098	
Reimbursement from Water and Sewer Fund	<u>(440,299)</u>	<u>(440,299)</u>	
Total Information Technologies	<u>1,064,744</u>	<u>1,010,799</u>	<u>53,945</u>
Legal:			
Salaries and employee			
Benefits	375,526	256,458	
Operating expenditures	229,224	<u>61,547</u>	
Total		318,005	
Reimbursement from Water and Sewer Fund	<u>(161,612)</u>	<u>(161,612)</u>	
Total Legal	<u>443,138</u>	<u>156,393</u>	<u>286,745</u>
Human Resources:			
Salaries and employee			
Benefits	276,413	284,232	
Operating expenditures	596,636	<u>580,169</u>	
Total		864,401	
Reimbursement from Water and Sewer Fund	<u>(187,781)</u>	<u>(187,781)</u>	
Total Human Resources	<u>685,268</u>	<u>676,620</u>	<u>8,648</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
General Government: (continued)			
Planning GIS Division:			
Salaries and employee			
Benefits	244,327	238,224	
Operating expenditures	65,046	48,933	
Total		287,157	
Reimbursement from			
Water and Sewer Fund	(276,839)	(276,839)	
Total Planning GIS	32,534	10,318	22,216
Division			
Planning:			
Salaries and employee			
Benefits	714,320	651,623	
Operating expenditures	473,440	226,545	
Capital Outlay	23,000	23,564	
Total		901,732	
Reimbursement from			
Water and Sewer Fund	(276,840)	(276,840)	
Total Planning	933,920	624,892	309,028
Code Enforcement:			
Salaries and employee			
Benefits	279,969	270,141	
Operating expenditures	102,046	74,067	
Total Code Enforcement	382,015	344,208	37,807
Engineering:			
Salaries and employee			
Benefits	609,633	601,006	
Operating expenditures	76,198	61,129	
Capital Outlay	10,000	9,695	
Total		671,830	
Reimbursement from			
Water and Sewer Fund	(222,820)	(222,820)	
Total Engineering	473,011	449,010	24,001

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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
General Government: (continued)			
General Administration and Building:			
Salaries and employee Benefits	1,625,665	1,799,760	
Insurance	569,490	559,559	
Operating expenditures	657,000	718,524	
Special Projects	232,500	232,500	
Total General Administration and Building	<u>3,084,655</u>	<u>3,310,343</u>	<u>(225,688)</u>
Total General Government	<u>9,024,146</u>	<u>8,281,683</u>	<u>742,463</u>
Public Safety:			
Police:			
Administration:			
Salaries and employee Benefits	934,685	964,328	
Operating expenditures	1,015,921	1,041,069	
Capital Outlay	855,246	803,577	
Total	<u>2,805,852</u>	<u>2,808,974</u>	<u>(3,122)</u>
Retirees:			
Salaries and employee Benefits	579,733	555,646	
Operating expenditures	-	46	
Total	<u>579,733</u>	<u>555,692</u>	<u>24,041</u>
Records:			
Salaries and employee Benefits	279,031	281,299	
Operating expenditures	222,536	205,477	
Total	<u>501,567</u>	<u>486,776</u>	<u>14,791</u>
Training and Personnel Services:			
Salaries and employee Benefits	456,103	416,006	
Operating expenditures	324,595	339,962	
Capital Outlay	-	4,155	
Total	<u>780,698</u>	<u>760,123</u>	<u>20,575</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Public Safety: (continued)			
CID/Special Ops:			
Salaries and employee			
Benefits	2,318,037	2,251,352	
Operating expenditures	<u>231,093</u>	<u>257,020</u>	
Total	<u>2,549,130</u>	<u>2,508,372</u>	<u>40,758</u>
Field Operations Division:			
Salaries and employee			
Benefits	6,433,277	6,473,367	
Operating expenditures	113,592	123,682	
Capital Outlay	<u>15,000</u>	<u>15,000</u>	
Total	<u>6,561,869</u>	<u>6,612,049</u>	<u>(50,180)</u>
Community Policing:			
Salaries and employee			
Benefits	1,188,310	1,077,857	
Operating expenditures	<u>77,828</u>	<u>79,552</u>	
Total	<u>1,266,138</u>	<u>1,157,409</u>	<u>108,729</u>
Identification:			
Salaries and employee			
benefits	288,237	281,736	
Operating expenditures	<u>102,271</u>	<u>99,498</u>	
Total	<u>390,508</u>	<u>381,234</u>	<u>9,274</u>
Communication:			
Salaries and employee			
Benefits	998,801	947,079	
Operating expenditures	417,809	387,919	
Capital Outlay	<u>867,500</u>	<u>864,281</u>	
Total	<u>2,284,110</u>	<u>2,199,279</u>	<u>84,831</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Public Safety: (continued)			
Special Response Team:			
Salaries and employee benefits			
Operating expenditures	<u>80,243</u>	<u>63,007</u>	
Total	<u>80,243</u>	<u>63,007</u>	<u>17,236</u>
Emergency Management:			
Salaries and employee Benefits	71,072	72,250	
Operating expenditures	<u>9,560</u>	<u>5,639</u>	
Total	<u>80,632</u>	<u>77,889</u>	<u>2,743</u>
Total Police	<u>17,880,480</u>	<u>17,610,804</u>	<u>269,676</u>
Animal Services:			
Field:			
Salaries and employee Benefits	104,824	104,457	
Operating expenditures	<u>75,660</u>	<u>69,914</u>	
Total	<u>180,484</u>	<u>174,371</u>	<u>6,113</u>
Spay/Neuter Clinic:			
Operating expenditures	<u>23,700</u>	<u>22,596</u>	
Total	<u>23,700</u>	<u>22,596</u>	<u>1,104</u>
Shelter:			
Salaries and employee Benefits	865,544	856,793	
Operating expenditures	410,861	360,077	
Capital Outlay	<u>193,600</u>	<u>97,498</u>	
Total	<u>1,470,005</u>	<u>1,314,368</u>	<u>155,637</u>
Total Animal Services	<u>1,674,189</u>	<u>1,511,335</u>	<u>162,854</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Public Safety: (continued)			
Fire:			
Administration:			
Salaries and employee			
Benefits	221,493	237,825	
Operating expenditures	35,565	30,764	
Total	<u>257,058</u>	<u>268,589</u>	<u>(11,531)</u>
Standards and Personnel			
Development:			
Salaries and employee			
Benefits	188,170	196,772	
Operating expenditures	40,860	26,910	
Total	<u>229,030</u>	<u>223,682</u>	<u>5,348</u>
Fire Code Compliance:			
Salaries and employee			
Benefits	353,157	335,682	
Operating expenditures	24,200	19,429	
Total	<u>377,357</u>	<u>355,111</u>	<u>22,246</u>
Emergency Response			
Services:			
Salaries and employee			
Benefits	6,243,828	6,204,490	
Operating expenditures	340,200	304,294	
Capital Outlay	320,000	244,868	
Total	<u>6,904,028</u>	<u>6,753,652</u>	<u>150,376</u>
Emergency Services			
Facilities:			
Operating expenditures	205,797	265,142	
Total	<u>205,797</u>	<u>265,142</u>	<u>(59,345)</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Fire: (continued)			
Training Center:			
Operating expenditures	59,500	42,953	
Total	<u>59,500</u>	<u>42,953</u>	<u>16,547</u>
Emergency Response Equipment:			
Operating expenditures	119,500	180,105	
Capital Outlay	715,000	121,889	
Total	<u>834,500</u>	<u>301,994</u>	<u>532,506</u>
Total Fire	<u>8,867,270</u>	<u>8,211,123</u>	<u>656,147</u>
Total Public Safety	<u>28,421,939</u>	<u>27,333,262</u>	<u>1,088,677</u>
Public Works:			
Public Works Department:			
Supervision:			
Salaries and employee Benefits	242,059	232,146	
Operating expenditures	20,450	26,392	
Total	<u>262,509</u>	<u>258,538</u>	<u>3,971</u>
Building Maintenance:			
Salaries and employee Benefits	691,201	660,776	
Operating expenditures	59,600	126,517	
Capital Outlay	85,000	62,484	
Total	<u>835,801</u>	<u>849,777</u>	<u>(13,976)</u>
Municipal Building:			
Operating expenditures	253,500	246,713	
Capital Outlay	80,000	79,527	
Total	<u>333,500</u>	<u>326,240</u>	<u>7,260</u>
May Memorial Library:			
Operating expenditures	167,000	170,486	
Total	<u>167,000</u>	<u>170,486</u>	<u>(3,486)</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Public Works: (continued)			
Equipment Maintenance:			
Salaries and employee benefits	815,080	787,001	
Operating expenditures	339,235	386,991	
Capital Outlay	-	6,936	
Total	<u>1,154,315</u>	<u>1,180,928</u>	<u>(26,613)</u>
Streets:			
Salaries and employee benefits	1,058,233	984,947	
Operating expenditures	515,800	544,479	
Capital Outlay	2,180,800	1,159,634	
Total	<u>3,754,833</u>	<u>2,689,060</u>	<u>1,065,773</u>
Cemetery:			
Salaries and employee benefits	867,911	803,486	
Operating expenditures	238,150	293,294	
Capital Outlay	35,000	39,452	
Total	<u>1,141,061</u>	<u>1,136,232</u>	<u>4,829</u>
Sanitation:			
Salaries and employee benefits	1,049,816	1,029,032	
Operating expenditures	1,302,600	1,394,205	
Capital Outlay	300,000	246,390	
Total	<u>2,652,416</u>	<u>2,669,627</u>	<u>(17,211)</u>
Sustainability:			
Salaries and employee benefits	189,682	192,101	
Operating expenditures	15,400	21,521	
Capital Outlay	135,000	95,281	
Total	<u>340,082</u>	<u>308,903</u>	<u>31,179</u>
Inspections:			
Salaries and employee benefits	630,987	616,887	
Operating expenditures	62,245	37,968	
Total	<u>693,232</u>	<u>654,855</u>	<u>38,377</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Public Works: (continued)			
Reimbursement from Water and Sewer Fund	_____	_____	_____
Total Inspections	<u>693,232</u>	<u>654,855</u>	<u>38,377</u>
Total Public Works	<u>11,334,749</u>	<u>10,244,646</u>	<u>1,090,103</u>
Transportation:			
Traffic Control Supervisor:			
Salaries and employee benefits	548,567	551,948	
Operating expenditures	<u>362,150</u>	<u>217,670</u>	
Total	<u>910,717</u>	<u>769,618</u>	<u>141,099</u>
Street Signs - Marking:			
Salaries and employee benefits	166,975	179,551	
Operating expenditures	<u>62,650</u>	<u>48,381</u>	
Total	<u>229,625</u>	<u>227,932</u>	<u>1,693</u>
Street Lighting:			
Operating expenditures	<u>735,000</u>	<u>731,379</u>	
Total	<u>735,000</u>	<u>731,379</u>	<u>3,621</u>
Total Transportation	<u>1,875,342</u>	<u>1,728,929</u>	<u>146,413</u>
Cultural and Recreation:			
Supervision:			
Salaries and employee benefits	504,286	443,238	
Operating expenditures	60,138	41,139	
Capital Outlay	<u>130,000</u>	<u>125,737</u>	
Total	<u>694,424</u>	<u>610,114</u>	<u>84,310</u>
Day Camps and Afterschools:			
Salaries and employee benefits	552,144	609,204	
Operating expenditures	<u>144,746</u>	<u>122,454</u>	
Total	<u>696,890</u>	<u>731,658</u>	<u>(34,768)</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Cultural and Recreation: (continued)			
Athletics			
Salaries and employee benefits	681,270	746,252	
Operating expenditures	544,010	538,895	
Capital Outlay	47,650	52,610	
Total	<u>1,272,930</u>	<u>1,337,757</u>	<u>(64,827)</u>
Special Events:			
Salaries and employee benefits	169,575	163,275	
Operating expenditures	216,872	222,739	
Total	<u>386,447</u>	<u>386,014</u>	<u>433</u>
Fairchild Stadium:			
Operating expenditures	127,000	156,996	
Capital Outlay	10,000	9,927	
Total	<u>137,000</u>	<u>166,923</u>	<u>(29,923)</u>
Recreation Buildings:			
Salaries and employee benefits	1,146,826	1,210,252	
Operating expenditures	755,013	769,530	
Capital Outlay	806,845	455,301	
Total	<u>2,708,684</u>	<u>2,435,083</u>	<u>273,601</u>
Aquatics:			
Salaries and employee benefits	406,693	436,161	
Operating expenditures	224,000	244,291	
Total	<u>630,693</u>	<u>680,452</u>	<u>(49,759)</u>
Camp Greenleaves:			
Salaries and employee benefits	45,987	46,779	
Operating expenditures	12,860	31,257	
Total	<u>58,847</u>	<u>78,036</u>	<u>(19,189)</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Cultural and Recreation: (continued)			
Amusement Park:			
Salaries and employee benefits	114,736	133,166	
Operating expenditures	<u>102,400</u>	<u>126,488</u>	
Total	<u>217,136</u>	<u>259,654</u>	<u>(42,518)</u>
Golf Course:			
Salaries and employee benefits	460,853	514,450	
Operating expenditures	238,083	279,872	
Capital Outlay	<u>89,000</u>	<u>88,652</u>	
Total	<u>787,936</u>	<u>882,974</u>	<u>(95,038)</u>
Paramount Theater:			
Salaries and employee benefits	124,486	151,591	
Operating expenditures	<u>128,980</u>	<u>121,878</u>	
Total	<u>253,466</u>	<u>273,469</u>	<u>(20,003)</u>
Total Cultural and Recreation	<u>7,844,453</u>	<u>7,842,134</u>	<u>2,319</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Debt Service:			
Principal - bond	535,000	535,000	
Interest and other charges bond	82,788	82,788	
Principal - capital lease	2,007,040	2,007,038	
Interest and other charges capital lease	21,898	21,897	
Total Debt Service	<u>2,646,726</u>	<u>2,646,723</u>	<u>3</u>
Total Expenditures	<u>61,147,355</u>	<u>58,077,377</u>	<u>3,069,978</u>
Revenues Over (Under) Expenditures	<u>(8,598,900)</u>	<u>(2,466,934)</u>	<u>(6,131,966)</u>
Other Financing Sources (Uses):			
Transfer from (to) other funds			
Transfer to Workers Comp	(565,768)	(565,768)	
Transfer to Transportation	(416,300)	(416,300)	
Year End Budget Amendment	(1,150,000)		(1,150,000)
Capital Reserve Fund		(100,000)	100,000
Bureau of Justice Asst Comm Orient Pol			
Group Health	(47,934)	(847,934)	800,000
MPO	(74,520)	(74,520)	
Issuance from Installment Financing	2,015,318	2,015,318	
Capital Reserve Fund	1,400,500	1,400,500	
Sale of properties & materials	50,000	116,689	(66,689)
Total Other Financing Sources (Uses)	<u>1,211,296</u>	<u>1,527,985</u>	<u>316,689</u>
Revenues and Other Sources Over (Under) Expenditures and Other Financing Uses	<u>(7,387,604)</u>	<u>(938,949)</u>	<u>\$ (6,448,655)</u>
Fund balance, appropriated	<u>\$ 7,387,604</u>		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>38,170,335</u>	
Fund balance, ending		<u>\$ 37,231,386</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
 CAPITAL RESERVE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2018

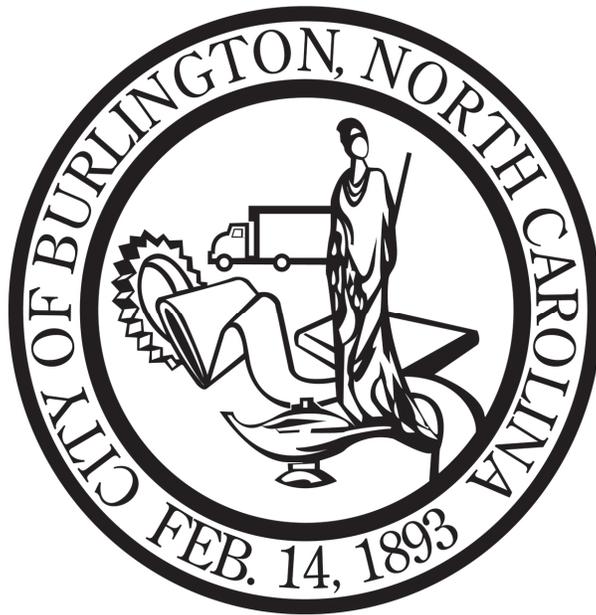
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment Earnings	\$ _____	\$ 51,211	\$ _____
Total Revenues	_____	51,211	51,211
Expenditures:			
Infrastructure	_____	_____	_____
Total Expenditures	_____	_____	_____
Revenues Over (Under) Expenditures	_____	51,211	51,211
Other Financing Sources (Uses):			
Transfer from (to) other funds			
General Fund		100,000	100,000
General Fund	(1,400,500)	(1,400,500)	
Animal Shelter	(1,096,800)	(1,096,800)	
Trans. Sidewalk & Inter. Improv.	(51,895)	(51,895)	
Willowbrook Arboretum	(250,000)	(250,000)	
Front St. Greenway/Bikeway	(30,000)	(30,000)	
Total Other Financing Sources (Uses)	<u>(2,829,195)</u>	<u>(2,729,195)</u>	<u>100,000</u>
Revenues and Other Sources Over (Under) Expenditures	(2,829,195)	(2,677,984)	<u>\$ 151,211</u>
Fund balance, appropriated	\$ 2,829,195		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		8,183,945	
Fund balance, ending		<u>\$ 5,505,961</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2018

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 1,802,314	\$ 3,591,727	\$ 5,394,041
Receivables, net:			
Taxes	64,472		64,472
Accounts	411,593		411,593
Housing rehabilitation loans	1,992,609		1,992,609
Home Incentive loans	53,105		53,105
Due from other funds	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 4,324,093</u>	<u>\$ 3,591,727</u>	<u>\$ 7,915,820</u>
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 195,798	\$ 82,829	\$ 278,627
Due to other funds	1,666		1,666
Deferred Revenue	64,472		64,472
Total Liabilities	<u>261,936</u>	<u>82,829</u>	<u>344,765</u>
<b>Fund Balances:</b>			
<b>Restricted:</b>			
Stabilization by State Statute	176,524		176,524
Economic Development	3,113,856		3,113,856
Public Safety	525,440		525,440
Committed for Capital Development		3,508,898	3,508,898
Assigned for Subsequent Expenditures	412,159		412,159
Unassigned	<u>(165,822)</u>	<u>                    </u>	<u>(165,822)</u>
Total Fund Balances	<u>4,062,157</u>	<u>3,508,898</u>	<u>7,571,055</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 4,324,093</u></u>	<u><u>\$ 3,591,727</u></u>	<u><u>\$ 7,915,820</u></u>

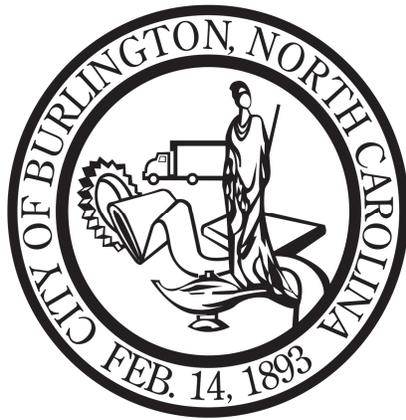
CITY OF BURLINGTON, NORTH CAROLINA  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Fiscal Year Ended June 30, 2018

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES:</b>			
Ad valorem taxes	\$ 126,017	\$	\$ 126,017
Unrestricted intergovernmental	168,694		168,694
Restricted intergovernmental	1,071,925	360,150	1,432,075
Sales and service	43,515		43,515
Investment earnings	19		19
Miscellaneous	20,134		20,134
	<hr/>	<hr/>	<hr/>
Total revenues	1,430,304	360,150	1,790,454
<b>EXPENDITURES:</b>			
Current:			
Public Safety	515,044		515,044
Cultural and Recreation	174,461		174,461
Economic and physical Development	742,410		742,410
Capital Outlay		1,696,675	1,696,675
	<hr/>	<hr/>	<hr/>
Total Liabilities	1,431,915	1,696,675	3,128,590
Revenues over (under) expenditures	<hr/> (1,611)	<hr/> (1,336,525)	<hr/> (1,338,136)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer from other funds	74,520	1,663,695	1,738,215
Transfer to other funds	(19,391)		(19,391)
	<hr/>	<hr/>	<hr/>
Total other financing sources	55,129	1,663,695	1,718,824
Revenue and other sources over expenditures and other uses	53,518	327,170	380,688
<b>Fund balances:</b>			
Fund balances - beginning	4,008,640	3,181,729	7,190,369
Fund balances-ending	<u>\$ 4,062,158</u>	<u>\$ 3,508,899</u>	<u>\$ 7,571,057</u>



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



CITY OF BURLINGTON, NORTH CAROLINA  
ALL SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
For the Fiscal Year Ended June 30, 2018

	Community Development Fund	Rehabilitation Loan Program Fund	Rental Rehabilitation Loan Program Fund	Downtown Special Tax District Fund	Governor's Crime Commission Human Trafficking	RICO Fund	Edward Byrne Justice Assistance Grant Fund
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 10,103	\$ 237,758	\$ 311,055	\$ -	\$ -	\$ 447,664	\$ 120,925
Receivables, net:							
Taxes				64,472			
Accounts		33,213	160,705				
Housing rehabilitation loans		1,566,542	426,067				
Home Incentive loans		53,105					
Due from other funds							
Total Assets	<u>\$ 10,103</u>	<u>\$ 1,890,618</u>	<u>\$ 897,827</u>	<u>\$ 64,472</u>	<u>\$ -</u>	<u>\$ 447,664</u>	<u>\$ 120,925</u>
<b>LIABILITIES AND FUND BALANCES:</b>							
<b>Liabilities:</b>							
Accounts payable and accrued Liabilities	\$ -	\$ 55	\$ -	\$ -	\$ 42,878	\$ 3,020	\$ -
Due to other funds		1,666					
Deferred Revenue							
Total Liabilities	<u>-</u>	<u>1,721</u>	<u>-</u>	<u>-</u>	<u>42,878</u>	<u>3,020</u>	<u>-</u>
<b>Fund Balances:</b>							
<b>Restricted:</b>							
Stabilization by State Statute	-	-	-	-	-	-	-
Economic Development	-	1,713,897	797,622				
Public Safety						369,293	120,925
Assigned Subsequent Expenditures	10,103	175,000	100,205			75,351	
Unassigned					(42,878)		
Total Fund Balances	<u>10,103</u>	<u>1,888,897</u>	<u>897,827</u>	<u>-</u>	<u>(42,878)</u>	<u>444,644</u>	<u>120,925</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 10,103</u>	<u>\$ 1,890,618</u>	<u>\$ 897,827</u>	<u>\$ 64,472</u>	<u>\$ -</u>	<u>\$ 447,664</u>	<u>\$ 120,925</u>

<u>Guilford Mackintosh Fund</u>	<u>Controlled Substance Tax Fund</u>	<u>MPO Planning Transportation Fund</u>	<u>Medicare Part D Grant Project Fund</u>	<u>Bureau of Justice Assistance Community Oriented Policing Grant</u>	<u>Totals</u>
\$ -	\$ 88,690	\$ 519,766	\$ 1,619	\$ 64,734	\$ 1,802,314
130,946		86,729			64,472
					411,593
					1,992,609
					53,105
<u>\$ 130,946</u>	<u>\$ 88,690</u>	<u>\$ 606,495</u>	<u>\$ 1,619</u>	<u>\$ 64,734</u>	<u>\$ 4,324,093</u>
\$ 130,946	\$ 1,968	\$ 5,777	\$ -	\$ 11,154	\$ 195,798
					1,666
<u>130,946</u>	<u>1,968</u>	<u>5,777</u>	<u>-</u>	<u>11,154</u>	<u>197,464</u>
-	-	-	-	176,524	176,524
	35,222	600,718	1,619		3,113,856
	51,500				525,440
				(122,944)	412,159
					(165,822)
<u>-</u>	<u>86,722</u>	<u>600,718</u>	<u>1,619</u>	<u>53,580</u>	<u>4,062,157</u>
<u>\$ 130,946</u>	<u>\$ 88,690</u>	<u>\$ 606,495</u>	<u>\$ 1,619</u>	<u>\$ 64,734</u>	<u>\$ 4,324,093</u>

CITY OF BURLINGTON, NORTH CAROLINA  
ALL SPECIAL REVENUE FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2018

	Community Development Fund	Rehabilitation Loan Program Fund	Rental Rehabilitation Loan Program Fund	Downtown Special Tax District Fund	Governor's Crime Commission Human Trafficking	RICO Fund	Edward Byrne Justice Assistance Grant Fund
Revenues:							
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ 126,017	\$ -	\$ -	\$ -
Unrestricted							
intergovernmental							
Restricted							
intergovernmental	305,478					354,054	29,328
Sales and services							
Investment earnings		19					
Miscellaneous		9,714	10,420				
	<u>305,478</u>	<u>9,733</u>	<u>10,420</u>	<u>126,017</u>		<u>354,054</u>	<u>29,328</u>
Total Revenue							
Expenditures:							
Current:							
Public Safety	-	-	-	-	70,934	85,716	27,179
Cultural and Recreation							
Economic and physical							
development	289,073	85,902	38,668	126,017			
	<u>289,073</u>	<u>85,902</u>	<u>38,668</u>	<u>126,017</u>	<u>70,934</u>	<u>85,716</u>	<u>27,179</u>
Total Expenditures							
Revenues Over (Under)							
Expenditures	<u>16,405</u>	<u>(76,169)</u>	<u>(28,248)</u>	<u>-</u>	<u>(70,934)</u>	<u>268,338</u>	<u>2,149</u>
Other Financing Sources (Uses):							
Transfer from							
other funds	-	-	-	-	-	-	-
Transfer to							
other funds			(19,391)				
Transfer to component							
unit							
Total Other Financing							
Sources (Uses)	<u>-</u>	<u>-</u>	<u>(19,391)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>16,405</u>	<u>(76,169)</u>	<u>(47,639)</u>	<u>-</u>	<u>(70,934)</u>	<u>268,338</u>	<u>2,149</u>
Fund balance, beginning	(6,302)	1,965,066	945,466	-	28,056	177,306	118,776
Fund balance, ending	<u>\$ 10,103</u>	<u>\$ 1,888,897</u>	<u>\$ 897,827</u>	<u>\$ -</u>	<u>\$ (42,878)</u>	<u>\$ 445,644</u>	<u>\$ 120,925</u>

<u>Guilford Mackintosh Fund</u>	<u>Controlled Substance Tax Fund</u>	<u>MPO Planning Transportation Fund</u>	<u>Medicare Part D Grant Project Fund</u>	<u>Bureau of Justice Assistance Community Oriented Policing Grant</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,017
130,946	37,747				168,693
43,515		217,053		167,012	1,072,925
					43,515
					19
					20,134
<u>174,461</u>	<u>37,747</u>	<u>217,053</u>	<u>-</u>	<u>167,012</u>	<u>1,431,303</u>
-	41,259	-	-	289,956	515,044
174,461					174,461
-	-	202,750	-		742,410
<u>174,461</u>	<u>41,259</u>	<u>202,750</u>	<u>-</u>	<u>289,956</u>	<u>1,431,915</u>
-	(3,512)	14,303	-	(122,944)	(612)
-	-	74,520	-	-	74,520
					(19,391)
-	-	74,520	-	-	55,129
-	(3,512)	88,823	-	(122,944)	54,517
-	90,234	511,895	1,619	176,524	4,008,640
<u>\$ -</u>	<u>\$ 86,722</u>	<u>\$ 600,718</u>	<u>\$ 1,619</u>	<u>\$ 53,580</u>	<u>\$ 4,063,157</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, 2018

	Total Authorized Revenues	Actual		Variance Positive (Negative)	
		Reported In Prior Years	Current Year		Total To Date
Revenues:					
Restricted					
Intergovernmental:					
Federal Grants –					
Program Year:					
2018	399,942		256,020	256,020	(143,922)
2017	402,011	285,975	48,333	334,308	(67,703)
2016	419,950	365,882		365,882	(54,068)
2015	412,593	99,602	1,125	100,727	(311,866)
2014	458,906	424,630		424,630	(34,216)
2013	460,219	460,219		460,219	
2012	398,713	398,713		398,713	
2011	477,189	477,189		477,189	
2010	439,247	439,247		439,247	
2009	432,444	432,444		432,444	
2008	447,676	447,676		447,676	
2007	440,794	440,794		440,794	
2006	490,388	490,388		490,388	
2005	518,000	518,000		518,000	
2004	531,000	531,000		531,000	
Federal Recovery Grant		117,446		117,446	117,446
Total Restricted Intergovernmental	<u>6,729,072</u>	<u>5,929,205</u>	<u>305,478</u>	<u>6,234,683</u>	<u>(494,389)</u>
Miscellaneous Revenues:					
Urban renewal land sales and related income					
Sale of property:		145,641		145,641	145,641
2007		200		200	200
2004		200		200	200
1997		14,083		14,083	14,083
Program income 1995		522		522	522
Total Miscellaneous Revenues		<u>160,646</u>		<u>160,646</u>	<u>160,646</u>
Total Revenues	<u>6,729,072</u>	<u>6,089,851</u>	<u>305,478</u>	<u>6,395,329</u>	<u>(333,743)</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, 2018

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

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, 2018

	Total Authorized <u>Expenses</u>	Actual			Variance Positive (Negative)
		Reported In Prior <u>Years</u>	Current <u>Year</u>	Total <u>To Date</u>	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2006:					
Public Works Facilities,					
Site Improvements:					
Glen Raven					
Infrastructure	317,388	317,388		317,388	
Provision of Public Services:					
North Park Library	10,000	10,000		10,000	
Construction Training					
Program	65,000	65,000		65,000	
Administration	67,281	67,281		67,281	
Total Program Year 2006	<u>459,669</u>	<u>459,669</u>	<u>-</u>	<u>459,669</u>	<u>-</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	49,642	49,642		49,642	
Total Program Year 2007	<u>374,661</u>	<u>374,661</u>	<u>-</u>	<u>374,661</u>	<u>-</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, 2018

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

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, 2018

	Total Authorized <u>Expenses</u>	Actual			Variance Positive (Negative)
		Reported In Prior <u>Years</u>	Current <u>Year</u>	Total <u>To Date</u>	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2010:					
Public Works Facilities,					
Site Improvements:					
Maple Avenue					
Sidewalk	112,699	112,699		112,699	
Provision of Public Services:					
North Park Library	10,000	10,000		10,000	
Residential Treatment					
Services Mebane					
Street Facility					
Repairs	9,175	9,175		9,175	
North Park					
Improvements	100,000	100,000		100,000	
Family Abuse					
Services					
Transitional					
Housing					
Upgrade	3,500	3,500		3,500	
Construction Training					
Program	65,000	65,000		65,000	
Administration	98,000	70,693		70,693	27,307
Total Program Year 2010	398,374	371,067	-	371,067	27,307

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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, 2018

	Total Authorized <u>Expenses</u>	Actual		Variance Positive (Negative)
		Reported In Prior <u>Years</u>	Current <u>Year</u>	
Expenditures (continued):				
Economic and Physical				
Development (continued):				
Program Year 2011:				
Public Works Facilities,				
Site Improvements:				
Water & Sewer				
Lines-Hunt St.	45,437	45,437		45,437
Provision of Public Services:				
North Park Library	10,000	10,000		10,000
Fairchild Park				
Upgrade	230,474	230,474		230,474
FAS Transitional				
Housing Upgrade	4,566	4,566		4,566
North Park				
Improvements	11,081	11,081		11,081
Picnic Site				
Improvements	12,343	12,343		12,343
Playground				
Equipment				
Upgrades	30,000	30,000		30,000
Relocation	10,171	10,170		10,170
Construction				
Training Program	65,000	65,000		65,000
Administration	98,000	57,695		57,695
				40,305
Total Program Year 2011	<u>517,072</u>	<u>476,766</u>	<u>-</u>	<u>476,766</u>
				40,306

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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, 2018

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

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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, 2018

	Total Authorized <u>Expenses</u>	Reported In Prior <u>Years</u>	Actual		Variance Positive <u>(Negative)</u>
			Current <u>Year</u>	Total <u>To Date</u>	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2013:					
Public Works Facilities,					
Site Improvements:					
Ireland St. Sidewalk					
Project	114,835	114,835		114,835	
Provision of Public Services:					
North Park Library	10,000	10,000		10,000	
North Park Upgrades	5,000				5,000
Relocation	2,830	2,830		2,830	
RTS Hall Avenue					
Upgrade	1,250	1,250		1,250	
Fairchild Park					
Youth Program	51,430	51,430		51,430	
Fairchild Soccer					
Park Paving	56,055	56,055		56,055	
Fairchild Generator					
Project	17,838	17,839		17,839	(1)
FAS Emergency					
Shelter	3,305	3,305		3,305	
Eva Barker Park	41,000	41,000		41,000	
North Park HVAC					
Upgrade	9,650	9,650		9,650	
RTS Mebane St					
Upgrade	8,990	8,990		8,990	
Forest Hills					
Upgrade	4,398	4,398		4,398	
Allied Churches					
Upgrade	8,232				8,232
Construction					
Training Program	65,000	65,000		65,000	
Administration	62,000	54,339		54,339	7,661
Total Program Year 2013	<u>461,813</u>	<u>440,921</u>	<u>-</u>	<u>440,921</u>	<u>20,892</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, 2018

	Total Authorized Revenues	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2014:					
Public Works Facilities,					
Site Improvements:					
Mebane St. Sidewalk					
Project	143,089	143,522		143,522	(433)
Mebane St. Crosswalk					
Project	33,300	33,300		33,300	
Provision of Public Services:					
North Park Library	26,237	26,237		26,237	
RTS Hall Avenue					
Upgrade	13,040	13,040		13,040	
Fairchild Park					
Upgrade	9,399	9,399		9,399	
Allied Churches					
Upgrade	74,281	65,168		65,168	9,113
Construction					
Training Program	65,000	65,000		65,000	
Burl Development Corp	7,239				7,239
Administration	62,000	54,408		54,408	7,592
<b>Total Program Year 2014</b>	<b>433,585</b>	<b>410,074</b>	<b>-</b>	<b>410,074</b>	<b>23,511</b>

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, 2018

	Total Authorized Expenses	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2015:					
Public Works Facilities,					
Site Improvements:					
Friendly Ave Culvert	72,917	25,449		25,449	47,468
Mebane St Crosswalk					
Project					
Provision of Public Services:					
North Park Library	14,137	12,156		12,156	1,981
RTS Hall Avenue					
Upgrade					
North Park Gym					
Upgrades	108,860	113,460		113,460	(4,600)
Allied Churches					
Upgrade	54,600	70,718		70,718	(16,118)
Relocation	7,000	7,000		7,000	
Construction					
Training Program	65,000	65,000		65,000	
Burl Development Corp	19,903	27,142		27,142	(7,239)
Administration	68,093	58,252		58,252	9,841
<b>Total Program Year 2015</b>	<b>410,510</b>	<b>379,177</b>	<b>-</b>	<b>379,177</b>	<b>31,333</b>
Program Year 2016:					
Provision of Public Services:					
North Park Library	10,000	10,000		10,000	
RTS Hall Avenue					
Upgrade					
North Park Gym					
Upgrades					
Allied Churches					
Upgrade	102,995	102,995		102,995	
Hatch St. Sidewalk	52,050	52,041		52,041	9
Fairchild Park					
Gym upgrades	140,000	140,000		140,000	
Relocation	4,000	4,000		4,000	
Construction					
Training Program	65,000	65,000		65,000	
Burl Development Corp	23,843	23,777		23,777	66
Administration	47,112	16,235	(16,235)		47,112
<b>Total Program Year 2016</b>	<b>445,000</b>	<b>414,048</b>	<b>(16,235)</b>	<b>397,813</b>	<b>47,187</b>

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, 2018

	Total Authorized Expenses	Actual			Variance Positive (Negative)
		Reported In Prior Years	Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2017:					
Provision of Public Services:					
North Park Library	10,000	10,000		10,000	
RTS Hall Avenue					
Upgrade	18,200	18,200		18,200	
Allied Churches					
Upgrade	15,000	15,000		15,000	
Thataway					
Upgrades	37,000	37,000		37,000	
Relocation	2,000	526	1,374	1,900	100
Construction					
Training Program	65,000	65,000		65,000	
Allied Church					
Assessment	15,000	15,000		15,000	
Family Abuse					
Service Upgrades	31,935	31,935		31,935	
Richmond Hill	35,870	35,870		35,870	
Ralph Scott					
Life Upgrades	54,390	54,390		54,390	
Burl Development Corp	25,209	25,209		25,209	
Administration	47,112	1,875	16,235	18,110	29,002
Total Program Year 2017	356,716	310,005	17,609	327,614	29,102

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, 2018

	Total Authorized <u>Expenses</u>	Actual			Variance Positive (Negative)
		Reported In Prior <u>Years</u>	Current <u>Year</u>	Total <u>To Date</u>	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2018:					
Public Works Facilities,					
Site Improvements:					
North Church Sidewalk	85,008		596	596	84,412
Provision of Public Services:					
North Park Library	10,000		9,983	9,983	17
North Park Upgrades	120,000		123,666	123,666	(3,666)
Allied Churches					
Upgrade	63,876				63,876
Relocation	2,000				2,000
Construction					
Training Program	26,740		26,740	26,740	
Ralph Scott					
Life Upgrades	52,000		46,134	46,134	5,866
Burl Development Corp	36,000		36,000	36,000	
Administration	52,003		44,580	44,580	7,423
	<u>447,627</u>	<u>-</u>	<u>287,699</u>	<u>287,699</u>	<u>159,928</u>
Total Program Year 2017					

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, 2018

	Total Authorized Expenses	Actual		Total To Date	Variance Positive (Negative)
		Reported In Prior Years	Current Year		
Expenditures (continued): Economic and Physical Development (continued):					
Total Expenditures	<u>6,729,072</u>	<u>6,007,150</u>	<u>289,073</u>	<u>6,296,223</u>	<u>432,849</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>82,701</u>	<u>16,405</u>	<u>99,106</u>	<u>99,106</u>
Other Financing Sources (Uses): Transfers from (to) other funds:					
Mebane St.					
St. John Culvert	(117,450)	(117,446)		(117,446)	4
Rehabilitation Loan	<u>215,999</u>				<u>(215,999)</u>
Total Other Financing (Uses)	<u>98,549</u>	<u>(117,446)</u>		<u>(117,446)</u>	<u>(215,995)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 98,549	<u>\$ (34,745)</u>	16,405	<u>\$ (18,340)</u>	<u>\$ (116,889)</u>
Fund balance, appropriated	<u>(98,549)</u>				
Net change in fund balance	<u>\$ -</u>				
Fund balance, beginning			<u>(6,302)</u>		
Fund balance, ending			<u>\$ 10,103</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, 2018

---

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment Earnings	\$ -	\$ 19	\$ -
Miscellaneous			
Interest on loans		9,714	
	<hr/>	<hr/>	<hr/>
Total Revenues	-	9,733	9,733
	<hr/>	<hr/>	<hr/>
Expenditures:			
Economic and Physical			
Development:			
Operating Expenditures		89,163	
Provision for bad debts		(3,261)	
	<hr/>	<hr/>	<hr/>
Total Expenditures	234,450	85,902	148,548
	<hr/>	<hr/>	<hr/>
Revenues Over (Under)			
Expenditures	(234,450)	(76,169)	<u>\$ 158,281</u>
	<hr/>		<hr/>
Fund balance, appropriated	234,450		
	<hr/>		
Net change in fund balance	<u>\$ -</u>		
	<hr/>		
Fund balance, beginning		1,965,066	
		<hr/>	
Fund balance, ending		<u>\$ 1,888,897</u>	
		<hr/>	

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – RENTAL REHABILITATION LOAN PROGRAM FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES INFUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ -	\$ -
Miscellaneous			
Interest on loans		10,420	
Miscellaneous income			
Total Revenues	<u>-</u>	<u>10,420</u>	<u>10,420</u>
Expenditures:			
Economic and Physical			
Development:			
CTP Housing – City		38,260	
Provision for bad debts		408	
Total Expenditures	<u>33,000</u>	<u>38,668</u>	<u>(5,668)</u>
Revenues Over (Under)			
Expenditures	<u>(33,000)</u>	<u>(28,248)</u>	<u>4,752</u>
Other Financing Sources (Uses)			
Transfer from other funds:			
Home Program Project	<u>(19,391)</u>	<u>(19,391)</u>	
Total other financing sources	<u>(19,391)</u>	<u>(19,391)</u>	
Revenues Over (Under)			
Expenditures	(52,391)	(47,639)	<u>\$ 4,752</u>
Fund balance, appropriated	52,391		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>945,466</u>	
Fund balance, ending		<u>\$ 897,827</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – DOWNTOWN SPECIAL TAX DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ -	\$ 126,480	\$ -
Tax discounts		(463)	
Total	<u>115,000</u>	<u>126,017</u>	<u>11,017</u>
Sales and Service:			
Parade Holiday Events			
Farmers Market			
Promotional Sales			
Total	<u>80,100</u>		<u>(80,100)</u>
Total Revenues	<u>195,100</u>	<u>126,017</u>	<u>(69,083)</u>
Expenditures:			
Economic and Physical Development:			
Salaries and employee benefits			
Operating expenditures		126,017	
Provision for bad debts			
Total Expenditures	<u>216,300</u>	<u>126,017</u>	<u>90,283</u>
Revenues Over (Under) Expenditures	<u>(21,200)</u>	<u>-</u>	<u>21,200</u>
Other Financing Sources (Uses)			
Transfer from other funds:			
Energy Efficiency			
Upgrade Main Street 2			
Total other financing sources			
Revenues Over (Under) Expenditures	(21,200)		<u>\$ 21,200</u>
Fund balance, appropriated	21,200		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ -</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – HOME FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2018

	Total Authorized Revenues	Actual			Variance Positive (Negative)
		Reported In Prior Years	Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
Federal Grant	\$ 5,149,493	\$ 4,561,758	\$ 58,157	\$ 4,619,915	\$ (529,578)
Federal Grant					
County	2,105,513	1,914,801	48,831	1,963,632	(141,881)
State Grant		2,667		2,667	2,667
Local Funds	36,465	6,481		6,481	(29,984)
Total	7,434,295	6,485,707	106,988	6,592,695	(698,776)
Miscellaneous					
Program income	1,230,698	961,223	(12,853)	948,370	(282,328)
Miscellaneous income		25		25	25
Total	1,230,698	961,248	(12,853)	948,395	(282,203)
Total Revenues	8,664,993	7,446,955	94,135	7,541,090	(981,079)
Expenditures:					
Economic and Physical					
Development:					
Administrative	503,949	410,196	2,989	413,185	90,764
Homebuyer assistance	166,167	53,353		53,353	112,814
CHDO project assistance	1,085,911	985,286	12,781	998,067	87,844
Rehabilitation-owner	7,003,999	2,856,315	12,615	2,868,930	4,135,069
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	975,000	403,462	7,842	411,304	563,696
Provision for bad debts		467,090	(11,044)	456,046	(456,046)
Total Expenditures	10,150,557	5,393,425	25,183	5,418,608	4,731,949
Revenues Over (Under)					
Expenditures	(1,485,564)	2,053,530	68,952	2,122,482	3,750,870

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – HOME FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2018

	Total Authorized Revenues	Actual		Total To Date	Variance Positive (Negative)
		Reported In Prior Years	Current Year		
Other Financing Sources:					
Transfer from other funds:					
HOME Investment Partnership Project Fund		450,726		450,726	450,726
Rental Rehabilitation Loan Program	766,376	780,969	19,391	800,360	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>766,376</u>	<u>1,608,047</u>	<u>19,391</u>	<u>1,627,438</u>	<u>861,062</u>
Revenues and Other Sources Over (Under) Expenditures	\$ (719,188)	<u>\$ 3,661,577</u>	88,343	<u>\$ 3,749,920</u>	<u>\$ 4,611,932</u>
Fund balance, beginning	<u>719,188</u>		<u>3,661,577</u>		
Fund balance, ending	<u>\$ -</u>		<u>\$ 3,749,920</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – GOVERNOR’S CRIME COMMISSION HUMAN TRAFFICKING  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2018

	Total Authorized <u>Revenues</u>	Actual		Total <u>To Date</u>	Variance Positive <u>(Negative)</u>
		Reported In Prior <u>Years</u>	Current <u>Year</u>		
Revenues:					
Restricted Intergovernmental:					
State Grant	\$ <u>96,890</u>	\$ <u>88,821</u>	\$ <u>-</u>	\$ <u>88,821</u>	\$ <u>(8,069)</u>
Total Revenues	<u>96,890</u>	<u>88,821</u>		<u>88,821</u>	<u>(8,069)</u>
Expenditures					
Public Safety:					
Salaries and Employee benefits	53,210	63,190	69,410	132,600	(79,390)
Operating Expenditures	67,980	13,046	1,524	14,570	53,410
Equipment	<u>8,000</u>	<u>16,829</u>		<u>16,829</u>	<u>(8,829)</u>
Total Expenditures	<u>129,190</u>	<u>93,065</u>	<u>70,934</u>	<u>163,999</u>	<u>(34,809)</u>
Revenues Over (Under) Expenditures	<u>(32,300)</u>	<u>(4,244)</u>	<u>(70,934)</u>	<u>(75,178)</u>	<u>(42,878)</u>
Other Financing Sources:					
Transfer from other funds:					
General Fund	<u>32,300</u>	<u>32,300</u>		<u>32,300</u>	
Total Other Financing Sources	<u>32,300</u>	<u>32,300</u>		<u>32,300</u>	
Revenues and Other Sources Over (Under) Expenditures Other Uses	\$ <u>-</u>	\$ <u>28,056</u>	(70,934)	\$ <u>(42,878)</u>	\$ <u>(42,878)</u>
Fund balance, beginning			<u>28,056</u>		
Fund balance, ending			\$ <u>(42,878)</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – RICO FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2018

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	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental			
RICO Funds	\$ -	\$ 353,054	\$ -
Department of Treasury			
Investment Earnings			
	<hr/>	<hr/>	<hr/>
Total Revenues	<hr/>	<u>353,054</u>	<u>353,054</u>
Expenditures:			
Public Safety:			
RICO Funds		<u>85,716</u>	
Total Expenditures	<u>88,982</u>	<u>85,716</u>	<u>3,266</u>
Revenues Over (Under)			
Expenditures	(88,982)	267,338	<u>\$ 356,320</u>
Fund balance, appropriated	<u>88,982</u>		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>177,306</u>	
Fund balance, ending		<u>\$ 444,644</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, 2018

	Total Authorized <u>Revenues</u>	Actual		Total <u>To Date</u>	Variance Positive <u>(Negative)</u>
		Reported In Prior <u>Years</u>	Current <u>Year</u>		
Revenues:					
Restricted Intergovernmental:					
State Grant	\$ <u>959,383</u>	\$ <u>914,907</u>	\$ <u>29,328</u>	\$ <u>944,235</u>	\$ <u>(15,148)</u>
Total Revenues	<u>959,383</u>	<u>914,907</u>	<u>29,328</u>	<u>944,235</u>	<u>(15,148)</u>
Expenditures					
Public Safety:					
Operating Expenditures	366,854	260,273	10,584	270,857	95,997
Equipment	<u>684,106</u>	<u>594,815</u>	<u>16,595</u>	<u>611,410</u>	<u>72,696</u>
Total Expenditures	<u>1,050,960</u>	<u>855,088</u>	<u>27,179</u>	<u>882,267</u>	<u>168,693</u>
Revenues Over (Under) Expenditures	<u>(91,577)</u>	<u>59,819</u>	<u>2,149</u>	<u>61,968</u>	<u>153,545</u>
Other Financing Sources:					
Transfer from other funds:					
RICO Fund	<u>58,957</u>	<u>58,597</u>		<u>58,957</u>	
Total Other Financing Sources	<u>58,957</u>	<u>58,957</u>		<u>58,957</u>	
Revenues and Other Sources Over (Under) Expenditures Other Uses	\$ <u>(32,620)</u>	\$ <u>118,776</u>	2,149	\$ <u>120,925</u>	\$ <u>153,545</u>
Fund balance, beginning			<u>118,776</u>		
Fund balance, ending			\$ <u>120,925</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – GUILFORD MACKINTOSH FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Unrestricted Intergovernmental:			
Guilford County Reimbursements	\$ -	\$ -	\$ -
		130,946	
Total	<u>140,000</u>	<u>130,946</u>	<u>(9,054)</u>
Sales and Service:			
Boat rentals		22,973	
Fishing fees		5,380	
Boat launch fees		6,471	
Concession sales		1,621	
Shelter rentals		4,070	
House rentals		3,000	
Total	<u>38,000</u>	<u>43,515</u>	<u>5,515</u>
Total Revenues	<u>178,000</u>	<u>174,461</u>	<u>(3,539)</u>
Expenditures:			
Cultural and Recreation:			
Salaries and employee benefits		139,723	
Operating expenditures		34,738	
Total Expenditures	<u>178,000</u>	<u>174,461</u>	<u>3,539</u>
Revenues Over (Under) Expenditures			<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  
From Inception and For The Fiscal Year Ended June 30, 2018

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Unrestricted Intergovernmental Controlled substance funds	\$ -	\$ 37,747	\$ -
Total Revenues	<u>          </u>	<u>37,747</u>	<u>37,747</u>
Expenditures:			
Public Safety:			
Salaries and employee benefits		40,594	
RICO Funds		665	
Total Expenditures	<u>50,941</u>	<u>41,259</u>	<u>9,682</u>
Revenues Over (Under) Expenditures	(50,941)	(3,512)	<u>\$ 47,429</u>
Fund balance, appropriated	<u>50,941</u>		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>90,234</u>	
Fund balance, ending		<u>\$ 86,722</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – MPO PLANNING TRANSPORTATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2018

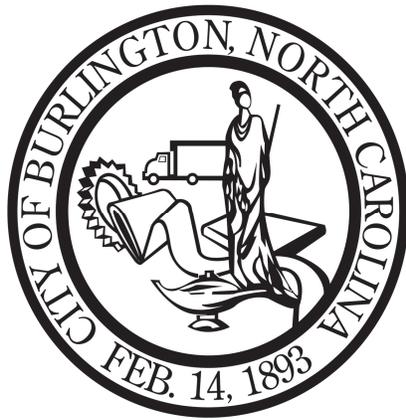
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental:			
State Grant	\$ -	\$ 217,053	\$ -
Bike/Pedes Trans Plan Fee			
Interest			
Total Revenues	<u>310,576</u>	<u>217,053</u>	<u>(93,523)</u>
Expenditures:			
Economic and Physical Development:			
Salaries and employee benefits		137,589	
Operating expenditures		65,161	
Special projects			
Total Expenditures	<u>385,096</u>	<u>202,750</u>	<u>182,346</u>
Revenues Over (Under) Expenditures	<u>(74,520)</u>	<u>14,303</u>	<u>88,823</u>
Other Financing Sources (Uses)			
Transfer from other funds:			
General Fund	<u>74,520</u>	<u>74,520</u>	
Total other financing sources	<u>74,520</u>	<u>74,520</u>	
Revenues Over (Under) Expenditures	-	88,823	<u>\$ 88,823</u>
Fund balance, appropriated	-		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>511,895</u>	
Fund balance, ending		<u>\$ 600,718</u>	

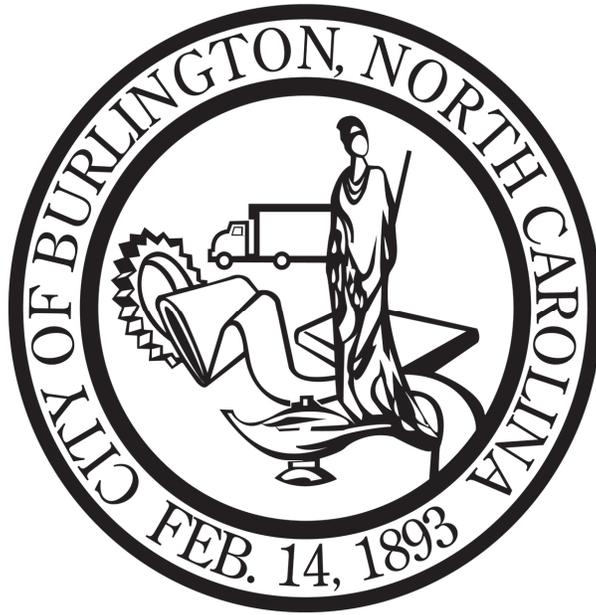
CITY OF BURLINGTON, NORTH CAROLINA  
SPECIAL REVENUE FUND – MEDICARE PART D GRANT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
From Inception and For The Fiscal Year Ended June 30, 2018

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

CITY OF BURLINGTON, NORTH CAROLINA  
 SPECIAL REVENUE FUND – BUREAU JUST ASST COMM ORIENTED POLICING GRANT  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 From Inception and For The Fiscal Year Ended June 30, 2018

	Total Authorized Revenues	Actual			Variance Positive (Negative)
		Reported In Prior Years	Current Year	Total To Date	
Revenues:					
Restricted Intergovernmental:					
State Grant	\$ 1,592,823	\$ 895,991	\$ 167,012	\$ 1,063,003	\$ (529,820)
Total Revenues	<u>1,592,823</u>	<u>895,991</u>	<u>167,012</u>	<u>1,063,003</u>	<u>(529,820)</u>
Expenditures					
Public Safety:					
Salaries and employee benefits	<u>1,971,132</u>	<u>1,097,573</u>	<u>289,956</u>	<u>1,387,529</u>	<u>583,603</u>
Total Expenditures	<u>1,971,132</u>	<u>1,097,573</u>	<u>289,956</u>	<u>1,387,529</u>	<u>583,603</u>
Revenues Over (Under) Expenditures	<u>(378,309)</u>	<u>(201,582)</u>	<u>(122,944)</u>	<u>(324,526)</u>	<u>53,783</u>
Other Financing Sources:					
Transfer from other funds:					
General Fund	<u>378,309</u>	<u>378,106</u>		<u>378,106</u>	<u>(203)</u>
Total Other Financing Sources	<u>378,309</u>	<u>378,106</u>		<u>378,106</u>	<u>(203)</u>
Revenues and Other Sources Over (Under) Expenditures Other Uses	<u>\$ -</u>	<u>\$ 176,524</u>	(122,944)	<u>\$ 53,580</u>	<u>\$ 53,580</u>
Fund balance, beginning			<u>176,524</u>		
Fund balance, ending			<u>\$ 53,580</u>		





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

CITY OF BURLINGTON, NORTH CAROLINA  
 ALL CAPITAL PROJECT FUNDS  
 COMBINING BALANCE SHEET  
 For The Fiscal Year Ended June 30, 2018

	ERP System Project Fund	Trans Sidewalks & Intersections Fund	Animal Shelter Fund	Front St Greenway/ Bikeway Fund	Willowbrook Park Arboretum Fund	Totals
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 561,148	\$ 1,782,958	\$ 608,947	\$ 388,674	\$ 250,000	\$ 3,591,727
Receivables:						
Accounts						
Due from other funds	_____	_____	_____	_____	_____	_____
Total Assets	<u>561,148</u>	<u>1,782,958</u>	<u>608,947</u>	<u>388,674</u>	<u>250,000</u>	<u>3,591,727</u>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 18,320	\$ 43,391	\$ 20,512	\$ -	\$ 606	\$ 82,829
Deferred revenue						
Due to other funds	_____	_____	_____	_____	_____	_____
Total Liabilities	<u>18,320</u>	<u>43,391</u>	<u>20,512</u>	<u>-</u>	<u>606</u>	<u>82,829</u>
<b>Fund Balances</b>						
Committed for capital improvements	\$ 542,828	\$ 1,739,567	\$ 588,435	\$ 388,674	\$ 249,394	\$ 3,508,898
Unassigned	_____	_____	_____	_____	_____	_____
Total Fund Balances	<u>542,828</u>	<u>1,739,567</u>	<u>588,435</u>	<u>388,674</u>	<u>249,394</u>	<u>3,508,898</u>
Total Liabilities and Fund Balances	<u>\$ 561,148</u>	<u>\$ 1,782,958</u>	<u>\$ 608,947</u>	<u>\$ 388,674</u>	<u>\$ 250,000</u>	<u>\$ 3,591,727</u>

CITY OF BURLINGTON, NORTH CAROLINA  
 ALL CAPITAL PROJECT FUNDS  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 For The Fiscal Year Ended June 30, 2018

	ERP System Project Fund	Trans Sidewalks & Intersections Fund	Animal Shelter Fund	Front St Greenway/ Bikeway Fund	Willowbrook Park Arboretum Fund	Totals
Revenues:						
Restricted						
Intergovernmental	\$ -	\$ -	\$ 150	\$ 360,000	\$ -	\$ 360,150
Investment earnings						
Total Revenues			150	360,000		360,150
Expenditures:						
Capital improvements	150,626	684,828	859,290	1,326	606	1,696,676
Total Expenditures	150,626	684,828	859,290	1,326	606	1,696,676
Revenues Over (Under) Expenditures	(150,626)	(684,828)	(859,140)	358,674	(606)	(1,336,526)
Other Financing Sources:						
Transfer from other funds	235,000	51,895	1,096,800	30,000	250,000	1,663,695
Transfer to other funds						
Total Other Financing Sources	235,000	51,895	1,096,800	30,000	250,000	1,663,695
Net Change in Fund Balance	84,374	(632,933)	237,660	388,674	249,394	327,169
Total Fund Balances	458,454	2,372,500	350,775	-	-	3,181,729
Total Liabilities and Fund Balances	<u>\$ 542,828</u>	<u>\$ 1,739,567</u>	<u>\$ 588,435</u>	<u>\$ 388,674</u>	<u>\$ 249,394</u>	<u>\$ 3,508,898</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, 2018

	Total Authorized Revenues	Actual			Variance Positive (Negative)
		Reported In Prior Years	Current Year	Total To Date	
Revenues:					
State Grant	\$ -	\$ 4,342	\$ -	\$ 4,342	\$ 4,342
Total Revenues		4,342		4,342	4,342
Expenditures					
Professional Services	51,000	152,907	14	152,921	(101,921)
Travel-Consultants	10,000	25,442	4,022	29,464	(19,464)
Software	2,303,250	1,180,293	129,694	1,309,987	993,263
Misc-Contract Fees – 1 yr					
Equipment-Hardware	157,000	448,703		448,703	(291,703)
Other Equipment	221,500	156,768	16,896	173,664	47,836
Supplies		36,026		36,026	(36,026)
Total Expenditures	2,742,750	2,000,139	150,626	2,150,765	591,985
Revenues Over (Under) Expenditures	(2,742,750)	(1,995,797)	(150,626)	(2,146,423)	596,327
Other Financing Sources:					
Transfer from other funds:					
Capital Reserve	812,650	812,650		812,650	
Water and Sewer	633,100	398,100	235,000	633,100	
General Fund	1,243,500	1,243,500		1,243,500	
Total Other Financing Sources	2,689,250	2,454,250	235,000	2,689,250	
Revenues and Other Sources Over (Under) Expenditures Other Uses	\$ (53,500)	\$ 458,453	84,374	\$ 542,827	\$ 596,327
Fund balance, appropriated	53,500				
Net change in fund balance	\$ -				
Fund balance, beginning			458,453		
Fund balance, ending			\$ 542,827		

CITY OF BURLINGTON, NORTH CAROLINA  
 CAPITAL PROJECTS FUND – TRANSPORTATION SIDEWALKS & INTERSECTIONS  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 From Inception and For The Fiscal Year Ended June 30, 2018

	Total Authorized Revenues	Actual			Variance Positive (Negative)
		Reported In Prior Years	Current Year	Total To Date	
Revenues:					
NCDOT Grant	\$ 143,000	\$ -	\$ -	\$ -	\$ (143,000)
Total Revenues	143,000				(143,000)
Expenditures					
Transit Ped Improv. Project	1,540,000		318,704	318,704	1,221,296
Graham Hopedale & Mebane	550,500				550,050
Oneal/Rockwood/Edgewood	100,000		21,288	21,288	78,712
Forestdale Widening	301,895		291,582	291,582	10,313
Mebane & Beaumont	75,000		53,254	53,254	21,746
Total Expenditures	2,567,395		684,828	684,828	1,882,567
Revenues Over (Under) Expenditures	(2,424,395)		(684,828)	(684,828)	1,739,567
Other Financing Sources:					
Transfer from other funds:					
Capital Reserve	984,395	932,500	51,895	984,395	
Transportation Fund	1,440,000	1,440,000		1,440,000	
Total Other Financing Sources	2,424,395	2,372,500	51,895	2,424,395	
Revenues and Other Sources Over (Under) Expenditures Other Uses	\$ -	\$ 2,372,500	(632,933)	\$ 1,739,567	\$ 1,739,567
Fund balance, appropriated	-				
Net change in fund balance	\$ -				
Fund balance, beginning			2,372,500		
Fund balance, ending			\$ 1,739,567		

CITY OF BURLINGTON, NORTH CAROLINA  
 CAPITAL PROJECTS FUND – ANIMAL SHELTER  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 From Inception and For The Fiscal Year Ended June 30, 2018

	Total Authorized Revenues	Actual		Total To Date	Variance Positive (Negative)
		Reported In Prior Years	Current Year		
Revenues:					
Donations – Animal Shelter Building	\$ 3,650,000	\$ 1,385	\$ 150	\$ 1,535	\$ (3,648,465)
Total Revenues	<u>3,650,000</u>	<u>1,385</u>	<u>150</u>	<u>1,535</u>	<u>(3,648,465)</u>
Expenditures:					
Professional Services	480,000	130,610	304,584	435,194	44,806
Equipment Not Capitalized	30,000		27,271	27,271	2,729
Buildings	4,495,140		413,270	413,270	4,081,870
Contingency	221,660		114,165	114,165	107,495
Total Expenditures	<u>5,226,800</u>	<u>130,610</u>	<u>859,290</u>	<u>989,900</u>	<u>4,236,900</u>
Other Financing Sources:					
Transfer from other funds:					
Op. Transfer In General Fund	1,576,800	480,000	1,096,800	1,576,800	
Total Other Financing Sources	<u>1,576,800</u>	<u>480,000</u>	<u>1,096,800</u>	<u>1,576,800</u>	
Revenues and Other Sources Over (Under) Expenditures Other Uses	<u>\$ -</u>	<u>\$ 350,775</u>	237,660	<u>\$ 588,435</u>	<u>\$ 588,435</u>
Fund balance, appropriated	-				
Net change in fund balance	<u>\$ -</u>				
Fund balance, beginning			<u>350,775</u>		
Fund balance, ending			<u>\$ 588,435</u>		

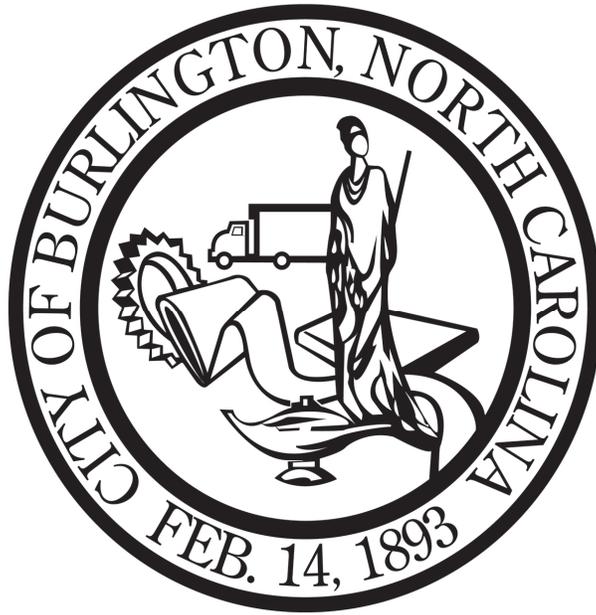
CITY OF BURLINGTON, NORTH CAROLINA  
 CAPITAL PROJECTS FUND – FRONT ST GREENWAY/BIKEWAY  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 From Inception and For The Fiscal Year Ended June 30, 2018

	Total Authorized Revenues	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues:					
Donations Front St Greenway/Bikeway	\$ 370,000	\$ -	\$ 360,000	\$ 360,000	\$ (10,000)
Total Revenues	<u>370,000</u>		<u>360,000</u>	<u>360,000</u>	<u>(10,000)</u>
Expenditures					
Front St Greenway/Bikeway	<u>400,000</u>		<u>1,326</u>	<u>1,326</u>	<u>398,674</u>
Total Expenditures	<u>400,000</u>		<u>1,326</u>	<u>1,326</u>	<u>398,674</u>
Revenues Over (Under) Expenditures	<u>(30,000)</u>		<u>358,674</u>	<u>358,674</u>	<u>388,674</u>
Other Financing Sources:					
Transfer from other funds:					
Capital Reserve	<u>30,000</u>		<u>30,000</u>	<u>30,000</u>	
Transportation Fund					
Total Other Financing Sources	<u>30,000</u>		<u>30,000</u>	<u>30,000</u>	
Revenues and Other Sources Over (Under) Expenditures Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>388,674</u>	<u>\$ 388,674</u>	<u>\$ 388,674</u>
Fund balance, appropriated	<u>-</u>				
Net change in fund balance	<u>\$ -</u>				
Fund balance, beginning					
Fund balance, ending			<u>\$ 388,674</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
 CAPITAL PROJECTS FUND – WILLOWBROOK ARBORETUM  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 From Inception and For The Fiscal Year Ended June 30, 2018

	Total Authorized Revenues	Actual			Variance Positive (Negative)
		Reported In Prior Years	Current Year	Total To Date	
Revenues:					
Donations	\$ 637,560	\$ -	\$ -	\$ -	\$ (637,560)
PARTF Grant	296,690				(296,690)
Contributed Capital	<u>1,115,750</u>				<u>(1,115,750)</u>
Total Revenues	<u>2,050,000</u>				<u>(2,050,000)</u>
Expenditures:					
Professional Services	15,000		606	606	14,394
Capital Other Improvements	350,000				350,000
Buildings	1,776,650				1,776,650
Contingency	<u>158,350</u>				<u>158,350</u>
Total Expenditures	<u>2,300,000</u>		<u>606</u>	<u>606</u>	<u>2,299,394</u>
Revenues Over (Under) Expenditures	<u>(250,000)</u>		<u>(606)</u>	<u>(606)</u>	<u>249,394</u>
Other Financing Sources:					
Transfer from other funds:					
Op. Transfer In	250,000		250,000	250,000	
General Fund					
Total Other Financing Sources	<u>250,000</u>		<u>250,000</u>	<u>250,000</u>	
Revenues and Other Sources Over (Under) Expenditures Other Uses	<u>\$ -</u>	<u>\$ -</u>	249,394	<u>\$ 249,394</u>	<u>\$ 249,394</u>
Fund balance, appropriated	-				
Net change in fund balance	<u>\$ -</u>				
Fund balance, beginning					
Fund balance, ending			<u>\$ 249,394</u>		





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**ENTERPRISE FUNDS**  
Individual Fund Schedules

CITY OF BURLINGTON, NORTH CAROLINA  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
June 30, 2018

	Public Transportation Fund	Storm Water Fund	Totals
<b>ASSETS:</b>			
Current:			
Cash and cash equivalents	\$ 10,815	\$ 3,900,165	\$ 3,910,980
Accounts Receivables, net	285,833	303,371	589,204
Inventory			
Due from other funds			
Total current assets	296,648	4,203,536	4,500,184
Noncurrent:			
Construction in progress	-	108,490	108,490
Depreciable capital assets, net	730,818	566,826	1,297,644
Total noncurrent assets	730,818	675,316	1,406,134
Total assets	1,027,466	4,878,852	5,906,318
Deferred Outflow of Resources			
Contributions to Pension Plan		8,907	8,907
<b>LIABILITIES AND FUND BALANCES:</b>			
Current:			
Accounts payable and accrued Liabilities	\$ 1,682,532	\$ 188,430	\$ 1,870,962
Compensated absences		749	749
Due to other funds		356,294	356,294
Total current liabilities	1,682,532	545,473	2,228,005
Noncurrent:			
Pension liability		11,626	11,626
Compensated absences		2,246	2,246
Total noncurrent assets	-	13,872	13,872
Total liabilities	1,682,532	559,345	2,241,877
Deferred Outflow of Resources			
Contributions to Pension Plan		492	492
<b>Fund Balances:</b>			
Net investment in capital	730,818	675,316	1,406,134
Unrestricted	(1,385,884)	3,652,606	2,266,722
Total net position	(655,066)	4,327,922	3,672,856

CITY OF BURLINGTON, NORTH CAROLINA  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION  
For the Fiscal Year Ended June 30, 2018

	Public Transportation Fund	Storm Water Fund	Totals
Operating Revenues:			
Charges for services	\$ 52,496	\$ 1,223,261	\$ 1,275,757
Other operating revenues	<u>805,898</u>	<u>2,020</u>	<u>807,918</u>
Total Operating revenues	<u>858,394</u>	<u>1,225,281</u>	<u>2,083,675</u>
Operating Expenses:			
Administration	96,562	199,901	296,463
Operating expenditures	1,141,825	206,581	1,470,239
Depreciation	<u>248,461</u>	<u>60,075</u>	<u>308,536</u>
Total Operating Expenses	<u>1,486,848</u>	<u>588,390</u>	<u>2,075,238</u>
Operating income (loss)	<u>(628,454)</u>	<u>636,891</u>	<u>8,437</u>
Non-Operating Revenue (Expenses):			
Interest on Investments		<u>40,735</u>	<u>40,735</u>
Income (loss) before capital Contributions and transfers	<u>(628,454)</u>	<u>677,626</u>	<u>49,172</u>
Transfer from other funds	416,300		416,300
Transfer to other funds			
Change in net position	(202,154)	677,626	465,472
Total net position-previously reported	(442,912)	3,650,296	3,207,384
Restatement			
Total net position-restated			
Total net position-ending	<u>\$ (655,066)</u>	<u>\$ 4,327,922</u>	<u>\$ 3,672,856</u>

CITY OF BURLINGTON, NORTH CAROLINA  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
For The Fiscal Year Ended June 30, 2018

	Public Transportation Fund	Storm Water Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 836,901	\$ 1,179,895	\$ 2,016,796
Cash paid for goods and services	(1,145,677)	(173,915)	\$ (1,319,592)
Cash paid to or on behalf of employees for services	(96,562)	(203,797)	(300,359)
Net cash provided by operating activities	<u>(405,338)</u>	<u>802,183</u>	<u>396,845</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Increase (decrease) in interfund payables	-	-	-
Transfers from other funds	416,300	-	416,300
Transfers to other funds	-	-	-
Total cash flows used by noncapital financing activities	<u>416,300</u>	<u>-</u>	<u>416,300</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(10,962)	(145,925)	(156,887)
Net cash used by capital and related financing activities	<u>(10,962)</u>	<u>(145,925)</u>	<u>(156,887)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	-	36,143	36,143
Net increase (decrease) in cash and cash equivalents	-	692,401	692,401
Balances-beginning of the year	<u>10,815</u>	<u>3,207,764</u>	<u>3,218,579</u>
Balances-end of the year	<u><u>10,815</u></u>	<u><u>3,900,165</u></u>	<u><u>3,910,980</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income (loss)	(628,454)	636,891	8,437
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	248,461	60,075	308,536
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	388,505	(45,386)	343,119
(Increase) decrease in deferred outflows of resources pensions	-	1,053	1,053
Decrease in net pension liability	-	(3,933)	(3,933)
Decrease in deferred inflows of resources pensions	-	(299)	(299)
Increase (decrease) in accounts payable and accrued liabilities	(413,850)	154,368	(259,482)
Increase (decrease) in accrued vacation payable	-	(586)	(586)
Net cash provided by operating activities	<u><u>(405,338)</u></u>	<u><u>802,183</u></u>	<u><u>396,845</u></u>

CITY OF BURLINGTON, NORTH CAROLINA  
PUBLIC TRANSPORTATION FUND  
SCHEDULE OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)  
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Donations	\$ 10,000	\$ 3,576	
Alamance Co. Contribution	25,000		
ACC Contribution	25,000	25,000	
Hayden Harman Contribution	10,000	10,000	
United Way Contribution	25,000	25,000	
Transit Vehicle Tax	200,000	221,304	
State Development Grant		32,551	
Federal Reimbursement	1,187,200	136,665	
Gibsonville Reimbursement	35,000	24,270	
PART Card Sales		3,348	
State Smap Funds		133,899	
Fare Box Revenue	100,000	47,103	
\$1 Replacement Cards		2,045	
	<u>1,617,200</u>	<u>664,761</u>	<u>(952,439)</u>
Total Operating Revenues	\$ 1,617,200	\$ 664,761	\$ (952,439)
Nonoperating Revenues:			
Other fees and charges			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Nonoperating Revenues			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Revenues	<u>1,617,200</u>	<u>664,761</u>	<u>(952,439)</u>
Expenditures:			
Salaries and employee benefits	114,500	96,565	
Operating expenditures	1,369,000	1,138,659	
Capital Outlay	64,350	14,125	
	<u>1,547,850</u>	<u>1,249,349</u>	<u>298,501</u>
Total Expenditures	1,547,850	1,249,349	298,501
Revenues Over (Under) Expenditures	<u>69,350</u>	<u>(584,588)</u>	<u>(653,938)</u>
Other Financing Sources (Uses):			
Transfers from other funds:			
General Fund	416,300	416,300	
Transfers to other funds:			
Transportation Sidewalks Intersection Improvements	(500,000)		(500,000)
Workmen's Compensation Self Insurance Fund			
Water Capital Reserve			
Sewer Capital Reserve			
	<u>(83,700)</u>	<u>416,300</u>	<u>(500,000)</u>
Total Other Financing Sources (Uses)	(83,700)	416,300	(500,000)
Revenues and Other Sources Over (Under) Expenditures	(14,350)	\$ (168,288)	\$ (153,938)
Fund Equity Appropriated	<u>14,350</u>		
	<u>\$ -</u>		

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
PUBLIC TRANSPORTATION FUND  
SCHEDULE OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)  
For the Fiscal Year Ended June 30, 2018

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	<u>Budget</u>	<u>Actual</u>		Variance Positive <u>(Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Revenues and other sources over Expenditures and other uses		\$ 25,345		
Reconciling Items:				
Depreciation		(248,461)		
Capital Outlay		10,962		
Increase in Vacation Payable				
Pension Expense				
Net Income		<u>\$ (212,154)</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
 STORM WATER FUND  
 SCHEDULE OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)  
 For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Stormwater Fees	\$ 1,094,000	\$ 1,223,261	\$
Permit Fees	<u>                    </u>	<u>2,020</u>	<u>                    </u>
Total Operating Revenues	<u>\$ 1,094,000</u>	<u>\$ 1,225,281</u>	<u>\$ 131,281</u>
Nonoperating Revenues:			
Other fees and charges	<u>                    </u>	<u>40,735</u>	<u>                    </u>
Total Nonoperating Revenues	<u>                    </u>	<u>40,735</u>	<u>40,735</u>
Total Revenues	<u>1,094,000</u>	<u>1,266,016</u>	<u>172,016</u>
Expenditures:			
Salaries and employee benefits	293,499	203,666	
Operating expenditures	112,950	65,201	
Capital Improvements	730,000	225,043	
Engineering/Professional fees	110,350	141,380	
Equipment	<u>32,000</u>	<u>42,715</u>	<u>                    </u>
Total Expenditures	<u>1,278,799</u>	<u>678,005</u>	<u>600,794</u>
Revenues Over (Under) Expenditures	<u>(184,799)</u>	<u>588,011</u>	<u>772,810</u>
Other Financing Sources (Uses):			
Transfers from other funds:			
Mebane St/Grand Oaks	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues Over (Under) Expenditures	(184,799)	\$ 588,011	\$ 772,810
Fund Equity Appropriated	<u>184,799</u>		
	<u>\$ -</u>		
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures		\$ 588,011	
Reconciling Items:			
Depreciation		(60,075)	
Capital Outlay		145,925	
Decrease in Vacation Payable		586	
Pension Expense			
Decrease Deferred Outflow		(1,053)	
Decrease in Pension Liability		3,933	
Decrease Deferred Inflow		<u>299</u>	
Net Income		<u>\$ 677,626</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
WATER AND SEWER FUND  
SCHEDULE OF REVENUES, EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)  
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
Water sales	\$ 12,982,652	\$ 12,696,570	\$ -
Sewer charges	15,732,649	15,650,952	
Water taps	140,000	215,350	
Sewer taps	<u>25,000</u>	<u>25,815</u>	
Total Operating Revenues	<u>28,880,301</u>	<u>28,588,687</u>	<u>(291,614)</u>
Other Operating Revenues:			
Interest on investments	150,000	152,902	
Interest on assessments	2,700	6,069	
Miscellaneous	280,620	372,820	
Water and sewer assessments			
Water line assessments		49,830	
Sewer line assessments		5,000	
Water connection fees		13,800	
Sewer connection fees		5,300	
State Grant			
Other fees and charges	<u>61,500</u>	<u>141,970</u>	
Total Nonoperating Revenues	<u>494,820</u>	<u>747,691</u>	<u>252,871</u>
Total Revenues	<u>29,375,121</u>	<u>29,336,378</u>	<u>(38,743)</u>
Expenditures:			
Building and Administrative-Water:			
Salaries and employee benefits	821,799	478,278	
Operating expenditures	583,968	546,044	
Reimb. to General Fund	<u>2,300,000</u>	<u>2,300,000</u>	
Total	<u>3,705,767</u>	<u>3,324,322</u>	<u>381,445</u>
Customer Services:			
Salaries and employee benefits	667,851	520,452	
Maintenance	390,107	326,530	
Other operating expenditures	<u>657,485</u>	<u>676,761</u>	
Total	<u>1,715,443</u>	<u>1,523,743</u>	<u>191,700</u>
Supervision:			
Salaries and employee benefits	265,734	203,373	
Maintenance	14,000	20,064	
Other operating expenditures	<u>63,300</u>	<u>49,745</u>	
Total	<u>343,034</u>	<u>273,182</u>	<u>69,852</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
WATER AND SEWER FUND  
SCHEDULE OF REVENUES, EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)  
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Water Line - Maintenance and Repairs:			
Salaries and employee benefits	409,334	363,993	
Maintenance	204,500	222,495	
Other operating expenditures	70,700	48,014	
Total	<u>684,534</u>	<u>634,502</u>	<u>50,032</u>
Sewer Line - Maintenance and Repairs:			
Salaries and employee benefits	381,196	351,147	
Maintenance	142,500	120,414	
Other operating expenditures	146,400	66,761	
Total	<u>670,096</u>	<u>538,322</u>	<u>131,774</u>
Water Line Service and Construction:			
Salaries and employee benefits	215,466	200,302	
Maintenance	69,200	62,726	
Other operating expenditures	27,300	30,582	
Materials - taps	130,000	76,294	
Materials – lines	48,000	23,830	
Total	<u>489,966</u>	<u>393,734</u>	<u>96,232</u>
Sewer Line Service and Construction:			
Salaries and employee benefits	139,583	125,026	
Other operating expenditures	57,250	17,383	
Materials - taps	30,000	34,492	
Materials – lines	60,325	46,809	
Total	<u>287,158</u>	<u>223,710</u>	<u>63,448</u>
Supervision:			
Salaries and employee benefits	593,571	580,430	
Maintenance	15,000	2,973	
Other operating expenditures	93,350	75,967	
Total	<u>701,921</u>	<u>659,370</u>	<u>42,551</u>
Water Sources - Protection:			
Salaries and employee benefits	52,046	22,529	
Utilities	110,000	91,427	
Maintenance	99,000	71,574	
Other operating expenditures	36,400	8,338	
Total	<u>297,446</u>	<u>193,868</u>	<u>103,578</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
WATER AND SEWER FUND  
SCHEDULE OF REVENUES, EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)  
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Ed Thomas Water Plant:			
Salaries and employee benefits	572,854	555,849	
Chemicals	495,000	499,288	
Utilities	220,000	168,514	
Maintenance	132,000	147,117	
Other operating expenditures	<u>125,070</u>	<u>38,459</u>	
Total	<u>1,544,924</u>	<u>1,409,227</u>	<u>135,697</u>
Lake Mackintosh Water Plant:			
Salaries and employee benefits	588,304	558,005	
Chemicals	565,000	563,151	
Utilities	285,000	249,583	
Maintenance	395,000	262,059	
Other operating expenditures	<u>54,400</u>	<u>49,604</u>	
Total	<u>1,887,704</u>	<u>1,682,402</u>	<u>205,302</u>
South Burlington Waste Treatment Plant:			
Salaries and employee benefits	674,212	611,649	
Chemicals	210,000	180,572	
Utilities	535,000	531,621	
Maintenance	630,000	714,919	
Other operating expenditures	<u>60,750</u>	<u>86,248</u>	
Total	<u>2,109,962</u>	<u>2,125,009</u>	<u>(15,047)</u>
East Burlington Waste Treatment Plant:			
Salaries and employee benefits	794,761	727,829	
Chemicals	150,000	132,687	
Utilities	525,000	517,219	
Maintenance	862,250	607,684	
Other operating expenditures	84,925	83,810	
Sludge disposal	<u>266,000</u>	<u>307,964</u>	
Total	<u>2,682,936</u>	<u>2,377,193</u>	<u>305,743</u>
Laboratories:			
Salaries and employee benefits	393,494	374,753	
Maintenance	42,000	28,857	
Other operating expenditures	<u>126,300</u>	<u>136,452</u>	
Total	<u>561,794</u>	<u>540,062</u>	<u>21,732</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER FUND  
 SCHEDULE OF REVENUES, EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)  
 For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Plants Maintenance:			
Salaries and employee benefits	679,356	676,670	
Maintenance	107,500	65,396	
Other operating expenditures	<u>237,175</u>	<u>186,964</u>	
Total	<u>1,024,031</u>	<u>929,030</u>	<u>95,001</u>
Lakes and Marinas:			
Salaries and employee benefits	328,381	355,062	
Utilities	50,800	45,731	
Maintenance	20,470	24,599	
Other operating expenditures	<u>55,364</u>	<u>38,471</u>	
Total	<u>455,015</u>	<u>463,863</u>	<u>(8,848)</u>
Debt Service:			
Principal water bonds	767,792	767,720	
Interest - water bonds	506,924	506,856	
Principal - sewer bonds	2,030,208	2,030,128	
Interest - sewer bonds	<u>1,128,863</u>	<u>1,128,716</u>	
Total	<u>4,433,787</u>	<u>4,433,420</u>	<u>367</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
WATER AND SEWER FUND  
SCHEDULE OF REVENUES, EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)  
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Capital Outlay:			
Water lines	1,330,550	473,739	
Miscellaneous water	729,100	577,015	
Sewer lines	1,220,600	945,613	
Miscellaneous sewer	216,000	438,241	
Miscellaneous water & sewer	<u>491,650</u>	<u>44,473</u>	
Total Capital Outlay	<u>3,987,900</u>	<u>2,479,081</u>	<u>1,508,819</u>
Total Expenditures	<u>27,583,418</u>	<u>24,204,040</u>	<u>3,379,378</u>
Revenues Over (Under) Expenditures	<u>1,791,703</u>	<u>5,132,338</u>	<u>3,340,635</u>
Other Financing Sources (Uses):			
Transfers from other funds:			
Jordan Lake Rules			
Stony Creek Lake Cammack			
Jordan Lake Rules #2			
Transfers to other funds:			
JD Mack. Treatment Plant	(1,300,000)	(1,300,000)	
Group Health Insurance Fund	(261,424)	(261,424)	
ERP	(235,000)	(235,000)	
Workmen's Compensation			
Self Insurance Fund	(380,502)	(380,502)	
Water Capital Reserve	(1,342,464)	(1,242,464)	100,000
Sewer Capital Reserve	<u>(1,342,463)</u>	<u>(1,242,463)</u>	<u>100,000</u>
Total Other Financing Sources (Uses)	<u>(4,861,853)</u>	<u>(4,661,853)</u>	<u>200,000</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(3,070,150)	<u>\$ 470,485</u>	<u>\$ 3,540,635</u>
Fund Equity Appropriated	3,070,150		
	<u>\$ -</u>		

CITY OF BURLINGTON, NORTH CAROLINA  
WATER AND SEWER FUND  
SCHEDULE OF REVENUES, EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)  
For the Fiscal Year Ended June 30, 2018

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

Revenues and other sources over expenditures and other uses	\$ 470,485
Reconciling Items:	
Principal Retirement	2,797,848
Amortization of gain on defeasance	11,668
Amortization of bond premium	42,062
Capital outlay	2,479,081
Operating transfers (in) out	2,484,927
Increase in inventories	193,295
Decrease in accrued interest payable	190,134
Decrease in accrued vacation payable	57,988
Decrease in deferred outflows of resources – pensions	(106,634)
Decrease in deferred inflows of resources – pensions	29,596
Decrease in pension liability	389,342
Increase deferred outflow – OPEB	379,951
Increase deferred inflow – OPEB	(216,553)
Decrease in OPEB liability	177,729
Depreciation	(6,363,346)
Capital projects revenues	126,790
Contributed Capital	1,741,982
	<hr/>
Net Income	\$ <u>4,886,345</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, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ 69,335	\$ 69,335
Total Revenues	<u>                    </u>	<u>69,335</u>	<u>69,335</u>
Expenditures:			
Capital Outlay	<u>442,464</u>	<u>                    </u>	<u>442,464</u>
Total Expenditures	<u>442,464</u>	<u>                    </u>	<u>442,464</u>
Revenues Over (Under) Expenditures	<u>(442,464)</u>	<u>69,335</u>	<u>511,799</u>
Other Financing Sources (Uses):			
Transfer from other funds:			
Water and Sewer Fund	442,464	1,242,464	800,000
Hwy 87 Ossipee Water Line			
Mebane St/Grand Oaks Water	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Other Financing Sources (Uses)	<u>442,464</u>	<u>1,242,464</u>	<u>800,000</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses		\$ 1,311,799	<u>\$ 1,311,799</u>
Fund balance Appropriated	<u>-</u>		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>13,317,536</u>	
Fund balance, ending		<u>\$ 14,629,335</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER CAPITAL PROJECTS – SEWER CAPITAL RESERVE FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)  
 For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ 57,455	\$ 57,455
Total Revenues	<u>                    </u>	<u>57,455</u>	<u>57,455</u>
Expenditures:			
Capital Outlay	<u>442,463</u>	<u>                    </u>	<u>442,463</u>
Total Expenditures	<u>442,463</u>	<u>                    </u>	<u>442,463</u>
Revenues Over (Under) Expenditures	<u>(442,463)</u>	<u>57,455</u>	<u>(385,008)</u>
Other Financing Sources (Uses):			
Transfer to other funds:			
Sewer Expansion/Airport	(239,200)	(239,200)	
Transfer from other funds:			
Water and Sewer Fund	442,463	1,242,463	800,000
Hwy 87 Ossipee Water Line			
Mebane St/Grand Oaks Water	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Other Financing Sources (Uses)	<u>203,263</u>	<u>1,003,263</u>	<u>800,000</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(239,200)	\$ 1,060,718	<u>\$ 1,299,918</u>
Fund balance Appropriated	<u>239,200</u>		
Net change in fund balance	\$ -		
Fund balance, beginning		<u>11,256,550</u>	
Fund balance, ending		<u>\$ 12,317,268</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER CAPITAL PROJECTS – TANK REMOVAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)  
 From Inception And For the Fiscal Year Ended June 30, 2018

	Total Authorized <u>Revenues</u>	Actual		Total <u>To Date</u>	Variance Positive (Negative)
		Reported In Prior <u>Years</u>	Current <u>Year</u>		
Revenues:					
Restricted Intergovernmental:					
UST Reimbursement	\$ 335,000	\$ 502,754	\$ -	\$ 502,754	\$ 167,754
Miscellaneous:					
Investment Earnings		2,818		2,818	2,818
Sales tax refunds		520		520	520
Total Revenues	<u>335,000</u>	<u>506,092</u>		<u>506,092</u>	<u>171,092</u>
Expenditures:					
Tank Removal	835,000	866,696		866,696	(31,696)
Utilities		9,521		9,521	(9,521)
Remediation	<u>120,600</u>				<u>120,600</u>
Total Expenditures	<u>955,600</u>	<u>876,217</u>		<u>876,217</u>	<u>79,383</u>
Revenues Over (Under) Expenditures	<u>(620,600)</u>	<u>(370,125)</u>		<u>(370,125)</u>	<u>250,475</u>
Other Financing Sources:					
Transfer 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>120,600</u>	
Total Other Financing Sources	<u>620,600</u>	<u>620,600</u>		<u>620,620</u>	
Revenues and Other Sources Over (Under) Expenditures Other Uses	<u>\$ -</u>	<u>\$ 250,475</u>	-	<u>\$ 250,475</u>	<u>\$ 250,475</u>

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER CAPITAL PROJECTS – HWY 87 OSSIPPEE WATER LINE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)  
 From Inception And For the Fiscal Year Ended June 30, 2018

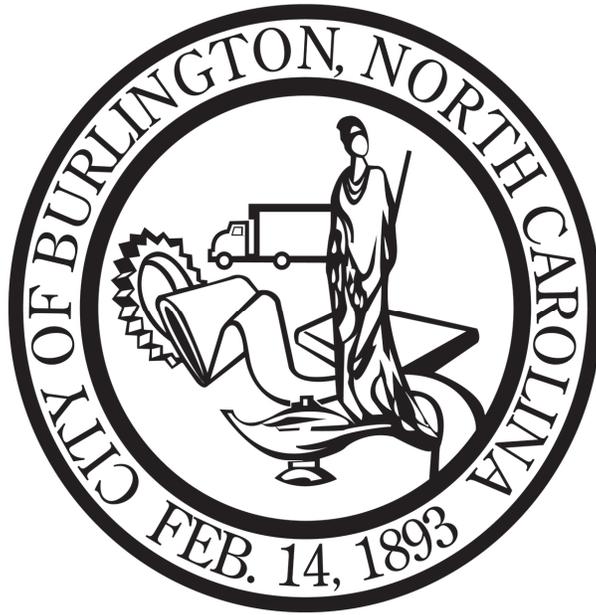
	Total Authorized <u>Revenues</u>	Actual		Total <u>To Date</u>	Variance Positive <u>(Negative)</u>
		Reported In Prior <u>Years</u>	Current <u>Year</u>		
Revenues:					
Restricted Intergovernmental:					
Water Supply Grant	\$ 1,760,000	\$ -	\$ -	\$ -	\$ (1,760,000)
Gold Leaf Grant	110,000				(110,000)
Ossipee Reimbursement		2,243,024		2,243,024	2,243,024
Total Revenues	<u>1,870,000</u>	<u>2,243,024</u>		<u>2,243,024</u>	<u>373,024</u>
Expenditures:					
Closing Costs	50,000				50,000
Hwy 87 Waterline	4,262,868	1,972,707		1,972,707	2,290,161
Contingency	312,583				312,583
Total Expenditures	<u>4,625,451</u>	<u>1,972,707</u>		<u>1,972,707</u>	<u>2,652,744</u>
Revenues Over (Under)					
Expenditures	<u>(2,755,451)</u>	<u>270,317</u>		<u>270,317</u>	<u>3,025,768</u>
Other Financing Sources:					
Transfer to other funds:					
Water Capital Reserve Fund	(600,500)	(600,317)		(600,317)	183
Transfer from other funds:					
Water Capital Reserve Fund	330,000				(330,000)
Capital Reserve Fund					
Total Other Financing Sources	<u>(270,500)</u>	<u>(600,317)</u>		<u>(600,317)</u>	<u>(329,817)</u>
Revenues and Other Sources Over (Under) Expenditures					
Other Uses	\$ <u>(3,025,951)</u>	\$ <u>(330,000)</u>		\$ <u>(330,000)</u>	\$ <u>2,695,951</u>

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER CAPITAL PROJECTS – SEWER SERVICE EXPANSION/AIRPORT  
 SCHEDULE OF REVENUES, EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)  
 From Inception And For the Fiscal Year Ended June 30, 2018

	Total Authorized <u>Revenues</u>	Actual		Total <u>To Date</u>	Variance Positive (Negative)
		Reported In Prior <u>Years</u>	Current <u>Year</u>		
Revenues:					
Restricted Intergovernmental:					
Airport Donation	\$ 167,000	\$ -	\$ -	\$ -	\$ (167,000)
Alamance County Donation	<u>100,000</u>				<u>(100,000)</u>
Total Revenues	<u>267,000</u>				<u>(267,000)</u>
Expenditures:					
Airport Sewer Expansion	<u>506,200</u>				<u>506,200</u>
Total Expenditures	<u>506,200</u>				<u>506,200</u>
Revenues Over (Under) Expenditures	<u>(239,200)</u>				<u>239,200</u>
Other Financing Sources:					
Transfer to other funds:					
Sewer Capital Reserve Fund					
Transfer from other funds:					
Sewer Capital Reserve Fund	<u>239,200</u>		<u>239,200</u>	<u>239,200</u>	
Total Other Financing Sources	<u>239,200</u>		<u>239,200</u>	<u>239,200</u>	
Revenues and Other Sources Over (Under) Expenditures Other Uses	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	239,200	\$ <u><u>239,200</u></u>	\$ <u><u>239,200</u></u>

CITY OF BURLINGTON, NORTH CAROLINA  
 WATER AND SEWER CAPITAL PROJECTS – JD MACKINTOSH TREATMENT PROCESS  
 SCHEDULE OF REVENUES, EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)  
 From Inception And For the Fiscal Year Ended June 30, 2018

	Total Authorized <u>Revenues</u>	Actual		Total <u>To Date</u>	Variance Positive (Negative)
		Reported In Prior <u>Years</u>	Current <u>Year</u>		
Revenues:					
Restricted Intergovernmental:					
Airport Donation	\$ -	\$ -	\$ -	\$ -	\$ -
Alamance County Donation					
Total Revenues					
Expenditures:					
Professional Services	129,000				129,000
Buildings	<u>1,171,000</u>				<u>1,171,000</u>
Total Expenditures	<u>1,300,000</u>				<u>1,300,000</u>
Revenues Over (Under) Expenditures	<u>(1,300,000)</u>				<u>(1,300,000)</u>
Other Financing Sources:					
Transfer to other funds:					
Sewer Capital Reserve Fund					
Transfer from other funds:					
Water & Sewer Fund	<u>1,300,000</u>		<u>1,300,000</u>	<u>1,300,000</u>	
Total Other Financing Sources	<u>1,300,000</u>		<u>1,300,000</u>	<u>1,300,000</u>	
Revenues and Other Sources Over (Under) Expenditures Other Uses	\$ <u>-</u>	\$ <u>-</u>	1,300,000	\$ <u>1,300,000</u>	\$ <u>1,300,000</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, 2018

	<u>Dental Self Insurance Fund</u>	<u>Worker's Compensation Fund</u>	<u>Health Insurance Fund</u>	<u>Total Internal Service Fund</u>
<b>ASSETS:</b>				
Current Assets:				
Cash and cash equivalents	\$ 1,233,140	\$ 504,870	\$ 2,111,913	\$ 3,849,923
Accounts Receivable	22,285	281	198,370	220,936
Due from other funds				
Prepaid Insurance	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Current Assets	<u>1,255,425</u>	<u>505,151</u>	<u>2,310,283</u>	<u>4,070,859</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	<u>117,236</u>	<u>123,063</u>	<u>760,389</u>	<u>1,000,688</u>
Total Current Liabilities	<u>117,236</u>	<u>123,063</u>	<u>760,389</u>	<u>1,000,688</u>
Net Assets:				
Unrestricted	<u>1,138,189</u>	<u>382,088</u>	<u>1,549,894</u>	<u>3,070,171</u>
Total Net Assets	<u>\$ 1,138,189</u>	<u>\$ 382,088</u>	<u>\$ 1,549,894</u>	<u>\$ 3,070,171</u>

CITY OF BURLINGTON, NORTH CAROLINA  
 ALL INTERNAL SERVICE FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 June 30, 2018

	Dental Self Insurance Fund	Worker's Compensation Fund	Health Insurance Fund	Total Internal Service Fund
Operating Revenues:				
Charges for service	\$ 490,096	\$ -	\$ 6,272,517	\$ 6,762,613
Total Operating Revenues	<u>490,096</u>	<u>-</u>	<u>6,272,517</u>	<u>6,762,613</u>
Operating Expenses:				
Salaries and employee benefits		289,377	185,419	474,796
Operating expenses	36,611	28,249	39,354	104,214
Claims paid, excess loss coverage and claims administration	<u>556,618</u>	<u>683,713</u>	<u>7,358,517</u>	<u>8,598,848</u>
Total Operating Expenses	<u>593,229</u>	<u>1,001,339</u>	<u>7,583,290</u>	<u>9,177,858</u>
Operating Income (loss)	<u>(103,133)</u>	<u>(1,001,339)</u>	<u>(1,310,773)</u>	<u>(2,415,245)</u>
Non-Operating Revenues:				
Interest earned on investments	<u>4,407</u>	<u>-</u>	<u>7,864</u>	<u>12,271</u>
Total Non-Operating Revenues	<u>4,407</u>	<u>-</u>	<u>7,864</u>	<u>12,271</u>
Income (loss) before transfer	(98,726)	(1,001,339)	(1,302,909)	(2,402,974)
Transfer from other funds	<u>-</u>	<u>946,270</u>	<u>1,109,358</u>	<u>2,055,628</u>
Change in net assets	(98,726)	(55,069)	(193,551)	(347,346)
Total net assets - beginning	<u>1,236,915</u>	<u>437,158</u>	<u>1,743,445</u>	<u>3,417,518</u>
Net Assets, End of Year	<u>\$ 1,138,189</u>	<u>\$ 382,089</u>	<u>\$ 1,549,894</u>	<u>\$ 3,070,172</u>

CITY OF BURLINGTON, NORTH CAROLINA  
 ALL INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS FINANCIAL (NON-GAAP)  
 For The Fiscal Year Ended June 30, 2018

	<u>Dental Self Insurance Fund</u>	<u>Worker's Compensation Fund</u>	<u>Health Insurance Fund</u>	<u>Total Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 487,726	\$ -	\$ 6,082,931	\$ 6,570,657
Cash paid for goods and services	(585,020)	(703,459)	(7,392,575)	(8,681,054)
Cash paid to employees	<u>                    </u>	<u>(289,379)</u>	<u>(185,419)</u>	<u>(474,798)</u>
Net cash provided by Operating activities	<u>(97,294)</u>	<u>(992,838)</u>	<u>(1,495,063)</u>	<u>(2,585,195)</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>				
(Increase) Decrease in due from other funds	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net cash provided (used) By noncapital financing activities	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Transfer from other funds:				
General Fund		565,768	847,934	1,413,702
Water Resources		380,502	261,424	741,926
Net cash provided by capital And related financing activities	<u>                    </u>	<u>946,270</u>	<u>1,109,358</u>	<u>2,055,628</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Interest earned on investments	<u>4,407</u>	<u>                    </u>	<u>7,864</u>	<u>12,271</u>
Total Non-Operating Revenues	<u>4,407</u>	<u>                    </u>	<u>7,864</u>	<u>12,271</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(92,887)	(46,568)	(377,841)	(517,296)
Transfer from other funds	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Change in net assets	(92,887)			
Balances – Beginning of Year	<u>1,326,027</u>	<u>551,438</u>	<u>2,489,754</u>	<u>4,367,219</u>
Balances – End of Year	<u>\$ 1,233,140</u>	<u>\$ 504,870</u>	<u>\$ 2,111,913</u>	<u>\$ 3,849,923</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 ALL INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS FINANCIAL (NON-GAAP)  
 For The Fiscal Year Ended June 30, 2018

	<u>Dental Self Insurance Fund</u>	<u>Worker's Compensation Fund</u>	<u>Health Insurance Fund</u>	<u>Total Internal Service Fund</u>
Reconciliation of Operating Income To Net Cash Provided by Operating Activities:				
Operating income (loss)	(103,133)	(1,001,339)	(1,310,773)	(2,415,245)
Adjustments to reconcile operating Income to net cash provided by operating activities:				
(Increase) Decrease in accounts receivable	(2,369)		(189,586)	(191,955)
(Increase) Decrease in prepaid insurance				
(Increase) Decrease in accounts payable	<u>8,208</u>	<u>8,502</u>	<u>5,296</u>	<u>22,006</u>
Net cash provided by operating activities	<u>\$ (97,294)</u>	<u>\$ (992,837)</u>	<u>\$ (1,495,063)</u>	<u>\$ (2,585,194)</u>

CITY OF BURLINGTON, NORTH CAROLINA  
DENTAL SELF INSURANCE FUND  
SCHEDULE OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)  
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
City of Burlington	\$ -	\$ 356,789	\$ -
Employee Premium	<u>                    </u>	<u>133,307</u>	<u>                    </u>
Total Operating Revenues	503,735	490,096	(13,639)
Non-operating Revenues:			
Investment Earnings	<u>                    </u>	<u>4,407</u>	<u>4,407</u>
Total Revenues	<u>503,735</u>	<u>494,503</u>	<u>(9,232)</u>
Expenditures:			
City of Burlington Claims		548,199	
Operating Expenditures	<u>                    </u>	<u>36,611</u>	<u>                    </u>
Total Expenditures	<u>643,570</u>	<u>584,810</u>	<u>58,760</u>
Revenues Over (Under) Expenditures	\$ (139,835)	<u>\$ (90,307)</u>	<u>\$ 49,528</u>
Fund balance appropriated	<u>139,835</u>		
Net change in fund balance	<u>\$ -</u>		
Reconciliation from financial plan basis (modified accrual) to full accrual basis:			
Revenues over expenditures		\$ (90,307)	
Reconciling Items:			
Decrease in allowance for unfiled claims		<u>(8,418)</u>	
Net Income		<u>\$ (98,725)</u>	

CITY OF BURLINGTON, NORTH CAROLINA  
 WORKERS COMPENSATION SELF INSURANCE FUND  
 SCHEDULE OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)  
 For the Fiscal Year Ended June 30, 2018

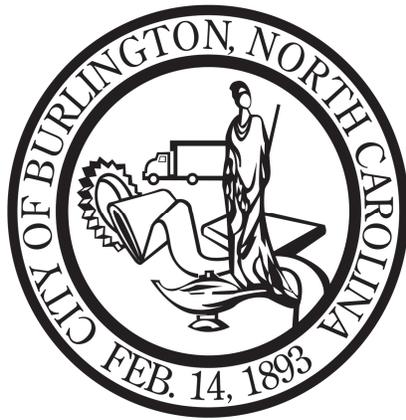
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
City of Burlington	\$ -	\$ -	\$ -
Total Operating Revenues			
Non-operating Revenues:			
Investment Earnings	269		269
Total Revenues	<u>269</u>		<u>269</u>
Expenditures:			
Salaries and employee benefits		289,379	
Operating expenditures		28,249	
Contractual services		198,245	
Workers compensation		485,249	
Safety training		219	
Total Expenditures	<u>1,106,539</u>	<u>1,001,341</u>	<u>105,198</u>
Revenues Over (Under) Expenditures	<u>\$ (1,106,270)</u>	<u>\$ (1,001,341)</u>	<u>\$ 104,929</u>
Other Financing Sources			
Transfer from other funds:			
General Fund		565,768	
Water and Sewer Fund		380,502	
Total Other Financing Sources	<u>946,270</u>	<u>946,270</u>	
Revenues and Other Sources Over (Under) Expenditures	<u>\$ (160,000)</u>	<u>\$ (55,071)</u>	<u>\$ 104,929</u>
Fund balance appropriated	<u>160,000</u>		
Net change in fund balance	<u>\$ -</u>		
Reconciliation from financial plan basis (modified accrual) to full accrual basis:			
Revenues Over (Under) expenditures		\$ (55,071)	
Reconciling Items:			
Decrease in allowance for unfiled claims		-	
Net Income (loss)		<u>\$ (55,071)</u>	

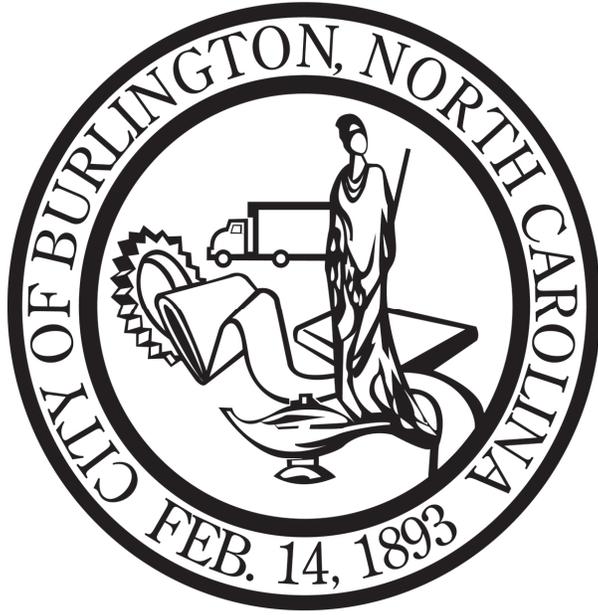
CITY OF BURLINGTON, NORTH CAROLINA  
GROUP HEALTH BENEFITS SELF INSURANCE FUND  
SCHEDULE OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL (NON-GAAP)  
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
City of Burlington	\$ -	\$ 4,994,258	\$ -
City of Burlington Employee Premium		<u>1,278,259</u>	
Total Operating Revenues	5,753,085	6,272,517	519,432
Non-operating Revenues:			
Investment Earnings		<u>7,864</u>	<u>7,864</u>
Total Revenues	<u>5,753,085</u>	<u>6,280,381</u>	<u>527,296</u>
Expenditures:			
Salaries and employee benefits		185,419	
Operating expenditures		39,354	
Third party administration		348,977	
City of Burlington Claims		<u>7,002,443</u>	
Total Expenditures	<u>7,660,697</u>	<u>7,576,193</u>	<u>84,504</u>
Revenues Over (Under) Expenditures	<u>\$ (1,907,612)</u>	<u>\$ (1,295,812)</u>	<u>\$ 611,800</u>
Other Financing Sources			
Transfer from other funds:			
General Fund	847,934	847,934	
Water and Sewer Fund	<u>261,424</u>	<u>261,424</u>	
Total Other Financing Sources	<u>1,109,358</u>	<u>1,109,358</u>	
Revenues and Other Sources Over (Under) Expenditures	<u>\$ (798,254)</u>	<u>\$ (186,454)</u>	<u>\$ 611,800</u>
Fund balance appropriated	<u>798,254</u>		
Net change in fund balance	<u>\$ -</u>		

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

Revenues Over (Under) expenditures	\$ (186,454)
Reconciling Items:	
Increase in allowance for unfiled claims	<u>(7,098)</u>
Net Income (loss)	<u>\$ (193,552)</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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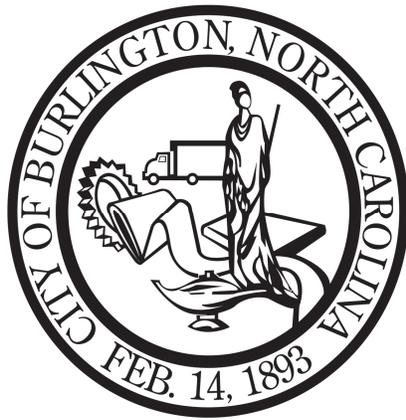
- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

CITY OF BURLINGTON, NORTH CAROLINA  
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
 June 30, 2018

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2016</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2017</u>
2017-2018	\$	\$ 28,659,799	\$ 28,279,678	\$ 380,121
2016-2017	433,585	-	215,029	218,556
2015-2016	226,276	-	62,041	164,235
2014-2015	125,058	-	20,466	104,592
2013-2014	119,220	-	18,232	100,988
2012-2013	109,417	-	12,819	96,598
2011-2012	84,782	-	8,713	76,069
2010-2011	103,391	-	30,052	73,339
2009-2010	69,120	-	3,095	66,025
2008-2009	78,007	-	3,994	74,013
2007-2008	74,737	-	32,158	42,579
1965-2007	<u>123,287</u>	<u>-</u>	<u>3,214</u>	<u>120,073</u>
	<u>\$ 1,546,880</u>	<u>\$ 28,659,799</u>	<u>\$ 28,689,491</u>	<u>\$ 1,517,187</u>
Less: Allowance for uncollectible accounts:				
General Fund				(673,210)
Special Revenue Fund				<u>(35,684)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 808,293.29</u>
<u>Reconcilement with Revenues:</u>				
Taxes - ad valorem - General Fund				\$ 28,722,629
Taxes - ad valorem - Special Revenue Fund				<u>126,480</u>
Total				28,849,109
Reconciling Items:				
Discounts allowed				79,913
Interest collected				(162,054)
Taxes written off				<u>(77,477)</u>
Total Collections and Credits				<u>\$ 28,689,491</u>

CITY OF BURLINGTON, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
CITY WIDE LEVY  
For the Fiscal Year Ended June 30, 2018

	<u>Total Levy</u>			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	<u>City-Wide</u>		<u>Total Levy</u>		
	<u>Property Valuation</u>	<u>Rate per \$100</u>			
City-Wide Levy:					
Original Levy:					
Property taxed at current year's rate	\$ 4,739,597,445	.5973	\$ 28,309,616	\$ 25,738,164	\$ 2,571,452
Penalties	-		29,668	29,668	-
Total	<u>4,739,597,445</u>		<u>28,339,284</u>	<u>25,767,832</u>	<u>2,571,452</u>
Discoveries:					
Current year taxes	122,281,173	.5973	730,385	730,385	-
Prior year taxes	-		-	-	-
Penalties	-		-	-	-
Total	<u>122,281,173</u>		<u>730,385</u>	<u>730,385</u>	<u>-</u>
Abatements and Adjustments:					
Advertising, interest and adjustments	(2,067,974)		(12,352)	(12,352)	-
Abatements	(30,830,628)	.5973	(184,151)	(184,151)	-
Total	<u>(32,898,602)</u>		<u>(196,503)</u>	<u>(196,503)</u>	<u>-</u>
Total Property Valuation	<u>\$ 4,828,980,016</u>				
Net City Wide levy			28,873,166	26,301,714	2,571,452
Uncollected Taxes at June 30, 2017			<u>(375,278)</u>	<u>(371,242)</u>	<u>(4,036)</u>
Current Year's Taxes Collected			<u>\$ 28,497,888</u>	<u>\$ 25,930,472</u>	<u>\$ 2,567,416</u>
Current City-Wide Levy Collection Percentage			<u>98.70%</u>	<u>98.59%</u>	<u>99.84%</u>
Downtown Special Tax District:					
Original Levy:					
Property taxed at current year's rate	\$ 77,321,205	.1700	\$ 131,446	\$ 130,212	\$ 1,234
Penalties	-		110	110	-
Discoveries:					
Current year taxes	-		-	-	-
Abatements and Adjustments:					
Abatements	-		-	-	-
Total Property Valuation	<u>\$ 77,321,205</u>				
Net Downtown Special Tax District Levy			131,556	130,322	1,234
Uncollected Taxes at June 30, 2017			<u>(3,402)</u>	<u>(3,402)</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 128,154</u>	<u>\$ 126,920</u>	<u>\$ 1,234</u>
Current Downtown Special Tax District Levy Collection Percentage			<u>97.41%</u>	<u>97.39%</u>	<u>100.00%</u>



## Statistical Section

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	139-146
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the city's most significant revenue source, the property tax.	147-150
<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.	151-155
<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.	156-157
<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.	158-160

**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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental activities				
Net investment in capital assets	\$ 63,335,497	\$ 61,866,098	\$ 58,866,501	\$ 53,722,717
Restricted	17,333,258	15,836,565	13,429,638	14,069,943
Unrestricted	16,974,595	40,729,902	50,297,700	54,267,735
Total governmental activities net assets	<u>\$ 97,643,350</u>	<u>\$ 118,432,565</u>	<u>\$ 122,593,839</u>	<u>\$ 122,060,395</u>
Business-type activities				
Net investment in capital assets	\$ 116,139,450	\$ 117,000,177	\$ 115,837,458	\$ 114,539,725
Restricted	28,736,279	24,824,561	21,486,577	19,469,499
Unrestricted	40,113,775	41,868,527	39,876,986	35,033,434
Total business-type activities net assets	<u>\$ 184,989,504</u>	<u>\$ 183,693,265</u>	<u>\$ 177,201,021</u>	<u>\$ 169,042,658</u>
Primary government				
Net investment in capital assets	\$ 179,474,947	\$ 178,866,275	\$ 174,703,959	\$ 168,262,442
Restricted	46,069,537	40,661,126	34,916,215	33,539,442
Unrestricted	57,088,370	82,598,429	90,174,686	89,301,169
Total primary government net assets	<u>\$ 282,632,854</u>	<u>\$ 302,125,830</u>	<u>\$ 299,794,860</u>	<u>\$ 291,103,053</u>

Fiscal Year					
<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 49,762,940	\$ 48,383,850	\$ 44,355,341	\$ 42,802,718	\$ 39,828,855	\$ 41,007,895
19,635,641	18,392,387	17,287,399	11,376,455	30,330,078	26,384,988
49,905,470	49,958,695	54,423,395	60,773,388	43,528,565	41,653,949
<u>\$ 119,304,051</u>	<u>\$ 116,734,932</u>	<u>\$ 116,066,135</u>	<u>\$ 114,952,561</u>	<u>\$ 113,687,498</u>	<u>\$ 109,046,832</u>
\$ 107,207,635	\$ 105,523,250	\$ 85,748,070	\$ 97,111,037	\$ 109,690,950	\$ 109,331,715
21,186,874	17,544,176	35,544,241	24,282,332	13,188,880	12,414,038
36,428,343	34,109,701	33,404,248	31,292,633	28,245,081	23,327,332
<u>\$ 164,822,852</u>	<u>\$ 157,177,127</u>	<u>\$ 154,696,559</u>	<u>\$ 152,686,002</u>	<u>\$ 151,124,911</u>	<u>\$ 145,073,085</u>
\$ 156,970,575	\$ 153,907,100	\$ 130,103,411	\$ 139,913,755	\$ 149,519,805	\$ 150,339,610
40,822,515	35,936,563	52,831,640	35,658,787	43,518,958	38,799,026
86,333,813	84,068,396	87,827,643	92,066,021	71,773,646	64,981,281
<u>\$ 284,126,903</u>	<u>\$ 273,912,059</u>	<u>\$ 270,762,694</u>	<u>\$ 267,638,563</u>	<u>\$ 264,812,409</u>	<u>\$ 254,119,917</u>

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenses</b>										
Governmental activities:										
General government	\$ 8,575,711	\$ 8,666,518	\$ 8,929,272	\$ 8,483,588	\$ 9,149,871	\$ 9,309,902	\$ 8,586,996	\$ 9,782,111	\$ 9,215,323	\$ 8,490,313
Public safety	28,890,052	28,337,065	26,462,848	25,860,337	22,743,048	23,113,039	20,992,476	20,077,388	19,012,031	18,063,290
Public works	13,052,857	12,118,548	10,183,802	8,334,201	11,131,728	8,760,799	9,857,328	8,931,972	7,511,084	8,513,949
Economic and physical development	922,133	1,112,715	3,007,984	1,880,541	1,474,928	1,368,876	1,574,410	1,367,129	1,510,984	933,593
Cultural and recreation	8,119,854	8,378,403	8,014,310	7,512,715	6,957,606	6,993,217	6,675,802	7,113,741	6,566,740	6,311,568
Interest on long-term debt	67,660	51,076	68,461	331,290	363,756	1,378,315	766,290	644,306	786,832	742,906
Total governmental activities expenses	59,628,267	58,664,325	56,666,677	52,402,672	51,820,937	50,924,148	48,453,302	47,916,647	44,602,994	43,055,619
Business-type activities:										
Non-major enterprise funds	2,075,238	1,915,455	433,571	518,104	377,647	605,815	305,939	310,474	364,391	310,215
Water and sewer	24,035,900	26,363,685	22,989,357	23,671,729	22,143,804	22,903,847	23,462,426	21,863,677	18,713,655	19,700,880
Total business-type activities expenses	26,111,138	28,279,140	23,422,928	24,189,833	22,521,451	23,509,662	23,768,365	22,174,151	19,078,046	20,011,095
Total primary government expenses	\$ 85,739,405	\$ 86,943,465	\$ 80,089,605	\$ 76,592,505	\$ 74,342,388	\$ 74,433,810	\$ 72,221,667	\$ 70,090,798	\$ 63,681,040	\$ 63,066,714
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General Government	\$ 2,468,385	\$ 3,049,535	\$ 1,869,455	\$ 2,942,784	\$ 2,979,252	\$ 2,688,109	\$ 2,661,120	\$ 2,507,577	\$ 2,281,618	\$ 2,498,973
Public safety	818,406	576,346	340,368	354,258	412,298	367,587	261,105	306,973	297,876	165,633
Public works	1,370,364	1,397,109	1,387,986	1,298,660	1,293,660	1,231,921	1,289,117	1,290,419	1,505,613	1,308,766
Economic and physical development	351,947	216,399	1,765,852	1,435,313	9,777	-	-	9,777	-	-
Cultural and recreation	2,424,685	2,454,962	2,988,493	3,036,516	2,853,767	2,931,014	2,710,135	2,692,531	2,904,183	3,060,166
Operating grants and contributions	3,527,365	2,528,586	2,837,797	7,184,961	5,555,035	3,691,258	3,776,954	3,448,673	4,052,652	3,716,104
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	10,961,152	10,222,937	11,189,951	16,252,492	13,094,012	10,909,889	10,698,431	10,255,950	11,041,942	10,749,642



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

	Fiscal Year							
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund								
Restricted								
Stabilization by State Statute	\$ 9,614,902	\$ 8,569,387	\$ 6,410,101	\$ 5,472,018	\$ 6,954,980	\$ 6,901,755	\$ 6,113,452	\$ 6,163,934
Historic Books	1,418	1,418	1,418	1,418	1,418	1,418	1,418	1,418
Animal Shelter	562	562	562	562	562	562	562	562
Committed								
Capital Reserve Fund	5,505,961	8,183,945	10,713,528	11,279,424	16,925,388	16,620,740	18,323,847	18,603,387
Assigned								
Subsequent Years Expenditure	1,636,986	1,636,986	1,636,986	1,636,986	1,636,986	1,816,112	2,053,816	1,636,986
General Government	4,316,000	4,316,000	4,316,000	4,316,000	4,316,000	4,316,000	4,316,000	4,316,000
Parks and Recreation	1,763,652	1,836,316	1,882,466	1,882,466	1,381,370	1,428,771	1,321,156	1,398,269
Public Safety	5,950,000	5,950,000	5,950,000	5,950,000	5,450,000	5,450,000	5,450,000	5,450,000
Economic Development	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	-
Public Works	3,125,000	3,125,000	3,125,000	3,125,000	3,125,000	3,125,000	3,125,000	700,000
Unassigned	7,822,866	9,734,666	11,212,212	12,468,373	8,881,287	7,445,326	8,211,865	12,946,857
Total general fund	<u>42,737,347</u>	<u>46,354,280</u>	<u>48,248,273</u>	<u>49,132,247</u>	<u>51,672,991</u>	<u>50,105,684</u>	<u>51,917,116</u>	<u>51,217,413</u>
All Other Governmental Funds								
Restricted								
Stabilization by State Statute	176,524	-	3,893,620	-	-	-	-	5,014
Economic Development	6,624,716	6,635,345	3,281,786	6,762,024	6,881,935	7,178,068	7,400,720	7,606,888
Public Safety	525,440	263,393		460,696	497,277	396,767	345,649	375,237
Committed								
Capital Improvements	3,508,898	3,181,729	1,803,057	-	1,280,743	980,769	977,891	1,204,506
Capital Reserve Fund				4,586,098	-	-	-	-
Assigned								
Subsequent year's expenditures:	608,341	606,703	196,182	447,806	468,859	483,457	491,785	505,148
Unassigned	(122,944)	176,524	-	(20,282)	(41,105)	(7,575)	(156,794)	20,114
Total all other governmental funds	<u>\$11,320,975</u>	<u>\$10,863,694</u>	<u>\$ 9,174,645</u>	<u>\$12,236,342</u>	<u>\$ 9,087,709</u>	<u>\$ 9,031,486</u>	<u>\$ 9,059,251</u>	<u>\$ 9,716,907</u>

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

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

	<b>Fiscal Year</b>	
	<b><u>2010</u></b>	<b><u>2009</u></b>
General Fund		
Reserved	\$ 5,704,163	\$ 4,790,077
Unreserved	8,356,723	9,424,139
Designated for subsequent year's expenditures	17,746,673	16,916,736
Total general fund	<u>31,807,559</u>	<u>31,130,952</u>
All Other Governmental Funds		
Reserved	7,538,843	7,764,131
Unreserved, reported in:		
Designated for subsequent year's expenditures:		
Special revenue funds-Restricted	18,981,952	16,778,857
Capital projects funds-Committed	2,612,992	1,165,781
Total all other governmental funds	<u>\$ 29,133,787</u>	<u>\$ 25,708,769</u>

Note: The schedule above is pre-GASB 54.

**Schedule 4**

**City of Burlington, North Carolina  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years**

(modified accrual basis of accounting)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>				
Ad valorem taxes	\$ 28,469,070	\$ 27,790,608	\$ 27,509,164	\$ 26,928,485
Other taxes and licenses	13,488,383	12,885,026	12,438,131	12,099,079
Unrestricted intergovernmental	5,005,877	5,169,077	4,709,848	4,914,193
Restricted intergovernmental	4,372,907	3,869,756	4,388,175	4,883,976
Permits and fees	1,406,586	1,386,668	1,365,831	1,243,300
Sales and services	4,242,068	4,222,427	4,464,274	4,066,783
Investment earnings	231,194	912,192	539,461	159,092
Miscellaneous	355,166	825,690	690,978	1,126,630
<b>Total revenues</b>	<b>57,571,251</b>	<b>57,061,444</b>	<b>56,105,862</b>	<b>55,421,538</b>
<b>Expenditures</b>				
General government	7,873,369	7,328,111	8,716,239	9,106,232
Public safety	26,440,906	24,988,051	23,556,205	22,633,787
Public works	10,150,081	10,016,705	8,532,598	6,744,540
Economic and physical development	1,603,047	1,112,716	2,820,260	1,880,541
Culture and recreation	7,161,246	7,241,632	6,933,653	6,430,052
Debt service:				
Principal	2,542,038	2,677,205	2,569,211	5,100,769
Interest	104,685	119,834	148,720	294,774
Capital Outlay	5,380,788	5,007,434	7,288,650	3,919,060
<b>Total expenditures</b>	<b>61,256,160</b>	<b>58,491,688</b>	<b>60,565,536</b>	<b>56,109,755</b>
Excess of revenues over (under) expenditures	(3,684,909)	(1,430,244)	(4,459,674)	(688,217)
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	3,374,795	7,016,202	2,254,046	9,494,212
Transfers to other funds	(4,853,108)	(7,825,048)	(3,784,663)	(9,807,067)
Transfers to component unit				
Capital lease obligations issued				
Certificates of participation issued				
Issuance of private activity bonds (RZED)				
Proceeds from bond issuance				
Issuance from installment purchase	2,015,318	1,951,100	2,044,621	1,608,961
<b>Total other financing sources (uses)</b>	<b>537,005</b>	<b>1,142,254</b>	<b>514,004</b>	<b>1,296,106</b>
<b>Net change in fund balances</b>	<b>\$ (3,147,904)</b>	<b>\$ (287,990)</b>	<b>\$ (3,945,670)</b>	<b>\$ 607,889</b>
Debt service as a percentage of noncapital expenditures	4.7%	5.2%	5.1%	10.3%

<b>Fiscal Year</b>					
<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
\$ 27,149,806	\$ 26,425,908	\$ 24,720,911	\$ 25,984,094	\$ 24,852,944	\$ 23,944,594
10,970,124	10,496,181	10,261,128	10,086,790	9,081,632	9,910,654
4,560,068	4,222,801	4,509,286	4,444,816	4,298,234	4,344,070
5,293,541	4,114,494	4,023,377	3,868,203	4,651,477	4,208,258
1,128,772	1,222,541	1,025,476	868,641	700,723	810,402
3,858,474	3,962,533	3,947,957	3,983,062	4,046,529	4,224,621
125,548	261,564	249,731	189,248	301,575	1,184,744
773,474	610,474	353,006	288,747	424,952	492,277
<b>53,859,807</b>	<b>51,316,496</b>	<b>49,090,872</b>	<b>49,713,601</b>	<b>48,358,066</b>	<b>49,119,620</b>
8,490,457	8,053,763	7,713,558	8,316,294	8,238,393	8,007,500
20,869,801	20,670,064	19,523,967	18,654,343	18,584,573	17,527,448
9,756,316	7,603,776	8,644,203	7,962,307	6,924,894	7,688,216
1,474,926	1,368,876	1,574,410	1,619,663	1,522,589	933,595
6,097,465	6,078,028	5,812,752	5,628,193	5,498,179	5,687,867
2,857,008	10,446,422	2,691,898	2,841,286	2,793,551	2,748,834
358,419	674,661	723,597	778,504	705,857	770,893
3,638,530	4,615,107	3,148,952	4,599,040	2,948,353	3,644,647
<b>53,542,922</b>	<b>59,510,697</b>	<b>49,833,337</b>	<b>50,399,630</b>	<b>47,216,389</b>	<b>47,009,000</b>
316,885	(8,194,201)	(742,465)	(686,029)	1,141,677	2,110,620
1,980,771	3,946,670	2,679,386	711,581	2,725,287	3,781,627
	(4,259,526)	(3,092,241)	(1,024,435)	(3,741,877)	(4,346,869)
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	2,899,000	-
		-	-	-	-
1,619,502	6,667,859	1,267,473	991,857	1,077,538	1,325,622
3,600,273	6,355,003	854,618	679,003	2,959,948	760,380
<b>\$ 3,917,158</b>	<b>\$ (1,839,198)</b>	<b>\$ 112,153</b>	<b>\$ (7,026)</b>	<b>\$ 4,101,625</b>	<b>\$ 2,871,000</b>
6.4%	20.3%	7.3%	7.9%	7.9%	8.1%

**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
2018	\$ 3,835,460,441	\$ 953,896,543	\$ 86,606,619	\$ 46,983,587	4,828,980,016	\$ 0.5973
2017	3,902,573,467	902,753,713	83,838,568	47,214,196	4,841,951,552	0.580
2016	3,853,481,630	846,150,688	81,810,460	45,606,226	4,735,836,552	0.580
2015	3,799,919,178	812,901,629	69,230,008	45,979,608	4,636,071,207	0.580
2014	3,719,982,981	880,157,173	65,804,603	45,882,171	4,620,062,586	0.580
2013	3,696,580,748	725,397,303	69,134,071	46,054,536	4,445,057,586	0.580
2012	3,577,135,670	647,804,267	68,040,422	47,077,773	4,245,902,586	0.580
2011	3,584,241,446	648,169,194	70,873,679	39,093,132	4,264,191,187	0.590
2010	3,547,546,834	640,124,432	74,014,766	24,980,100	4,236,705,932	0.590
2009	3,148,340,051	724,788,680	65,329,774	25,420,105	3,913,038,400	0.625

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

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

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

Fiscal Year	City Direct Rates			Overlapping Rates	
	Basic Rate	General Obligation Debt Service	Total Direct	Downtown Corp	Alamance County
2018	\$ 0.538	\$ 0.0594	\$0.597	\$ 0.170	\$ 0.580
2017	0.521	0.0593	0.580	0.160	0.580
2016	0.520	0.0596	0.580	0.160	0.580
2015	0.503	0.0769	0.580	0.160	0.530
2014	0.502	0.0775	0.580	0.160	0.540
2013	0.495	0.0810	0.580	0.160	0.520
2012	0.494	0.0852	0.580	0.160	0.520
2011	0.498	0.0916	0.590	0.160	0.520
2010	0.500	0.0903	0.590	0.160	0.520
2009	0.525	0.0996	0.625	0.160	0.580

**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	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Labcorp	\$ 140,110,946	1	2.90 %	\$ 101,122,129	1	2.58 %
Alamance Crossing LLC	70,063,997	2	1.45	34,241,370	2	0.88
Duke Energy Corp	45,220,131	3	0.94	29,080,197	3	0.74
Roche Biomedical Labs	44,574,709	4	0.92			
Carolina Hosiery Mills	32,035,528	5	0.66	22,207,821	6	0.57
Kayser Roth Corp	31,893,503	6	0.66			
PGS Burlington, LLC	29,286,691	7	0.61	19,504,818	7	0.50
Ethan Point LLC	28,077,780	8	0.58	17,994,750	9	0.46
Merideth Webb	27,025,520	9	0.56	16,865,910	10	0.43
Koury Properties	23,221,891	10	0.48			
Huffman Mill Plaza				22,348,138	5	0.57
Burlington Mall LLC				27,914,297	4	0.71
Alamance Indust. Park				18,589,626	8	0.48
<b>Total</b>	<b>\$ 471,510,696</b>		<b>9.76 %</b>	<b>\$ 309,869,056</b>		<b>7.92 %</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	
	Fiscal Year	Amount	Percentage of Levy		Amount	Percentage of Levy
2018	\$ 28,873,166	\$28,497,888	98.70 %		28,497,888	98.70 %
2017	28,098,157	27,666,328	98.46	215,810	27,882,138	99.23
2016	27,485,321	27,099,379	98.60	212,422	27,311,801	99.37
2015	26,902,971	26,541,013	98.65	252,135	26,793,148	99.59
2014	26,803,894	26,317,352	98.18	363,975	26,681,327	99.54
2013	25,789,046	25,105,830	97.35	565,780	25,671,610	99.54
2012	24,636,120	23,819,010	96.68	721,416	24,540,426	99.61
2011	25,169,334	24,403,266	96.96	663,143	25,066,409	99.59
2010	24,993,044	23,825,333	95.33	872,182	24,697,515	98.82
2009	24,442,673	23,455,196	95.96	799,095	24,254,291	99.23

**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				
2018	\$ 3,940,000	-	\$1,983,462	\$ -	\$ -	\$ 399,000	\$31,287,839	\$ -	\$ -	-	37,610,301	6.5 %	709
2017	4,492,742	-	1,975,181	-	-	1,567,000	32,959,901	-	-	-	40,994,824	7.1	778
2016	5,072,860	-	2,158,285	-	-	2,785,000	34,601,962	-	-	-	44,618,107	7.7	850
2015	5,651,978	-	2,140,876	-	-	4,047,000	36,219,027	-	-	-	48,058,881	8.5	928
2014	8,994,345	-	2,323,955	-	-	5,184,752	37,821,088	-	-	-	54,324,140	10.0	1,055
2013	10,189,321	-	2,382,461	-	-	6,384,745	39,433,399	-	-	-	58,389,926	11.2	1,138
2012	10,604,081	2,531,217	2,502,729	-	-	7,594,520	41,021,613	-	-	-	64,254,160	12.7	1,270
2011	11,724,945	2,725,926	2,615,271	-	-	8,817,338	23,135,863	-	-	-	49,019,343	10.2	981
2010	12,855,089	2,899,000	3,164,139	-	-	10,059,723	-	32,500	-	-	38,950,451	8.4	754
2009	13,979,593	-	3,758,602	-	-	11,342,853	-	-	9,940,000	10,650,000	39,731,048	8.6	780

**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			
2018	3,940,000	399,000	4,339,000	0.09 %	81.75
2017	4,492,742	1,567,000	6,059,742	0.13	114.97
2016	5,072,860	2,785,000	7,857,860	0.17	149.75
2015	5,651,978	4,047,000	9,698,978	0.21	187.20
2014	8,994,345	5,184,752	14,179,097	0.31	275.27
2013	10,189,321	6,384,745	16,574,066	0.37	323.04
2012	10,604,081	7,594,520	18,198,601	0.43	359.75
2011	11,724,945	8,817,338	20,542,283	0.48	411.15
2010	12,855,089	10,059,723	22,914,812	0.54	443.55
2009	13,979,593	11,342,853	25,322,446	0.65	497.23

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

(1) See Schedule 5 for property value data.

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

**Schedule 11**

**City of Burlington, North Carolina**

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2018**

(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	\$ 43,280,000	32.68%	\$ 14,145,935
Alamance County Authorized & Unissued GO Debt	-	32.68%	-
Guilford County General Obligation Debt	708,735,000	10.07%	71,386,874
Guilford County Unamortized G.O. Bond Premium	86,286,946	10.07%	8,691,197
Other debt			
Alamance County Installment Loans	9,946,932	32.68%	3,251,124
Guilford County G.O. Bond Anticipation Notes	-	10.07%	-
Guilford County Authorized & Unissued Bonds	-	10.07%	-
Guilford County Limited Obligation Bonds	16,845,000	10.07%	1,696,702
Guilford County Installment Financing	-	10.07%	-
Subtotal, overlapping debt			99,171,832
City direct debt			6,467,923
Total direct and overlapping debt			\$ 105,639,755

**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	4,828,980,016
Debt limit (8% of assessed value)	386,318,401
Gross Debt:	
Total Bonded Debt	4,339,000
Private Activity Bonds	-
Certificate of Participation	-
Revenue Bonds	30,550,000
Lease Financing Agreements	1,983,461
Total Gross Debt	36,872,461
Less: Water and Sewer Bonds	(30,949,000)
Total net debt applicable to limit	5,923,461
Legal debt margin	380,394,940

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 312,963,072	\$ 338,936,475	\$ 341,135,295	\$ 339,672,207	\$ 355,604,607	\$ 369,605,007	\$ 370,885,697	\$ 378,866,924	\$ 387,356,124	\$ 386,318,401
Total net debt applicable to limit	28,388,195	28,890,728	17,068,632	15,188,097	12,571,782	11,189,204	7,792,854	7,231,145	6,467,923	5,923,461
Legal debt margin	<u>\$ 284,574,877</u>	<u>\$ 310,045,747</u>	<u>\$ 324,066,663</u>	<u>\$ 324,484,110</u>	<u>\$ 343,032,825</u>	<u>\$ 358,415,803</u>	<u>\$ 363,092,843</u>	<u>\$ 371,635,779</u>	<u>\$ 380,888,201</u>	<u>\$ 380,394,940</u>
Total net debt applicable to the limit as a percentage of debt limit	9.07%	8.52%	5.00%	4.47%	3.54%	3.03%	2.10%	1.91%	1.67%	1.53%

**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 Eight Fiscal Years**  
(dollars in thousands)

Fiscal Year	Water & Sewer Revenue Bonds (1)						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Debt Service (2)	
2018	\$ 29,183,476	\$ 16,406,591	12,776,885	\$ 1,630,000	\$ 1,619,332	\$ 1,619,332	3.9
2017	33,235,438	18,208,228	15,027,210	1,600,000	1,683,331	1,683,331	4.6
2016	30,367,965	16,066,030	14,301,935	1,575,000	1,746,332	1,746,332	4.3
2015	27,292,611	15,760,218	11,532,393	1,560,000	1,795,170	1,795,170	3.4
2014	21,065,349	14,998,174	6,067,175	1,525,000	1,862,120	1,862,120	1.8
2013	20,520,559	14,471,192	6,049,367	1,495,000	1,927,870	1,927,870	1.8
2012	21,389,894	14,385,550	7,004,344	960,000	1,302,469	1,302,469	3.1
2011	21,808,147	14,825,993	6,982,154	-	-	-	-

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

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

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

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

<u>Year</u>	<u>Population Estimates (1)</u>	<u>Alamance County Personal Income (2)</u>	<u>Alamance County Per Capita Personal Income (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2018	53,077	**	**	22,708	4.4%
2017	52,709	*	*	22,764	4.7%
2016	52,472	5,788,131	36,246	22,724	5.1%
2015	51,812	5,672,514	35,839	22,706	5.2%
2014	51,510	5,421,753	34,801	22,690	6.9%
2013	51,306	5,224,119	33,840	22,423	9.7%
2012	50,587	5,068,382	32,929	22,531	10.1%
2011	49,963	4,807,695	31,363	22,451	10.0%
2010	51,662	4,655,074	30,720	22,384	11.7%
2009	50,927	4,611,574	30,671	22,304	9.3%

\* Not available until April, 2019

\*\* Not available until April, 2020

**Sources:**

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

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

<u>Employer</u>	2018			2009		
	Employees	Rank	Percentage of Total City Employment %	Employees	Rank	Percentage of Total City Employment %
Alamance-Burlington School Sys	3,500	1	14.10 %	3,260	1	15.44 %
LabCorp, Inc.	3,000	2	12.08	3,230	2	15.30
Cone Health Alamance Regional	2,000	3	8.06	2,030	3	9.62
Wal-Mart Stores, Inc.	1,200	4	4.83	1,100	4	5.21
City of Burlington	1,100	5	4.43	875	5	4.15
Glen Raven, Inc.	500	6	2.01			
PRA Group	500	7	2.01			
Copland Fabrics	300	8	1.21	300	8	1.42
Sheetz	250	9	1.01			-
Tapco Underwriters, Inc.	215	10	0.87			-
Kayser-Roth Corp	465		1.87	355	6	1.68
Kernodle Clinic, Inc.	325		1.31	325	7	1.54
American Multimedia, Inc.	250		1.01	300	9	1.42
ITG	250		1.01	250	10	1.18
<b>Total</b>	<b>13,855</b>		<b>55.80 %</b>	<b>12,025</b>		<b>56.97 %</b>

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

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

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of June 30</u>									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General government										
Admin/Public Info/Econ Dev	6	6	4	4	3	3	3	3	3	3
Customer Service/Collections	16	17	18	20	19	19	18	19	16	19
Finance	13	11	13	14	13	13	13	14	13	14
Information Technology	8	8	7	8	7	7	6	6	6	6
Legal	2	2	3	2	1	1	1	2	2	2
Human Resources	7	6	7	6	6	6	6	6	5	4
Planning	15	16	15	15	15	14	14	14	11	11
Inspections	9	8	10	9	9	9	9	9	10	11
Engineering/Traffic Control	20	20	14	14	14	14	14	14	18	17
Animal Services	17	17								
Police										
Sworn Officers	125	112	125	121	125	123	122	124	115	112
Civilians	42	45	51	51	44	40	41	41	40	42
Fire										
Firefighter and officers	101	103	105	91	90	89	88	88	87	88
Civilians	1	1	1	1	1	1	1	1	1	1
Public Transportation										
Administration	3	3	2							
Public Works										
Administration	4	4	4	4	4	4	4	3	2	2
Maintenance	25	24	24	24	23	24	24	24	22	23
Street	18	17	20	20	22	22	22	23	23	24
Cemetery	15	14	14	15	16	15	14	16	16	16
Sanitation	17	17	16	17	17	18	17	21	21	22
Recreation	45	47	46	44	44	43	42	43	42	41
Water and Sewer	93	90	89	87	86	90	88	86	84	87

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

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

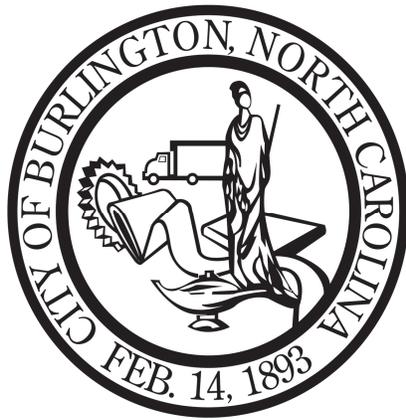
<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Police										
Physical arrests	2,289	2,198	2,561	3,067	4,277	4,202	3,897	3,873	3,839	3,997
Parking violations	25	523	392	625	1,459	2,467	1,988	3,104	1,620	2,129
Traffic violations	2,909	3,053	4,686	5,630	7,175	6,727	5,248	5,903	5,612	4,793
Fire										
Emergency responses	9,419	6,795	8,640	8,197	7,688	7,914	7,481	4,992	5,056	5,064
Fires responses	2,572	2,446	2,331	2,326	1,946	2,074	2,173	2,125	2,061	1,610
Inspections	3,062	2,725	3,044	3,313	2,990	3,064	2,863	2,712	2,648	2,844
Refuse collection										
Refuse collected (tons per day)	37	36	35	33	66	66	72	72	73	69
Recyclables collected (tons per day)	9.7	9.2	7.7	7	27	29	21	23	29	33
Other Public Works										
Street resurfacing (miles)	7.10	4.79	0.10	9.42	3.15	3.59	7.73	5.8	13.4	0.0
Potholes repaired	185	106	141	108	162	89	63	100	542	335
Recreation and Parks										
Athletic field permits issued	160	159	159	157	157	155	150	94	103	82
Community center admissions	218,000	214,200	211,900	190,300	168,700	166,550	163,400	162,500	151,100	145,255
Water										
New connections	50	50	34	38	35	34	36	32	33	61
Water mains breaks	71	46	36	57	71	50	53	72	81	78
Average daily consumption (thousands of gallons)	11,519	11,438	10,831	10,333	10,284	11,313	12,114	10,995	11,875	10,200
Peak daily consumption (thousands of gallons)	18,283	17,523	14,471	16,296	15,964	16,106	21,577	18,460	19,000	19,000
Wastewater										
Average daily sewage treatment (thousands of gallons)	10,628	10,950	12,308	10,449	11,879	10,730	10,550	11,794	12,000	11,200

**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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	1	4	4	6	7	7	7	7	6
Patrol units	154	151	151	151	151	151	151	148	144	141
Fire Stations	6	5	5	5	5	5	5	5	5	5
Refuse collection										
Collection trucks	23	24	22	22	21	22	19	19	20	18
Other public works										
Streets (miles)	245.86	245.45	244.1	243.71	243.62	243.29	243.29	238.89	237.90	238
Highways (miles)	70.86	70.86	70.58	70.58	69.73	69.73	66.79	62.24	62.27	61
Streetlights	5,245	5,193	5,165	5,139	5,019	4,979	4,844	4,760	4,754	4,738
Traffic Signals	40	40	40	41	40	36	36	36	35	35
Recreation and parks										
Acreage	638.45	638.45	638.45	638.45	638.45	638.45	638.45	638.45	631.45	631.45
Playgrounds	22	22	22	21	21	21	21	21	16	16
Baseball/softball diamonds	17	17	17	17	17	17	17	17	17	17
Soccer/football fields	15	15	15	15	15	15	15	15	12	12
Community centers	6	6	6	6	6	6	6	6	6	6
Water										
Water mains (miles)	396.50	388.30	372.60	393.77	390.00	388.76	387.29	385.82	385.12	383.00
Fire hydrants	2,425	2,226	2,208	2,256	2,196	2,190	2,284	2,064	2,064	2,032
Storage capacity (thousands of gallons)	14,000	14,000	14,000	14,000	14,000	4,500	4,500	4,500	4,500	4,500
Wastewater										
Sanitary sewers (miles)	368.10	362.40	361.70	387.79	386.36	385.06	384.36	383.70	382.85	382.85
Storm sewers (miles)	198.45	197.80	197.10	198.13	221.30	147.90	219.63	219.63	213.00	113.00
Treatment capacity (thousands of gallons per day)	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000

**Sources:** Various city departments.





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

*Advisors to  
Management*

**Independent Auditor's Report**

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

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the AICPA Alliance  
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We have audited, in accordance with the auditing standards generally accepted in the United State of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Burlington, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprises the City of Burlington's basic financial statements and have issued our report thereon dated November 30, 2018. The financial statements of the Burlington Downtown Corporation were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

*Mailing Address:*  
P.O. Box 1440  
Burlington, NC 27216-1440

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

*Street Address:*  
1233 South Church Street  
Burlington, NC 27215

336-226-7343  
fax 336-229-4204  
[www.ssmkllp.com](http://www.ssmkllp.com)  
e-mail: [ssmk@ssmkllp.com](mailto:ssmk@ssmkllp.com)

Compliance and Other Matters

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

Purpose of this Report

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

STOUT STUART MCGOWEN & KINGS LLP

November 30, 2018



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

Independent Auditor's Report

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

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

We have audited the City of Burlington, North Carolina, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Burlington's major federal programs for the year ended June 30, 2018. The City of Burlington's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs

**Management Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, the City of Burlington complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Mailing Address:  
P.O. Box 1440  
Burlington, NC 27216-1440

Street Address:  
1233 South Church Street  
Burlington, NC 27215

336-226-7343  
fax 336-229-4204

www.ssmkllp.com  
e-mail: ssmk@ssmkllp.com

## Report on Internal Control Over Compliance

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

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

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

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

STOUT STUART MCGOWEN & KINGS LLP

November 30, 2018



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

Independent Auditor's Report

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

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

We have audited City of Burlington, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Burlington's major state programs for the year ended June 30, 2018. The City of Burlington's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major State Program**

In our opinion, the City of Burlington complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state program for the year ended June 30, 2018.

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Mailing Address:  
P.O. Box 1440  
Burlington, NC 27216-1440

Street Address:  
1233 South Church Street  
Burlington, NC 27215

336-226-7343  
fax 336-229-4204  
[www.ssmkllp.com](http://www.ssmkllp.com)  
e-mail: [ssmk@ssmkllp.com](mailto:ssmk@ssmkllp.com)

## Report on Internal Control Over Compliance

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

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

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

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

STOUT STUART MCGOWEN & KINGS LLP

November 30, 2018

CITY OF BURLINGTON, NORTH CAROLINA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Fiscal Year Ended June 30, 2018

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Section I. Summary of Auditor's Results

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Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards

Internal control over major federal programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes       X       No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
14.218	Community Development Block Grant
14.239	HOME Investment Partnership Program
16.710	Public Safety Partnership and Community Policing Grant
16.005	Federal Asset Forfeiture Funds

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

Auditee qualified as low-risk auditee?       X       Yes                      No



CITY OF BURLINGTON, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Fiscal Year Ended June 30, 2018

None

CITY OF BURLINGTON, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 For the Year Ended June 30, 2018

<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	374,975		
Passed-through Greensboro Consortium:				
Home Investment Partnership Program	14.239	25,183		
Passed-through N.C. Housing Financing Agency:				
Stewart B. McKinney Homeless Assistance Act	14.000	26,740		
<u>U.S. Department of Justice     Direct Program:</u>				
Office of Justice:				
Federal Asset Forfeiture Funds	16.005	85,716		
Office of Community Oriented Policing Services:				
Public Safety Partnership and Community Policing Grant	16.710	289,956		
Passed-through North Carolina Department Of Public Safety:				
Edward Byrne Memorial Justice Assistance Grant	16.738	27,179		
Office of Victims of Crime:				
Passed-through Governor's Crime Commission Services for Trafficking Victims	16.320	70,934		
<u>U.S. Department of Transportation     Direct Program:</u>				
Department of Transportation:				
Railroad Station Improvement Program	20.205-3	-		
Passed-through North Carolina Department of Transportation:				
Highway Planning and Construction Grants:				
State Planning and Research	20.205-5	159,946		
Federal Transit Technical Studies Grant	20.505	<u>20,000</u>	<u>2,500</u>	
Total assistance - federal programs		<u>1,080,629</u>	<u>2,500</u>	

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 For the Year Ended June 30, 2018

<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			1,434,335	
Transit Development Program			53,079	
State Maintenance Assistance for Urban And Small Urban Program			133,899	
<u>N.C. Housing Finance Agency:</u>				
Urgent Repair Program			75,000	
Total assistance - State programs			<u>1,696,313</u>	
Total assistance		<u>\$ 1,080,629</u>	<u>\$ 1,698,813</u>	<u>\$</u>

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

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Burlington under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Burlington, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Burlington.

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

Type of Fund	Computes "X" if Meets			Liabilities	Computes "X" if Meets			Revenue	Computes "X" if Meets			Expenditures/ Expenses	Computes "X" if Meets 10% Rule	Computes "X" if Meets 5% Rule	Computes "MAJOR" if Fund is Major If a "Category" Has an "X" in Both Columns, Then Fund is a Major Fund
	Assets	10% Rule	5% Rule		10% Rule	5% Rule	10% Rule		5% Rule						
General Fund	41,203,767	N/A	N/A	3,972,381	N/A	N/A	55,610,443	N/A	N/A	N/A	58,077,377	N/A	N/A	YES- ALWAYS MAJOR	
Special Revenue Funds:															
MPO Planning/Trans.	606,495	-	-	5,777	-	-	217,053	-	-	-	202,750	-	-	-	
Capital Reserve	88,680	-	-	1,968	-	-	37,747	-	-	-	41,259	-	-	-	
Substance Abuse	447,664	-	-	3,020	-	-	363,054	-	-	-	85,776	-	-	-	
Rico	11,081,739	X	X	7,331,819	X	X	94,135	-	-	-	25,183	-	-	MAJOR	
Home Program	10,103	-	-	-	-	-	305,478	-	-	-	289,073	-	-	-	
Community Dev.	64,472	-	-	64,472	-	-	126,017	-	-	-	174,461	-	-	-	
Downtown	130,946	-	-	130,946	-	-	174,461	-	-	-	85,902	-	-	-	
Guilford Mackintosh	1,890,618	-	-	1,721	-	-	9,733	-	-	-	-	-	-	-	
Rehab Loan	1,619	-	-	-	-	-	-	-	-	-	-	-	-	-	
Medicare Part D	64,734	-	-	11,154	-	-	167,012	-	-	-	289,566	-	-	-	
Bureau of Justice Asst. Comm. Oriented Policing	-	-	-	42,878	-	-	70,934	-	-	-	27,179	-	-	-	
Governor's Crime Commission Human Trafficking	120,925	-	-	-	-	-	29,328	-	-	-	38,668	-	-	-	
Edward Byrne Justice Assistance	897,827	-	-	-	-	-	10,420	-	-	-	1,457,098	-	-	-	
Rental Rehab	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Special Revenue	15,405,832	-	-	7,593,755	-	-	1,524,438	-	-	-	-	-	-	-	
Debt Service Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital Projects Funds:															
ERP System	561,148	-	-	18,320	-	-	-	-	-	-	150,626	-	-	-	
Trans Sidewalk & Intersections	1,782,958	-	-	43,391	-	-	-	-	-	-	684,828	-	-	-	
Animal Shelter	608,947	-	-	20,512	-	-	150	-	-	-	859,290	-	-	-	
Front St Greenway/Bikeway	388,674	-	-	-	-	-	360,000	-	-	-	1,326	-	-	-	
Willowbrook Park Arboretum	250,000	-	-	606	-	-	-	-	-	-	606	-	-	-	
Total Capital Projects	3,591,727	-	-	82,829	-	-	360,150	-	-	-	1,696,676	-	-	-	
Total Governmental Funds	60,201,326	-	-	11,648,965	-	-	57,495,031	-	-	-	61,231,151	-	-	-	
10 % of Total Governmental Funds	6,020,133	-	-	1,164,897	-	-	5,749,503	-	-	-	6,123,115	-	-	-	
Enterprise Funds:															
Water and Sewer	221,718,137	X	X	40,311,846	X	X	29,183,476	X	X	X	22,725,250	X	X	MAJOR	
Storm Water	1,690,365	-	-	134,309	-	-	1,225,282	-	-	-	465,729	-	-	-	
Public Transportation	1,082,291	-	-	1,682,532	-	-	664,761	-	-	-	1,483,424	-	-	-	
Total Enterprise Funds	224,490,793	-	-	42,128,687	-	-	31,073,519	-	-	-	24,674,403	-	-	-	
10% of Total Enterprise Funds	22,449,079	-	-	4,212,869	-	-	3,107,352	-	-	-	2,467,440	-	-	-	
Total Governmental & Enterprise Funds	284,692,109	-	-	53,777,652	-	-	88,568,550	-	-	-	85,905,554	-	-	-	
5% of Total Governmental & Enterprise Funds	14,234,605	-	-	2,688,883	-	-	4,428,428	-	-	-	4,295,278	-	-	-	