

CITY OF BURLINGTON NORTH CAROLINA

"Connecting the Triad & Triangle"



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2013

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF BURLINGTON

FISCAL YEAR ENDED JUNE 30, 2013



CITY COUNCIL

RONNIE K. WALL, MAYOR
DAVID R. HUFFMAN, MAYOR PRO TEM
ROBERT M. WARD, COUNCILMEMBER
CELO I. FAUCETTE, JR., COUNCILMEMBER
JAMES B. BUTLER, COUNCILMEMBER

CITY MANAGER
HAROLD OWEN

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

Prepared by the City of Burlington Finance Department

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2013

<u>Exhibit</u>		<u>Page Number</u>
INTRODUCTORY SECTION:		
	Letter of Transmittal	i-viii
	GFOA Certificate of Achievement	ix
	Organizational Chart	x
	List of Principal Officers	xi
FINANCIAL SECTION:		
	Independent Auditor's Report on the Basic Financial Statements and Supplementary Information	xii-xiv
	Management's Discussion and Analysis	xv-xxx
	Basic Financial Statements	
	Government-Wide Financial Statements:	
1	Statement of Net Position	1
2	Statement of Activities	2-3
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	4
3	Reconciliation of the Government Funds Balance Sheet to the Statement of Net Assets	4
4	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5
4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	7
6	Statement of Net Position - Proprietary Funds	8
7	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	9
8	Statement of Cash Flows - Proprietary Funds	10-11

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2013

<u>Exhibit</u>	<u>Page Number</u>
Notes to the Financial Statements	12-43
Required Supplemental Financial Data:	
Law Enforcement Officers' Special Separation Allowance - Schedule of Funding Progress	44
Law Enforcement Officers' Special Separation Allowance - Schedule of Employer Contributions	45
Law Enforcement Officers' Special Separation Allowance Notes to the Required Schedules	45
Other Postemployment Benefits - Schedule of Funding Progress	46
Other Postemployment Benefits - Schedule of Employer Contributions	47
Other Postemployment Benefits - Notes to the Required Schedules	47
Individual Fund Statements and Schedules:	
Balance Sheet- General Fund	48
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual - General Fund	49-64
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Reserve Fund	65
Combining Balance Sheet for Non-Major Governmental Funds	66
Combining Statements of Revenues, Expenditures, and Changes in Fund Balance for Non-Major Governmental Funds	67
Special Revenue Funds:	
Combining Balance Sheet	68-69
Combining Schedules of Revenues, Expenditures, and Changes in Fund Balances	70-71
Schedule of Revenues and Expenditures - Budget and Actual:	
Community Development Fund	72-80
Rehabilitation Loan Program Fund	81
Rental Rehabilitation Loan Program Fund	82
Downtown Special Tax District Fund	83
HOME Program Project Fund	84-85

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2013

<u>Exhibit</u>	<u>Page Number</u>
RICO Fund	86
Guilford Mackintosh Fund	87
Controlled Substance Tax Fund	88
MPO Planning Transportation Fund	89
Energy Efficiency & Conservative Block Grant	90
Medicare Part D Grant Project Fund	91
Edward Byrne Justice Assistance Grant Fund	92
Governor Crime Commission Project Safe Neighborhood	93
All Hazard Preparedness Fund	94
Bureau of Justice Community Orient Policing Grant	95
General Capital Project Funds:	
Combining Balance Sheet	96
Combining Schedules of Revenues, Expenditures, and Changes in Fund Balance	97
Schedule of Revenues, Expenditures - Budget and Actual:	
Drainage Improvement Project Fund	98
ERP System Project Fund	99
Energy Efficiency Upgrade Mainstreet 2	100

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2013

<u>Exhibit</u>	<u>Page Number</u>
Enterprise Funds:	
Schedule of Revenues and Expenditures - Budget (Modified Accrual Basis) and Actual:	
Storm Water Fund	101
Water and Sewer Fund	102-107
Water and Sewer Capital Projects - Water Capital Reserve Fund	108
Water and Sewer Capital Projects - Sewer Capital Reserve Fund	109
Water and Sewer Capital Projects - Tank Removal Project Fund	110
Water and Sewer Capital Projects - Stoney Creek and Lake Cammack Dams Project	111
Water and Sewer Capital Projects - Mebane St./Grand Oaks Water Line Project Fund	112
Water and Sewer Capital Projects - Jordan Lake Rules Project Fund	113
Water and Sewer Capital Projects-Jordan Lake Rules Second Phase Fund	114
Water and Sewer Capital Projects-Whites Kennel Road Water & Sewer Lines - Golden Leaf Project Fund	115
Internal Service Funds:	
Statement of Net Assets	116
Combining Schedules of Revenues, Expenses, and Changes in Net Assets	117
Combining Statement of Cash Flows	118-119
Schedule of Revenues and Expenditures - Budget (Modified Accrual Basis) and Actual:	
Dental Self Insurance Fund	120
Workers Compensation Self Insurance Fund	121
Group Health Benefits Self Insurance Fund	122

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2013

<u>Exhibit</u>	<u>Page Number</u>
Other Schedules:	
Schedule of Ad Valorem Taxes Receivable	123
Analysis of Current Tax Levy	124
STATISTICAL SECTION:	
Net Assets by Component	125-126
Changes in Net Assets	127-128
Fund Balances, Governmental Funds	129
Changes in Fund Balances, Governmental Funds	130-132
Assessed Value and Actual Value of Taxable Property	133
Direct and Overlapping Property Tax Rates	134
Principal Property Tax Payers	135
Property Tax Levies and Collections	136
Ratios of Outstanding Debt by Type	137
Ratios of General Bonded Debt Outstanding	138
Direct and Overlapping Governmental Activities Debt	139
Legal Debt Margin Information	140
Pledged-Revenue Coverage Last Fiscal Year	141
Demographic and Economic Statistics	142
Principal Employers	143
Full-Time Equivalent City Government Employees by Function/Program	144
Operating Indicators by Function/Program	145
Capital Asset Statistics by Function/Program	146

CITY OF BURLINGTON, NORTH CAROLINA

TABLE OF CONTENTS

June 30, 2013

<u>Exhibit</u>	<u>Page Number</u>
COMPLIANCE SECTION:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	147-148
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act	149-150
Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with Applicable Sections OMB Circular A-133 and the State Single Audit Implementation Act	151-152
Schedule of Findings and Questioned Costs	153-154
Summary Schedule of Prior Audit Findings	155
Schedule of Expenditures of Federal and State Awards	156-157
Major Fund Determination	158



CITY OF BURLINGTON

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

FINANCE DEPARTMENT

Phone (336) 222-5060

October 25, 2013

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, 2013, 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, 2013, 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, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Burlington's financial statements for the fiscal year ended June 30, 2013, 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 35.19 square miles and a population of 51,306. The City is empowered by statute to levy an annual ad valorem property tax on the appraised value of all real and tangible property except manufacturers, retailers and wholesalers inventory located therein. The City is also empowered by statute to extend its corporate limits by annexation. Since January 1980, the City has annexed 17.93 square miles, which includes its most recent annexations of 3.12 square miles. These annexations represent industrial and institutional properties. The City generally annexes on a voluntary basis.

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

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

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

The annual budget serves as the foundation for the City of Burlington's financial planning and control. The North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1 of each year for all funds for which an annual budget is required. Activities of the General Fund, Special Revenue Funds (except for Grant Project Funds), and Proprietary Funds are included in the annual appropriated budget. Project-length financial plans are adopted for Grant and Capital Project Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by the department level within the funds. Any increase or decrease in the original budget as adopted must be approved by City Council. The City also maintains an encumbrance accounting system as one technique to accomplish budgetary control. Encumbered amounts lapse at year end; however, outstanding encumbrances generally are re-appropriated as part of the following year's budget. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund the budgetary comparison is presented in Exhibit 5, page 7, as part of the Basic Financial Statements pertaining to the governmental funds. For other governmental funds with annual and project-length budgets, detailed budget to actual comparisons are presented in the supplementary information subsection of this report, which starts on page 72.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

The City of Burlington's economy has remained unchanged since the start of the Great Recession in 2008. The City itself has continued the cost-saving measures begun in the fall of 2008 to minimize the impact of the economy. While there continues to be closing of some small retail stores and businesses, there have also been openings of small businesses in the recent months. There have been no significant losses of businesses. The year ended June 30, 2013, has seen an ever so slight increase in the water and sewer revenues. This year has basically maintained the status quo. Downtown Burlington has seen a revitalization effort that began with the opening of the Company Shops Market over two years ago. This year has seen several new small businesses come to the downtown area. The Burlington-Alamance Regional Airport is home to several aviation related businesses employing over 140 personnel within the campus. They are proud to be the home of the World Headquarters of Honda Aero Jet Engines. The airport is in a continual state of growth and development having just begun construction of 10 additional hangar spaces to be completed by the end of 2013. A 100 foot addition to the runway end is currently underway. The runway, when completed, will be 6,505 feet in length. This runway length will allow the airport to accommodate practically any size corporate aircraft, thus providing a true economic development tool to our region. Alamance Regional Medical Facility has begun a \$60 million dollar expansion. Included in the expansion are a state-of-the-art cancer center, an expanded day surgery area, larger operating rooms, and an emergency department addition that will double its current size. Tanger Outlet is a shopping center approximately 10 miles east outside of Burlington but in Alamance County. The three year old Tanger Outlet continues to be a main contributor to the strong sales tax revenue for the City. Sheetz, a family-owned convenience store chain, has also begun construction on their new manufacturing and distribution center in Burlington that will support the company's retail locations in Virginia and North Carolina. The new, 250,000 square-foot center will represent a 32 million investment in the community and bring 253 new jobs. August 2014 is the target date for completion of the new facility.

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

**City of Burlington, North Carolina
Principal Employers
June 30, 2013**

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
LabCorp, Inc.	Medical supplies, services & facilities	3,200
Alamance-Burlington School System	Public Education	3,329
Alamance Regional Medical Center	Health Care	2,240
Walmart Stores, Inc.	Retail Sales	1,000
City of Burlington	Local Government	806
Kaysers-Roth Corp	Textiles	465
Kernodle Clinic, Inc.	Health Care	325
Twin Lakes Community	Senior Living	291
American Multimedia, Inc.	Wholesale media	250
ITG	Textiles	250

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

Alamance County reached its peak unemployment in January and February of 2010 as evidenced in the following statistics. The average unemployment rate in Alamance County and the state of North Carolina for the seven months calendar year-to-date is 9.2%, which is significantly higher than the national rate of 7.6%.

	% Unemployment (Alamance County)														
	<u>99</u>	<u>00</u>	<u>01</u>	<u>02</u>	<u>03</u>	<u>04</u>	<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>
Jan	2.7	3.2	4.1	7.5	7.6	6.9	6.0	5.6	5.7	5.5	10.0	13.0	11.2	9.9	10.1
Feb	2.8	3.4	4.7	7.6	7.7	6.7	6.5	5.8	5.5	5.6	10.6	13.0	10.8	9.8	9.3
Mar	2.3	2.8	4.8	7.4	7.1	6.4	5.9	5.2	4.9	5.4	10.8	12.3	10.3	9.3	8.8
Apr	2.0	2.4	4.5	7.1	7.2	6.1	5.6	5.0	4.8	5.3	11.1	11.7	10.0	8.9	8.6
May	2.2	3	4.9	7.1	7.3	6.3	6.0	5.5	5.0	5.9	11.4	11.7	10.2	9.3	9.1
Jun	2.5	3.3	5.5	7.4	8.0	6.8	6.3	6.0	5.4	6.5	11.9	11.7	11.0	9.9	9.5
Jul	2.5	3.4	6.5	7.5	7.9	6.4	6.5	6.2	5.5	6.9	12.3	11.7	10.9	10.3	9.2
Aug	2.5	3.6	6.8	7.3	7.3	6.1	6.3	5.8	5.1	7.1	12.0	11.3	10.7	9.8	
Sept	2.4	3.0	6.2	6.6	6.7	5.5	5.9	5.3	4.7	6.8	11.7	10.5	9.9	8.9	
Oct	2.4	3.2	6.3	6.6	6.7	6.2	5.9	5.1	4.8	7.1	11.8	10.5	9.9	9.1	
Nov	2.3	3.4	6.6	7.0	6.8	6.0	6.0	5.3	4.9	7.9	11.9	10.9	9.6	9.0	
Dec	2.1	3.3	6.8	7.0	6.4	5.8	5.4	4.9	5.1	8.8	12.2	10.5	9.5	9.3	

Source: Bureau of Labor Statistics

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

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

Year	County	State	US	Year	County	State	US
1998	2.9	3.4	4.5	2006	5.5	4.8	4.6
1999	2.5	3.2	4.2	2007	5.1	4.8	4.6
2000	3.5	3.6	4.0	2008	6.6	6.3	5.8
2001	5.6	5.6	4.7	2009	11.5	10.4	9.3
2002	7.2	6.6	5.8	2010	11.6	10.8	9.6
2003	7.2	6.5	6.0	2011	10.3	10.2	9.0
2004	6.3	5.5	5.5	2012	9.4	9.5	8.1
2005	6.0	5.3	5.1	2013	*9.2	*9.2	*7.6

*Through July 2013

Source: Bureau of Labor Statistics

The City has maintained a stable financial condition in spite of the continued lackluster in the national and local economy. Revenues from building permits and fees for the current year are \$598,983, up \$118,416 from the previous fiscal year. This increase reflects the upturn in construction in the City of Burlington.

Located on the Interstate Highways 85/40, between the larger cities of Greensboro (to the west) and Raleigh (to the east), the City of Burlington remains in an ideal position for growth. In addition, the Burlington Downtown Corporation, a component unit, has initiated a master plan for redevelopment of the downtown area. The Company Shops Market, a cooperatively owned, full-service grocery store and café opened in May of 2011. Company Shops Market was the sub-recipient of the Main Street Solutions Grant in the amount of \$298,460 to assist them with the \$2.3 million renovation project. This one store with its buffet/salad bar for lunch & dinner has created a 20-30% increase of traffic in other downtown stores. In September 2012, Elon University purchased a 1,700-square-foot building, located across the street from May Memorial Library. This building will headquarter both the Village Project - an afterschool tutoring program through the university's school of education - and the Kernodle Center for Service Learning and Community Engagement, both of which promise to draw foot traffic downtown.

New residential development has begun to show a slight uptick across the City. Burlington is not immune to the effects of the recession that has hit the entire country as a whole. Since 2008, as with the rest of the nation, new development has been at a minimum. However, limited multi-family and residential developments have continued across the western portions of the City.

Long-term Financial Planning

(1) Water and Sewer Resources Issues/Stormwater Issues

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

There are two outfall lines that are beginning to show wear & tear from their age, the Little Alamance Creek Sewer outfall and the Haw River Interceptor. Plans are to repair the Little Alamance Creek Sewer Outfall in the 2013-2014 fiscal year and to repair the Haw River Interceptor in the following year.

Two separate series of Revenue Bonds were issued by the City of Burlington, the first in December 2010 and the second in October 2011. The first series primarily covered the repairs for the Stoney Creek Dam and the Lake Cammack Dam. Repairs made to both dams involved the installation of a series of post-tensioned anchors installed by drilling vertically through the dam into the bedrock below the dam. The multiple anchors provide the required stability during the design storm. Additionally, the earthen embankments and abutments were reinforced/raised. Repairs to the dams were completed by 2011.

- (2) The remainder of the first series 2010 and all of the series 2011 Revenue Bonds covered the changes necessary to both the South Burlington Waste Water Treatment Plant and the East Burlington Waste Water Treatment Plant to bring them in compliance with the Jordan Lake Rules. It is estimated that the upgrades to the plants are 95% complete.

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

- (3) ERP

Enterprise Resource Planning (ERP) is a financial and business computer system that integrates all departments and functions across the City with one single, powerful, yet easy to use, computer system. Due to constant changes in the computer/information technology field, as well as changes in federal and state laws, there will always be updates to our existing software that need to be implemented. The City has successfully implemented a paperless purchasing/AP module for record keeping. The City is also in process of updating its on line payment capabilities.

- (4) Transportaion

The City Council is studying the possibility and costs of providing a bus transportation system. There are federal monies available to help with the capital purchases and the operations of a transportation system, should the City council vote to provide a bus transportation system. A bus transportation system would cost the City approximately \$500,000 in annual operational costs.

- (5) Fire Station

The City has bought land and is currently in the process of choosing an architect to design a new fire station for the western section of the City that has seen significant growth over the past several years. Once the design is completed bids will be solicited for the construction of the fire station. The fire station is expected to open in the fall of 2015. This new station will create the need to hire new staff to man the new fire station.

- (6) Capital Improvements

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

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

Housing Projects: The Housing Rehabilitation Program provided funds to correct Minimum Housing Code violations, to reduce lead-based paint hazards and to improve the energy efficiency in single-family dwellings occupied by low- and moderate-income households. As of June 30, 2013, the City completed the rehabilitation of twelve (12) owner-occupied houses. As a further strategy to create opportunities for homeownership for low and moderate-income households, the City supported the activities of non-profits to develop affordable housing. The City assisted Alamance County Community Services Agency (ACCSA), its Community Housing Development Organization (CHDO), continued endeavors to develop homes at the Apple Tree Village subdivision on city-owned lots. During the program year (August 2012), ACCSA finished the construction of a home at the subdivision. Construction was initiated in May 2012 along with a ground-breaking event in June with completion in August 2012. During the remaining part of 2012, ACCSA worked on crediting issues with another potential homeowner with a goal of starting a new project in program year 2013.

Public Facilities: In the five-year strategic plan, CDBG proposed to undertake one new public facility or infrastructure improvement project per year to ensure new or improved availability/access to a suitable living environment for low- and moderate-income area residents. During the program year, the City launched several projects that include a sidewalk project along Ireland Street; installed a new handicapped parking space and ramp at Residential Treatment Service's Hall Avenue facility; installed new vinyl replacement windows at Residential Treatment Service's Mebane Street facility; installed new alarm systems at Family Abuse Service's emergency shelter; installed new lighting at Forest Hills Community Center; installed new playground equipment at Eva Barker Park; upgraded Fairchild Park Community Center for a full-time preschool facility; and completed the parking lot paving at Fairchild Park Soccer Park.

The CDBG Division also established multiple projects for the upcoming fiscal year 2013-14.

(7) Plans For Debt Issuance

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

Awards and Acknowledgements

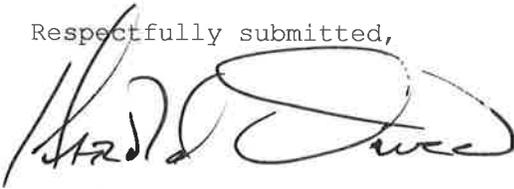
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Burlington for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. This was the fourteenth consecutive year that the City 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,



Harold T. Owen
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

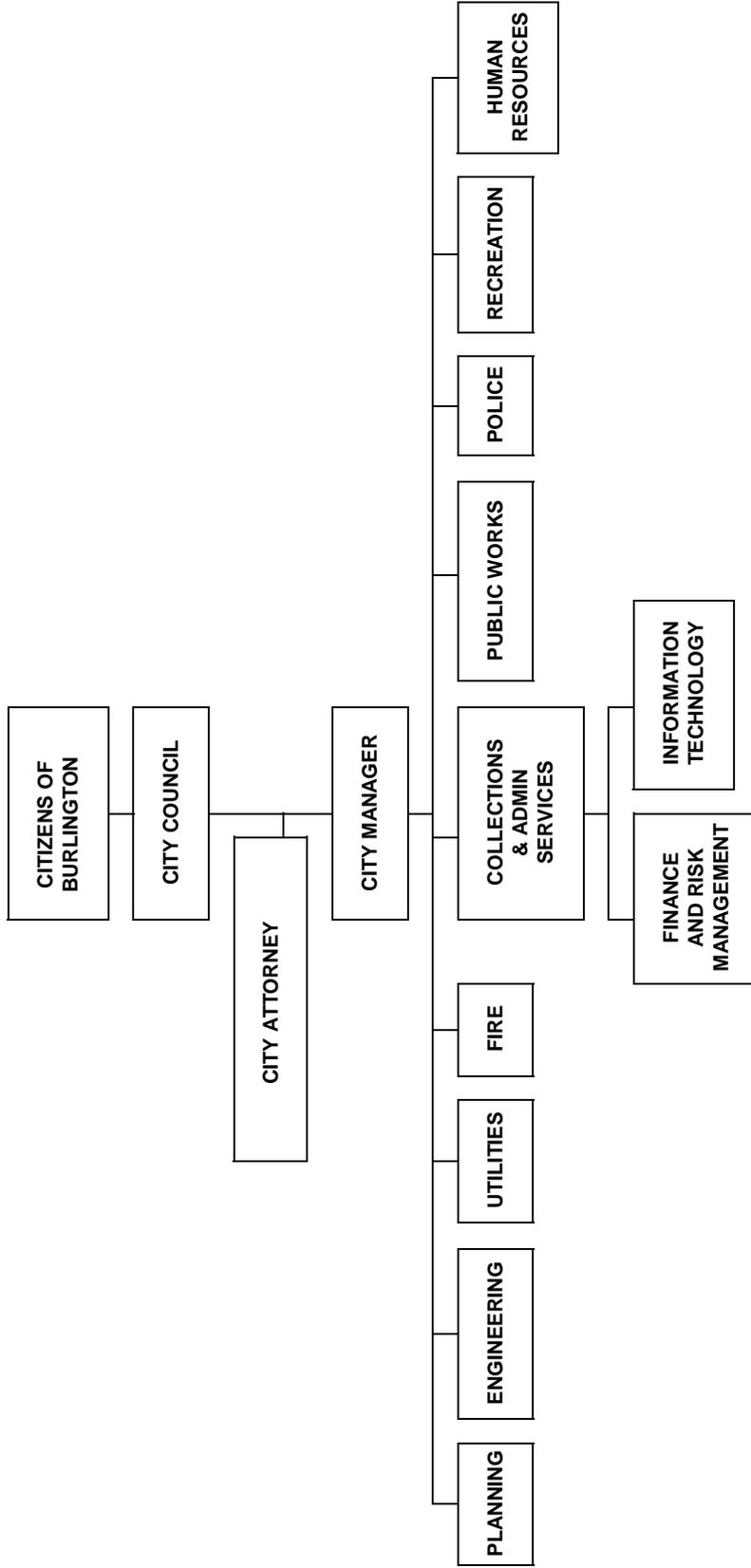
**City of Burlington
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

CITY OF BURLINGTON, NORTH CAROLINA
ORGANIZATIONAL CHART



CITY OF BURLINGTON

List of Principal Appointed Officials For the Fiscal Year Ended June 30, 2013

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



FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Burlington, North Carolina as of and for the year ended June 30, 2013, 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance's and the Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions on pages xiv through xx and 42 through 45 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards general accepted in the United State of America, which consist 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 U.S. Office of management and Budget Circular A-133, , *Audits of State and Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2013 on our consideration of the City of Burlington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Burlington's internal control over financial reporting and compliance.

STOUT STUART MCGOWEN & KINGS LLP

October 25, 2013



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, 2013. 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 ended June 30, 2013 by \$273,912,059 (net position). Of this amount, \$84,068,396 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$3,149,365 (1.16%) compared to fiscal year 2012. The governmental net position increased by \$668,797(.58%), and the business-type net position increased by \$2,480,568 (1.60%).
- During the year, the City's governmental expenses were \$50,924,148, an increase of \$2,470,846, while expenses in the business-type activities were \$23,509,662, a decrease of \$258,703.
- At the end of the fiscal year, the City of Burlington's governmental funds reported combined ending fund balances of \$59,137,170, a decrease of \$1,839,197 in comparison with the prior year. Approximately \$7,437,751 (or 12.6%) is available for spending, with \$44,797,664 designated for specific purposes. For example, \$483,457 is externally restricted by nature of the Special Revenue Funds.
- At the end of the year unassigned fund balance for the General Fund was \$7,445,326, or 13.0% of total General Fund expenditures of \$57,190,701.
- The General Fund budget for fiscal year ending 6/30/13 was adopted with a \$.58 per \$100 assessed valuation tax rate, which is the same as fiscal year 2011-2012.
- The City of Burlington's total long-term debt decreased \$4,925,666. There was a decrease of \$2,278,672 in the governmental activities and a decrease of \$2,646,994 in the business-type.

The City has maintained its GO bond rating with both Standard & Poor's Corporation at AA and Moody's at Aa2. In August 2013, the City was reviewed by Standard & Poor's and its ratings were confirmed. The City has also maintained the same ratings with the issuance of its 2011 Revenue Bonds as the

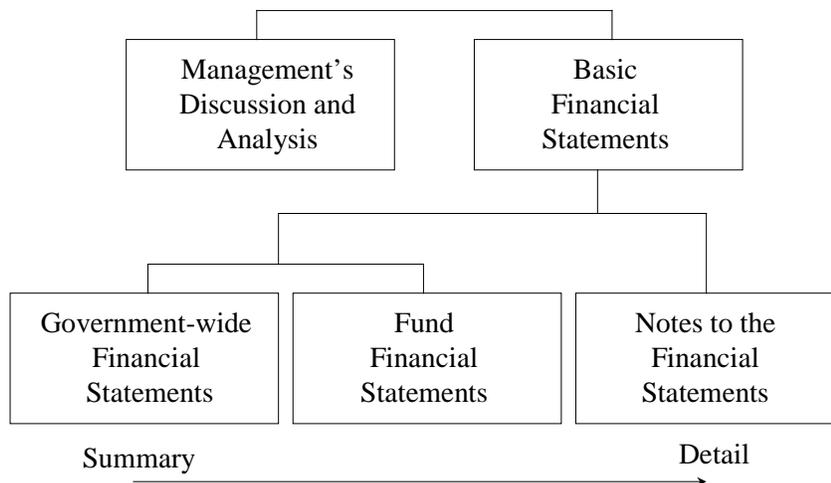
prior issued 2010 Revenue Bonds. The 2010 Revenue Bonds were rated AA at Standard & Poor's Corporation and Aa3 at Moody's. As a side note, the City's 2004 COPS were defeased with the issuance of the 2010 Revenue Bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

government-wide statements. There are three parts to the Fund Financial Statements: (1) the governmental funds statements; (2) the budgetary comparison statements; and (3) the proprietary fund statements.

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

A. Government-wide financial statements

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

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

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

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

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

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

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

Component Unit: The City includes one discretely presented component unit entity in its report. Financial information for the Burlington Downtown Corporation is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 1-3 (Exhibits 1 and 2) of this report.

B. Fund financial statements

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

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

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

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

Proprietary funds of two different types are maintained by the City of Burlington. *Enterprise funds* are used to report the same functions presented as business-type activities; that is, the water and sewer operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Burlington's

various functions. The city uses internal service funds to account for its self-insured dental, health, and workers' compensation benefits. Because these internal service funds benefit both governmental and business-type activities, they have been allocated to both based on their respective percentage of personnel costs (including fringe benefits) to total personnel costs.

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

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

C. Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-43 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 44 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Burlington, assets and deferred outflows exceeded liabilities and deferred inflows by \$273,912,059. The City's net position increased by \$3,149,365 for the fiscal year ended June 30, 2013. However, the largest portion (56.2%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The City of Burlington uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Burlington's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate those liabilities. An additional portion of the City of Burlington's net position (13.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$84,068,396 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 \$7,437,751 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	
	2013	2012	2013	2012	2013	2012
ASSETS						
Current and other assets	\$ 76,504,583	\$ 80,305,102	\$ 64,482,987	\$ 74,169,054	\$140,987,570	\$154,474,156
Capital assets	60,955,696	59,993,431	142,280,315	134,364,203	203,236,011	194,357,634
Deferred outflow s of resources	-	-	-	-	-	-
Total assets and deferred outflow s of resources	<u>137,460,279</u>	<u>140,298,533</u>	<u>206,763,302</u>	<u>208,533,257</u>	<u>344,223,581</u>	<u>348,831,790</u>
LIABILITIES						
Current and other liabilities	5,983,211	7,389,603	5,761,317	7,319,935	11,744,528	14,709,538
Long-term liabilities:	14,522,952	16,842,795	43,824,858	46,516,763	58,347,810	63,359,558
Deferred inflow s of resources	219,184	-	-	-	219,184	-
Total liabilities and deferred inflow s of resources	<u>20,725,347</u>	<u>24,232,398</u>	<u>49,586,175</u>	<u>53,836,698</u>	<u>70,311,522</u>	<u>78,069,096</u>
NET POSITION						
Net investment in capital assets	48,383,850	44,355,341	105,523,250	85,748,070	153,907,100	130,103,411
Restricted	18,392,387	17,287,399	17,544,176	35,544,241	35,936,563	52,831,640
Unrestricted	49,958,695	54,423,395	34,109,701	33,404,248	84,068,396	87,827,643
Total net position	<u>\$116,734,932</u>	<u>\$116,066,135</u>	<u>\$157,177,127</u>	<u>\$154,696,559</u>	<u>\$273,912,059</u>	<u>\$270,762,694</u>

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

- The property tax rate remained the same at \$0.58 per \$100 assessed valuation, while the property tax base increased 5.6% due to annexation of several areas that was effective January 1, 2013. As a result, property tax revenue collections increased by 7.3% from the prior year.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.98%, which is above the statewide average of 97.48%.
- Interest rates rose ever so slightly, which was the primary contributing factor to the City's approximately \$330,401 increase in interest income from the City's investments for governmental activities, as well as an increase of \$76,071 in business type activities.
- Sales tax revenues increased by 2.6%, continuing a trend from last year. Once again, this is primarily attributed to the Tanger Outlet that opened in November 2010 which is believed to have brought new purchasing traffic from outside the area, as opposed to just moving the sales traffic from one store to another within the county. This is supported by the fact that Alamance County was one of the few counties in the state to have an increase in sales tax revenues.

The Capital Reserve Fund's Restricted Net Assets decreased by \$1,703,107. There was \$2.73 million transferred out to capital projects as the expenses for this fund in the year ending June 30, 2013. There was some Revenue to offset these capital expenditures. The Revenue was from two sources, one being interest income earned and the second being a transfer from the General Fund for \$1 million.

Figure 3

City of Burlington's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services	\$ 7,218,631	\$ 6,921,477	\$20,788,426	\$21,696,845	\$28,007,057	\$28,618,322
Operating grants & contributions	3,691,258	3,776,954			3,691,258	3,776,954
Capital grants & contributions			66,500	248,674	66,500	248,674
General Revenues:					-	-
Property taxes, levied for general purpose	26,742,991	24,769,222			26,742,991	24,769,222
Other taxes	9,934,320	9,696,455			9,934,320	9,696,455
Grants and contributions not restricted to specific programs	3,494,676	3,597,285			3,494,676	3,597,285
Other	676,779	508,932	5,135,304	3,833,403	5,812,083	4,342,335
Total Revenues	51,758,655	49,270,325	25,990,230	25,778,922	77,748,885	75,049,247
Expenses:						
General government	9,309,902	8,586,996			9,309,902	8,586,996
Public safety	23,113,039	20,992,476			23,113,039	20,992,476
Public works	8,760,799	9,857,328			8,760,799	9,857,328
Economic and physical development	1,368,876	1,574,410			1,368,876	1,574,410
Cultural and recreation	6,993,217	6,675,802			6,993,217	6,675,802
Interest on long-term debt	1,378,315	766,290			1,378,315	766,290
Water and sewer			23,509,662	23,768,365	23,509,662	23,768,365
Total Expenses	50,924,148	48,453,302	23,509,662	23,768,365	74,433,810	72,221,667
Change in Net Position before transfers	834,507	817,023	2,480,568	2,010,557	3,315,075	2,827,580
Transfers	-	-	-	-	-	-
Increase in net position	834,507	817,023	2,480,568	2,010,557	3,315,075	2,827,580
Net position-beginning	116,066,135	114,952,561	154,696,559	152,686,002	270,762,694	267,638,563
Prior Period Adjustments	(165,710)	296,551			(165,710)	296,551
Net position-beginning (re-stated)	115,900,425	115,249,112	154,696,559	152,686,002	270,596,984	267,935,114
Net position-ending	116,734,932	116,066,135	157,177,127	154,696,559	273,912,059	270,762,694

Governmental activities

Governmental activities increased the City's net position by \$668,797, thereby accounting for 21.2% of the total growth in the net position of the City of Burlington. The increases came from the following funds:

- Sales tax revenues increased approximately \$235,837 over the prior year in the General Fund, maintaining the increase in sales from the last year, attributable to the Tanger Outlet shopping center and Alamance Crossing Shopping Center.
- Property taxes increased \$1.9 million over the prior year in the General Fund primarily due to property that was annexed. This annexation was effective January 1, 2013, which is the midway

point of the City's physical year and provided the City with a one-time half year payment.

- A transfer of \$2.7 million into the General Fund from the Capital Reserve Fund was made for the capital purchase of the land to expand North Park, to purchase land for a new fire station, and to retire capital debt.
- Charges for services increased by \$297,154 in the General Fund. The primary area affecting this increase is in Public Safety for the seizure/forfeiture of both monetary and non-monetary items substantially increased. The remaining increases are due to various increases in Cultural and Recreational divisions.
- Interest earnings saw an increase of approximately 43.4% due to an increase in investable funds as well as a slight increase in interest rates. While this increase sounds significant, the dollar amount of the increase is approximately \$61,000.
- The final main contributing factor to the net increase in assets is from the increase in capital assets (net of depreciation) by approximately \$962,265.

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

- For all of the internal service funds, which are the Dental Self Insurance Fund, Workers Compensation Self Insurance Fund, and Group Health Self Insurance Fund, claims were more than expected and resulted in approximately \$1,508,009 decrease in net position.
- One other accrual increased from the prior year as well, the OPEB liability went up approximately \$681,000.
- Interest earnings saw an increase of approximately 43.4% due to an increase in investable funds as well as a slight increase in interest rates.
- Depreciation expense increased \$319,085 from the prior year.
- Accrued vacation increased \$105,680.

Figure 4

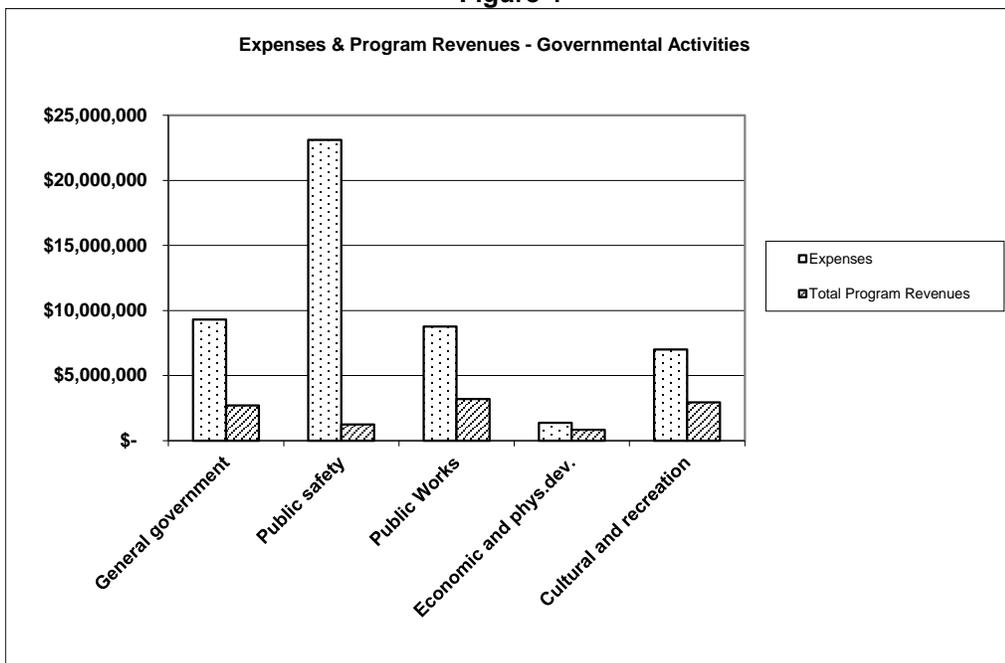
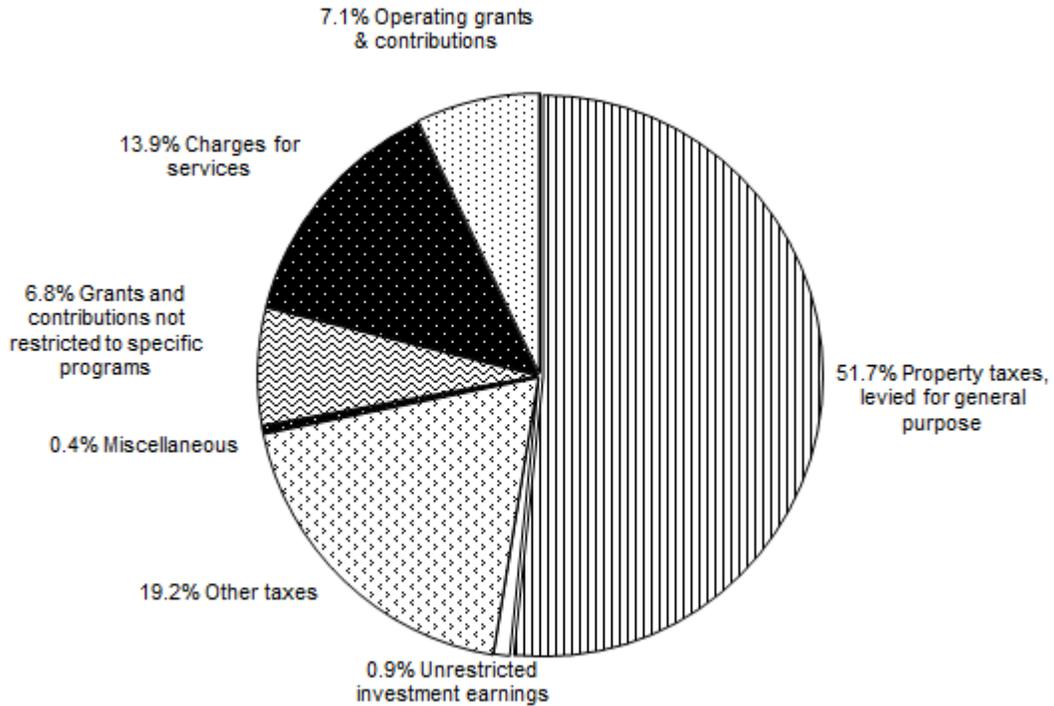


Figure 4 (continued)

Revenues by Source - Governmental Activities



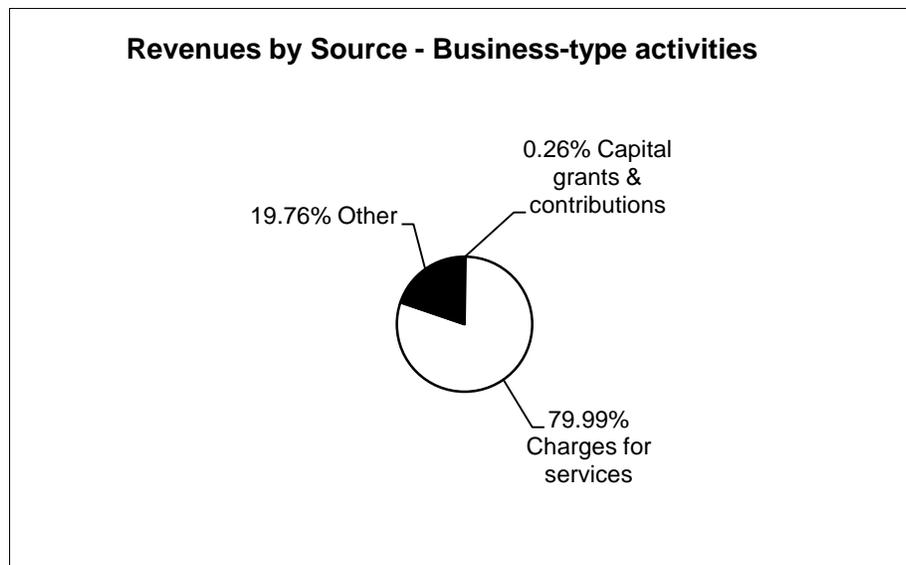
- Ad valorem taxes provided 53.4% of the revenues for governmental activities in the General Fund, with other taxes and licenses providing 21.3% of revenues.
- Total expenses increased approximately \$2,470,846 million or 5.10%. With revenues increasing approximately \$2,488,330 million as well or 5.05%, the total net position increase was 0.58%. First, there was a 2% cost of living adjustment given which affected all program areas (approximately \$600,000). Second, there was the acquisition of new radios for Fire and Police as well as the new fire truck. For general government operations, medical expenses increased approximately \$150,000. There was also an increase in economic development expenses of \$90,000, of which the majority is in grants to help boost small businesses in the downtown area. Operations for Public works were down by approximately \$1,096,528; due to the transfer of the Street Cleaning division to Storm Water. The increase in interest for long-term debt is due to the City paying off its Recovery Zone Economic Development Bond (RZED) as well as the refinancing of another bond to a lower interest rate. Although expenses are up management continues to do a remarkable job in prolonging the life of assets or finding ways to save money in the long-run.

Business-type activities

Business-type activities increased the City of Burlington's net position by \$2,480,569, accounting for 78.8% of the total growth in the government's net position. Key elements of the increase in net position include some increases and decreases and are as follows:

- Interest expense decreased by approximately \$560,000. Included in the issuance of the 2011 Revenue Bonds was the refunding of the 2004 COPS. However, in the prior fiscal year due to the timing of the issuance, a final payment from the City was required for the 2004 COPS, which inflated interest expense in the prior year.
- Offsetting the decrease in interest expense is an increase in the OPEB liability of approximately \$111,006.

Figure 5



- In fiscal year 2012-2013, business type activities revenues were basically flat for the Water Resources Fund. Several factors contributed to this relatively flat status in revenues. The first factor was due to an increase (6.3%) in sales of water to the City of Greensboro due to the slightly higher demands from the City. The second impact to revenue was the third and final rate increase instituted by the City of Burlington for the 2012-2013 fiscal year in the Water Resources Fund. The rate increase amounted to approximately a 7.0% increase for water and sewer rates for all customers, inside and outside the corporate city limits. Even with these increases, Burlington's rates continue to remain below other cities with similar collection and distribution systems.
- Offsetting the above mentioned increases in revenues was lower water and sewer consumption. The City believes that the consumption was lower due to the higher than average rain falls over the past year.

- Expenses decreased 1.1% or \$258,703 overall. Operational expenditures were approximately \$869,050 more than in the prior year, fees for Greensboro sewer were \$74,000 higher, consulting fees were \$99,000 higher, storm water maintenance and repairs \$81,000, storm water personnel services \$67,000 and depreciation expenses were \$562,558 higher than in the prior year. Offsetting these increases in operational expenses was a decrease in interest expense of \$560,000 and a decrease of \$323,964 of miscellaneous non-operating expenses which is made up of expenses from the various water and sewer capital project funds that are not included as construction in progress expenses.
- The City operates two enterprise funds, the Water Resources Fund that constitutes most of the business-type activities, and the Storm Water Fund. There is a small allocation of the internal service funds included in the business-type activities.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

The General Fund is the chief operating fund of the City of Burlington. At the end of the current fiscal year, fund balance available in the General Fund was \$7,445,326, while total fund balance reached \$33,484,931. 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 13.0% of total General Fund expenditures.

At June 30, 2013, the governmental funds of the City of Burlington reported a combined fund balance of \$59,137,170, a \$1,839,197 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 \$1,703,107, due to a transfer out offset by a contribution from the General Fund and interest earnings from investments. A transfer out of \$2.5 million was to pay off the Recovery Zone Economic Development Bond.
- The Home Program, the Community Development Block Grant, and the Rental Rehabilitation Loan Programs when netted altogether, used and thus decreased fund balance by \$265,731.
- The City spent \$10,000 of a Governor Crime Commission Project Safe Neighborhood grant that last received funds during the fiscal year 2010-2011. This also reduced fund balance by the same amount, thus reducing that balance to zero.
- The City received its last installment for the All Hazard Preparedness grant (\$7,047). This installment when netted with the expenses, reduced fund balance to zero.
- The \$108,325 decrease in fund balance in the General Fund is indicative of the fluctuations in the economy throughout this fiscal year. Revenues did see increases in sales taxes and permits. Property taxes increased despite the one cent decrease

in the property tax rate that was put in place for fiscal year 2011-2012. As mentioned above, sales taxes increased again slightly over the prior year, maintaining the increase is due in part to Alamance Crossing, Tanger Outlet, and various boutiques opening up across the county. Building permits are up, representative of the decrease in interest rates to help boost the slow turning around of the construction industry. Increases in capital expenditures of approximately \$1,127,975 were due mostly in part to updating radios for Fire, Police and Public Works; and due to increases in wages were a result of a 2% cost of living increase for all employees.

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

Differences between the original budget and the final amended budget were approximately a \$11.4 million increase in appropriations, and the main items can be briefly summarized as follows:

- \$1,346,859 capital equipment financed consisting of 2 limb loaders (\$250,000), 4 marked and 4 unmarked police vehicle packages (\$220,800), computers citywide (\$211,600), 2 dump trucks (\$123,000), a backhoe (\$90,000), gas tank (\$80,000), fairway mower (\$45,000), motor and transmission for mini train (\$40,000) and various other purchased equipment (\$286,459)
- \$2,053,817 for projects carried forward from the prior year (Police portable radios and radio consoles \$1,315,183, and portable radios for Fire of \$581,815 are two of the main projects carried forward)
- \$9,027,000 in year-end adjustments, payments to refunding escrow agent (\$5,400,000) for refunding 2006 GO Bonds, Recovery Zone Economic Development Bonds payoff (\$2,390,000), fuel purchases for resale to Alamance County (\$500,000), transfer to medical services (\$150,000).

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

- Ad Valorem tax revenues were greater than final amended budgeted amounts due to a conservative estimate of a 95% collection rate rather than the actual 98.91% rate.
- Other taxes and licenses were up by \$754,845, primarily due to the increase in consumer confidence.
- Unrestricted intergovernmental fees were down by \$70,750 (1.7%), partly due to less fuel consumption by Alamance County for its vehicles.
- Permits and fees were \$304,141 (33.1%) over final amended budget primarily due to the increase in new home construction being greater than anticipated.
- Investment interest actual earnings were \$79,752 (62.7%) above final amended budgeted revenues due to the conservative estimation brought on by the continuance of record low interest rates.
- General government actual expenditures were \$2,397,524 (4.0%) under final amended budgeted expenditures due to budgeted expenses that were not incurred. Personnel costs (\$797,020) were lower

than expected due to vacant positions that were not filled. Department heads were once again encouraged to reduce actual expenditures. As a result, the following are the major items that were under budget: (\$500,000) that was put in the budget for the expansion of fire services, professional services (\$161,576), contracted services (\$160,700), utilities (\$119,543) and maintenance/repair contracts (\$92,655). Also, capital costs (\$133,164) were lower than expected due to police vehicles that were ordered but had not been delivered.

- Public works actual expenditures were \$513,068(5.5%) under final amended budgeted expenditures primarily due to less maintenance of city streets. The Street Department saw drastic declines in both resurfacing/patching as well as intersection improvements (\$261,344). Other savings were offset by overages in repair & maintenance and automotive expenses in public works.

Proprietary funds. The City of Burlington's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Water Resources Fund and Storm Water Fund combined at the end of the fiscal year amounted to \$34,489,834. The total growth in net position was \$2,480,568. 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, 2013, totals \$203,236,011(net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles, among other types of assets. This investment represents an increase of \$8,878,377 or 4.6% over the prior year.

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

Governmental activities:

- Streets and sidewalks increased \$830,896. This represents routine maintenance and repaving of streets, sidewalks, and culverts.
- Construction in progress had a net decrease of \$103,000. This consisted of finishing the Police Radio Console Project and starting an E911 Backup Circuit.
- Buildings had a net decrease of \$6,892. This represents new and remodeling construction of various building projects. Examples include fire department window replacement \$33,000, library repairs \$40,000, re-plaster pool bottom \$72,000. Offsets to these increases were write-offs of obsolete and re-valuation of estimated life.
- Equipment net increased \$964,745. The increases are due to expenditures for various computer hardware and software for approximately \$110,653, public safety police and fire equipment \$1,445,231 and various equipment for public works \$145,566. Decreases that off-set these increases were write-offs of obsolete items.
- Vehicles net decrease \$93,402. The increase in vehicles is due to the purchase of 4 police vehicles as part of the normal replacement rotation for approximately \$90,500, Two Boom Limb trucks \$230,048, and a new Fire truck \$569,550. The decreases in vehicles represent the typical activity of disposals of used and worn out vehicles.

Business-type activities:

- The \$789,456 increase in water and sewer lines is attributed to the completion of several water (\$439,261) and sewer lines (\$261,385). Lines donated to the City from developers of housing/commercial projects for the 2012-2013 fiscal year were valued at \$66,500.
- The net increase in buildings is approximately \$475,537. This consist of lab renovations \$228,325, water treatment plant renovations \$380,219. Offsets to these increases are write-offs of obsolete structures no longer in use.
- General equipment had a net decrease \$556,905. This decrease consisted of write-offs of obsolete equipment. Equipment of \$69,642 was purchased during the year.
- Vehicles had a net increase of \$45,664. This consisted of two trucks and a forklift \$95,603. The decreases in vehicles represent the typical activity of disposals from year to year.
- No major demolitions were recorded this year.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Land	\$ 8,442,341	\$ 8,400,841	\$ 6,945,444	\$ 6,945,444	\$ 15,387,785	\$ 15,346,285
Buildings and system	25,353,558	25,984,324	53,923,668	55,767,770	79,277,226	81,752,094
Improvements other than buildings			63,553,213	64,657,758	63,553,213	64,657,758
Machinery and equipment	3,599,864	2,258,821	1,275,627	1,369,804	4,875,491	3,628,625
Infrastructure	18,750,848	18,693,774	-	-	18,750,848	18,693,774
Vehicles and motorized equipment	4,605,163	4,347,918	617,425	607,511	5,222,588	4,955,429
Construction in progress	203,922	307,753	15,964,938	5,015,916	16,168,860	5,323,669
Total	\$ 60,955,696	\$ 59,993,431	\$142,280,315	\$134,364,203	\$203,236,011	\$194,357,633

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

Long-term debt. As of June 30, 2013, the City of Burlington had total bonded debt outstanding of \$56,007,465. Of this amount, all is backed by the full faith and credit of the City.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 10,189,321	\$ 10,604,081	\$ 6,384,745	\$ 7,594,520	\$ 16,574,066	\$ 18,198,601
Revenue bonds**	-	-	39,433,399	41,021,613	39,433,399	41,021,613
Total	\$ 10,189,321	\$ 10,604,081	\$ 45,818,144	\$ 48,616,133	\$ 56,007,465	\$ 59,220,214

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

The City of Burlington's total debt showed a net decrease of \$4,925,666 (7.1%) during the past fiscal year. The City paid off \$2,531,217 of Recovery Zone Economic Development Bonds during the fiscal year. The City issued \$1,346,859 in installment financings, bearing an interest rate of 1.03%, to acquire certain vehicles and other equipment for general government uses, to be paid back over a 3 year period. The decrease in debt for the governmental activities represents the normal shrinkage in debt due to payments made throughout the year.

As mentioned in the financial highlights of this document, the City of Burlington has maintained its bond ratings of AA for Standard & Poor's Corporation, and an Aa2, by Moody's Investor Services. The City recently completed a review by Standard & Poor's in August 2013.

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 \$343,032,825. The City has no bonds authorized but un-issued at June 30, 2013.

Additional information regarding the City of Burlington's long-term debt can be found in note III.B.6, beginning on page 34 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- Consistently high unemployment rate. From last year's average at 9.8%, the average rate has fallen to 9.3% for Alamance County, in which the City of Burlington is located. The rate is right in line with the State, whose average is also 9.3. The US average of 7.8 is significantly lower than the county and state.
- Interest rates are at approximately 0.40%, a 20% decrease over last fiscal year. The City's average yield has decreased by .10% over last year, or 3%. With basically no changes in the national economy and with the economy maintaining its current snail's pace growth pattern, it is projected for the portfolio to produce a comparable amount of investment income in 2014 as it did in 2013.
- Both residential and commercial developments have shown an insignificant decrease from the prior year, from 670 permits issued in the prior year to 632 permits issued for the fiscal year ending 6/30/2013. Commercial development had a 4% decrease, with 325 permits issued in the prior year, and 313 permits issued for the fiscal year ending 6/30/2013.

These statistics reflect stabilization in the number of new permits issued.

- The City's largest taxpayer, Laboratory Corporation is still growing revenue despite tough times. The company posted revenue of \$1.47 billion between April 1 and June 30 - up 3.1 percent over the same time last year.
- A cooperative grocery/health foods store working with local farmers in the area is continuing to thrive in downtown Burlington. In addition, other businesses have opened up including a photography studio and several clothing/gift boutique type shops.
- It remains unknown at this time what actions the Federal Government may take to solve the nation's debt crisis. Therefore, it is unclear the potential impact of the federal government's looming "fiscal cliff" coming at the beginning of 2014 may have on the City. The largest impact could be on the Community Development Block Grant Funds. These funds have had a significant beneficial impact on the low income areas of the City.

BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2014

Governmental activities. The City of Burlington has changed the manner in which it allocates expenses to the Water Resources Fund in order to give a better accounting in the General Fund. Therefore, even though there is a net decrease in comparing the General Fund to the prior year, taking into account the transfer of expenses to the Water Resources Fund, there is actually a small net increase in the budget from the prior year in the amount of \$285,533. Property taxes are projected at a net \$258,000 increase (38.7% of total revenue increase). The increase in property taxes coming from the normal minimal growth in property values and discoveries is offset by a corresponding decrease from the one time half year property taxes due the City from the prior year mid-year annexation that is not in the current year's budget. Sales tax has been projected to increase by another \$310,000 or (46.6% of total revenue increase). The amount of sales tax budgeted, even though increased, is still 3.4% below actual sales tax received in the prior year. Interest earnings are projected to remain low, especially since the Federal Reserve Board has maintained the federal funds rate below 0.25%. There were no new programs instituted in the 2014 budget. The City participates in performance measurement analysis. Specifically looking at indirect costs, performance measures validate that the dollar amount the General Fund charges to the Water Resources Fund for administrative charges is very reasonable.

Budgeted expenditures, like the revenues, have a net decrease when comparing the General Fund expenditures to the prior year, but again, when taking into consideration the manner in which expenses are allocated to the Water Resources Fund, there is in fact a net increase by 0.5%, or \$285,533. The large portion of the increase (\$745,600), is for two reasons, the City Council passed a 2% merit increase for employees to be implemented July 1, 2013 as well as the police merit based pay plan for continuity in the police department. Other increases in the budget are as follows: \$55,800 increase in maintenance and repair/contracted services, \$68,082 increase in utilities, \$127,620 increase in fuel for vehicles. Offsetting these increases are the following decreases, \$114,700 decrease in debt payments, \$379,300 decrease in capital equipment purchases, and an increase in the transfer of administrative costs to the Water Resources Fund, which has the effect of decreasing expenses in the General Fund in the amount of \$202,900.

Business-type activities. Total revenue is projected to remain basically flat with only a \$13,900 increase over the previous fiscal year. Fiscal year ending June 30, 2013 (prior year) experienced the third and final 7% increase in both the water and sewer rates for which the increase will be used to cover the projected debt payments from the issuance of the 2010 and 2011 Revenue Bonds in fiscal years 2011 and 2012. Both water and sewer rates are double

the inside rate for customers outside the corporate limits of the City. In addition, the "municipal service rate" remains the same such that the rate is now 110% of the inside sewer rate, thereby assuring that inside City customers would be paying the lesser rate for their sewer service.

Operating expenses are also budgeted to remain relatively flat with only a minimal increase, \$13,900. The increases are offset by corresponding decreases primarily due to the following: decrease in capital expenditures \$383,000, decrease in fuel for vehicles \$12,500, decrease in debt payments \$93,900, as well as increases in chemicals \$72,000, utilities \$76,600, personnel costs \$95,800, outfall rehab \$40,000 and increase in the administration costs transferred from the General Fund \$202,900.

REQUESTS FOR INFORMATION

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





**BASIC
FINANCIAL STATEMENTS**

City of Burlington, North Carolina
Statement of Net Position
June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Burlington Downtown Corporation
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 57,680,909	\$ 33,275,299	\$ 90,956,208	\$ 240,759
Taxes receivables (net)	1,025,322	-	1,025,322	-
Accrued interest receivable on taxes	606,400	-	606,400	-
Accounts receivable (net)	16,187,031	3,476,376	19,663,407	2,260
Internal balances	380,133	(380,133)	-	-
Inventories	-	732,771	732,771	-
Bond premium and fees	8,760	766,664	775,424	-
Prepaid items	-	4,130	4,130	-
Prepaid pension obligations	616,028	-	616,028	-
Restricted assets:				
Cash and cash equivalents	-	26,565,336	26,565,336	-
Accounts receivable	-	42,544	42,544	-
Total current assets	76,504,583	64,482,987	140,987,570	243,019
Noncurrent assets:				
Capital assets (Note 1):				
Land, non-depreciable improvements, and construction in progress	8,646,263	22,910,382	31,556,645	-
Other capital assets, net of depreciation	52,309,433	119,369,933	171,679,366	-
Total capital assets	60,955,696	142,280,315	203,236,011	-
Total assets	\$ 137,460,279	\$ 206,763,302	\$ 344,223,581	\$ 243,019
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 2,025,206	\$ 179,319	\$ 2,204,525	\$ 3,025
Unearned revenue	679,916	-	679,916	-
Accrued interest payable	123,333	2,140,385	2,263,718	-
Customer deposit	-	558,146	558,146	-
Payable from restricted assets	-	2,625	2,625	-
Current portion of long-term liabilities	3,154,756	2,880,842	6,035,598	-
Total current liabilities	5,983,211	5,761,317	11,744,528	3,025
Noncurrent liabilities:				
Other postemployment benefits	2,791,775	454,475	3,246,250	-
Due in more than one year	11,731,177	43,370,383	55,101,560	-
Total noncurrent liabilities	14,522,952	43,824,858	58,347,810	-
Total liabilities	20,506,163	49,586,175	70,092,338	3,025
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	219,184	-	219,184	-
Total deferred inflows of resources	219,184	-	219,184	-
NET POSITION				
Net Investment in capital assets	48,383,850	105,523,250	153,907,100	-
Restricted for:				
Capital projects	980,769	17,544,176	18,524,945	-
Public works	-	-	-	-
Public safety	507,917	-	507,917	-
Economic development	10,001,946	-	10,001,946	-
Stabilization by State Statute	6,901,755	-	6,901,755	-
Unrestricted	49,958,695	34,109,701	84,068,396	239,994
Total net position	\$ 116,734,932	\$ 157,177,127	\$ 273,912,059	\$ 239,994

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

Exhibit 2

City of Burlington, North Carolina
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 9,309,902	\$ 2,688,109	\$ 19,732	\$ -
Public safety	23,113,039	367,587	873,545	-
Public works	8,760,799	1,231,921	1,960,795	-
Economic and physical development	1,368,876	-	837,186	-
Cultural and recreation	6,993,217	2,931,014	-	-
Interest on long-term debt	1,378,315	-	-	-
Total governmental activities (See Note 1)	50,924,148	7,218,631	3,691,258	-
Business-type activities:				
Storm water	605,815	456,437	-	-
Water and sewer	22,903,847	20,331,989	-	66,500
Total business-type activities	23,509,662	20,788,426	-	66,500
Total primary government	\$ 74,433,810	\$ 28,007,057	\$ 3,691,258	\$ 66,500
Component unit:				
Burlington Downtown Corporation	\$ 286,256	\$ 138,029	\$ 184,194	
Total component units	\$ 286,256	\$ 138,029	\$ 184,194	\$ -
General revenues:				
Taxes:				
Property taxes, levied for general purpose				
Local options sales tax				
Other taxes and licenses				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues, special items, and transfers				
Change in net position				
Net position-beginning				
Prior Period Adjustments				
Net position-beginning (restated)				
Net position-ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Unit	
\$ (6,602,061)		\$ (6,602,061)	\$	-
(21,871,907)		(21,871,907)		-
(5,568,083)		(5,568,083)		-
(531,690)		(531,690)		-
(4,062,203)		(4,062,203)		-
(1,378,315)		(1,378,315)		-
(40,014,259)	-	(40,014,259)		-
-	(149,378)	(149,378)		
-	(2,505,358)	(2,505,358)		
-	(2,654,736)	(2,654,736)		
\$ (40,014,259)	\$ (2,654,736)	\$ (42,668,995)	\$	-
				35,967
\$ -	\$ -	\$ -		35,967
26,742,991	-	26,742,991		-
9,425,022		9,425,022		-
509,298	-	509,298		-
3,494,676	-	3,494,676		-
204,072	223,281	427,353		19
472,707	4,912,023	5,384,730		-
-	-	-		-
40,848,766	5,135,304	45,984,070		19
834,507	2,480,568	3,315,075		35,986
116,066,135	154,696,559	270,762,694		195,356
(165,710)	-	(165,710)		8,652
115,900,425	154,696,559	270,596,984		204,008
\$ 116,734,932	\$ 157,177,127	\$ 273,912,059	\$	239,994

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



**City of Burlington
Balance Sheet
Governmental Funds
June 30, 2013**

	MAJOR FUND		Total Non-Major Funds	Total Governmental Funds
	General			
ASSETS				
Cash and cash equivalents	\$ 28,739,593	\$	2,443,913	\$ 31,183,506
Restricted cash	16,592,525		-	16,592,525
Receivables, net:				
Taxes	963,141		62,181	1,025,322
Accounts	6,997,980		246,549	7,244,529
Housing rehabilitation loans	-		2,366,462	2,366,462
Home incentive loans	-		6,560,889	6,560,889
Total assets	<u>\$ 53,293,239</u>	<u>\$</u>	<u>11,679,994</u>	<u>\$ 64,973,233</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,257,304	\$	88,159	\$ 1,345,463
Unearned revenue	1,711,067		2,560,347	4,271,414
Total liabilities	<u>2,968,371</u>		<u>2,648,506</u>	<u>5,616,877</u>
Deferred Inflows of Resources				
Prepaid taxes	219,184		-	219,184
Total dererred inflows of resources	<u>219,184</u>		<u>-</u>	<u>219,184</u>
Fund balances:				
Restricted:				
Stabilization by State Statute	6,901,755		-	6,901,755
Historic Books	1,418		-	1,418
Animal Shelter	562		-	562
Economic Development	-		7,178,068	7,178,068
Public Safety	-		396,767	396,767
Committed:				
Capital Improvements	-		980,769	980,769
Capital Reserve Fund	16,620,740		-	16,620,740
Assigned				
Subsequent Years Expenditures	1,816,112		483,457	2,299,569
General Government	4,316,000		-	4,316,000
Parks and Recreation	1,428,771		-	1,428,771
Public Safety	5,450,000		-	5,450,000
Economic Development	3,000,000		-	3,000,000
Public Works	3,125,000		-	3,125,000
Unassigned	7,445,326		(7,575)	7,437,751
Total fund balances	<u>50,105,684</u>		<u>9,031,486</u>	<u>59,137,170</u>
Total liabilities and fund balances	<u>\$ 53,293,239</u>	<u>\$</u>	<u>11,679,992</u>	

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 - \$107,009,789 accumulated depreciation - (\$46,054,093.)	60,955,696
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.	606,400
The pension assets resulting from contributions in excess of annual required contributions are not financial resources and therefore are not reported in the funds	616,028
Other long-term debt (post employment benefits) are not due and therefore are not reported in the funds.	(2,791,775)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	380,133
Liabilities for earned revenues considered deferred inflows of resources in fund statements	3,591,498
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.	9,240,220
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds. General obligation bonds-\$10,189,321 installment purchases-\$2,382,461, compensated absences-\$2,314,151, accrued interest-\$123,272 and bond issuance cost \$(8,761).	(15,000,438)
Net position of governmental activities	<u>\$ 116,734,932</u>

City of Burlington
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2013

	Major Fund		Total Governmental Funds
	General Fund	Total Non-Major Funds	
REVENUES			
Ad valorem taxes	\$ 26,287,880	\$ 138,028	\$ 26,425,908
Other taxes and licenses	10,496,181	-	10,496,181
Unrestricted intergovernmental	4,059,250	163,551	4,222,801
Restricted intergovernmental	2,625,943	1,488,551	4,114,494
Permits and fees	1,222,541	-	1,222,541
Sales and services	3,925,474	37,059	3,962,533
Investment earnings	260,896	668	261,564
Miscellaneous	318,540	291,934	610,474
Total revenues	49,196,705	2,119,791	51,316,496
EXPENDITURES			
Current:			
General government	8,053,763	-	8,053,763
Public safety	19,900,196	769,868	20,670,064
Public works	7,603,776	-	7,603,776
Economic and physical development	-	1,368,876	1,368,876
Culture and recreation	5,916,424	161,604	6,078,028
Debt service:			
Principal	10,446,422	-	10,446,422
Interest and other charges	674,661	-	674,661
Capital outlay	4,595,459	19,648	4,615,107
Total expenditures	57,190,701	2,319,996	59,510,697
Excess (deficiency) of revenues over expenditures	(7,993,996)	(200,205)	(8,194,201)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	3,742,125	204,545	3,946,670
Transfers to other funds	(4,227,420)	(32,106)	(4,259,526)
Issuance of installment purchase	6,667,859	-	6,667,859
Total other financing sources (uses)	6,182,564	172,439	6,355,003
Net change in fund balance	(1,811,432)	(27,766)	(1,839,198)
Fund balances-beginning	51,917,116	9,059,251	60,976,367
Fund balances-ending	\$ 50,105,684	\$ 9,031,485	\$ 59,137,169

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, 2013**

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

Net changes in fund balances - total governmental funds	\$ (1,839,198)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay- \$4,615,107 exceeded depreciation-(\$3,349,744). Loss on disposal of fixed assets-(\$137,388).</p>	1,127,975
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
<p>Change in deferred revenue for economic development loans receivable</p>	182,174
Change in accrued interest receivable	(57,100)
Change in pension asset	22,413
Change in deferred revenue for tax revenues	317,083
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Issuance of debt- (\$6,783,859), principal expenditures- \$9,835,572 change in accrued interest payable- \$33,978 and net change amortization \$14,532 and change in bond issuance cost (\$20))</p>	3,100,203
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(105,680)
Other post employment benefits	(681,893)
Net revenue of internal service funds determined to be governmental-type.	<u>(1,231,470)</u>
Total changes in net position of governmental activities	<u>\$ 834,507</u>

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, 2013

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 25,044,748	\$ 25,016,748	\$ 26,287,880	\$ 1,271,132
Other taxes and licenses	13,128,336	9,741,336	10,496,181	754,845
Unrestricted intergovernmental	1,519,000	4,130,000	4,059,250	(70,750)
Restricted intergovernmental	1,522,250	2,508,366	2,625,943	117,577
Permits and fees	986,400	918,400	1,222,541	304,141
Sales and services	3,657,503	3,998,222	3,925,474	(72,748)
Investment earnings	122,251	127,251	207,003	79,752
Miscellaneous	373,959	179,000	318,527	139,527
	<u>46,354,447</u>	<u>46,619,323</u>	<u>49,142,799</u>	<u>2,523,476</u>
Expenditures:				
Current:				
General government	7,572,825	9,932,086	8,446,168	1,485,918
Public safety	19,819,603	22,575,990	22,282,920	293,070
Public works	10,121,027	9,371,314	8,858,246	513,068
Cultural and recreation	5,681,904	6,483,181	6,482,284	897
Principal retirement	2,668,528	10,458,528	10,446,422	12,106
Interest and other charges	657,126	767,126	674,661	92,465
	<u>46,521,013</u>	<u>59,588,225</u>	<u>57,190,701</u>	<u>2,397,524</u>
	-	-	-	-
Revenues over (under) expenditures	(166,566)	(12,968,902)	(8,047,902)	4,921,000
Other financing sources (uses):				
Transfers from other funds	-	2,742,125	2,742,125	-
Transfers to other funds	(1,470,420)	(1,470,420)	(1,470,420)	-
Installment Financing	-	6,746,859	6,667,859	(79,000)
	<u>(1,470,420)</u>	<u>8,018,564</u>	<u>7,939,564</u>	<u>(79,000)</u>
Revenues and other financing sources over (under) Expenditures and other financing uses	(1,636,986)	(4,950,338)	(108,338)	<u>\$ 4,842,000</u>
Fund balances appropriated	1,636,986	4,950,338		
Fund balances, beginning of year	-	-	33,593,269	
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,484,931</u>	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Interest Income			\$ 53,892	
Transfer from General Fund			1,000,000	
Transfer to other Funds			(2,757,000)	
Fund balance beginning			<u>18,323,848</u>	
Fund Balance Ending (Exhibit 4)			<u>\$ 50,105,671</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, 2013**

	Enterprise Funds			Governmental Activities-
	Water and Sewer Fund	Non-Major Storm Water Fund	Total	Internal Service Funds
ASSETS				
Cash and cash equivalents	\$ 32,129,116	\$ 1,146,183	\$ 33,275,299	\$ 9,904,878
Accounts receivable (net) - billed	2,000,205	29,011	2,029,216	15,044
Accounts receivable (net) - unbilled	1,426,953	20,207	1,447,160	-
Due from other funds	-	-	-	107
Prepaid assets	4,130	-	4,130	-
Inventories	732,771	-	732,771	-
Bond issuance costs	766,664	-	766,664	-
Restricted assets:				
Cash and cash equivalents	26,565,336	-	26,565,336	-
Accounts receivable	42,544	-	42,544	-
Total current assets	63,667,719	1,195,401	64,863,120	9,920,029
Noncurrent assets:				
Capital assets:				
Land and other non-depreciable assets	22,910,382	-	22,910,382	-
Other capital assets, net of depreciation	119,153,180	216,753	119,369,933	-
Capital assets (net)	142,063,562	216,753	142,280,315	-
Total noncurrent assets	142,063,562	216,753	142,280,315	-
Total assets	<u>\$ 205,731,281</u>	<u>\$ 1,412,154</u>	<u>\$ 207,143,435</u>	<u>\$ 9,920,029</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 2,319,704	\$ -	\$ 2,319,704	\$ 679,742
Due to other funds	-	-	-	-
Compensated absences - current	151,074	4,835	155,909	-
Customer deposits	558,146	-	558,146	-
Other postemployment benefits	-	-	-	-
General obligation bonds payable- current	1,199,933	-	1,199,933	-
Revenue bonds payable	1,525,000	-	1,525,000	-
Liabilities payable from restricted assets:				
Accounts payable	2,625	-	2,625	-
Total current liabilities	<u>5,756,482</u>	<u>4,835</u>	<u>5,761,317</u>	<u>679,742</u>
Noncurrent liabilities:				
Other noncurrent liabilities:				
Other postemployment benefits	454,475	-	454,475	-
Compensated absences	268,192	8,980	277,172	-
General obligation bonds payable- noncurrent (net)	5,184,812	-	5,184,812	-
Revenue bonds payable	37,908,399	-	37,908,399	-
Total noncurrent liabilities	<u>43,815,878</u>	<u>8,980</u>	<u>43,824,858</u>	<u>-</u>
Total liabilities	<u>49,572,360</u>	<u>13,815</u>	<u>49,586,175</u>	<u>679,742</u>
NET POSITION				
Net investment in capital assets	105,306,497	216,753	105,523,250	
Restricted for Capital projects	17,544,176	-	17,544,176	
Unrestricted	<u>33,308,248</u>	<u>1,181,586</u>	<u>34,489,834</u>	<u>9,240,287</u>
Total net position	<u>\$ 156,158,921</u>	<u>\$ 1,398,339</u>	<u>157,557,260</u>	<u>\$ 9,240,287</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(380,133)</u>	
Net position of business-type activities			<u>\$ 157,177,127</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, 2013

	Enterprise Funds			Governmental Activities-
	Water and Sewer Fund	Non-Major Storm Water Fund	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 20,333,044	\$ 456,437	\$ 20,789,481	\$ 4,933,908
Water and sewer taps	187,515	-	187,515	-
Total operating revenues	<u>20,520,559</u>	<u>456,437</u>	<u>20,976,996</u>	<u>4,933,908</u>
OPERATING EXPENSES				
Building and administrative	2,276,496	-	2,276,496	-
Customer services	1,383,023	580,153	1,963,176	-
Supervision - lines	227,816	-	227,816	-
Line maintenance and repairs	1,265,202	-	1,265,202	-
Line services and construction	492,373	-	492,373	-
Supervision - treatment	583,342	-	583,342	-
Water source of supply	167,665	-	167,665	-
Water plant operations	2,627,903	-	2,627,903	-
Sewage treatment plant operations	3,791,916	-	3,791,916	-
Laboratories	704,519	-	704,519	-
Plants maintenance	585,652	-	585,652	-
Lakes and marinas	365,285	-	365,285	-
Depreciation	4,794,189	25,662	4,819,851	-
Claims paid, excess loss coverage and claims administration	-	-	-	6,968,657
Total operating expenses	<u>19,265,381</u>	<u>605,815</u>	<u>19,871,196</u>	<u>6,968,657</u>
Operating income (loss)	<u>1,255,178</u>	<u>(149,378)</u>	<u>1,105,800</u>	<u>(2,034,749)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	220,664	2,617	223,281	25,314
Interest and other charges	(2,140,353)	-	(2,140,353)	-
Other revenues	4,912,023	-	4,912,023	-
Miscellaneous nonoperating expense	(1,221,598)	-	(1,221,598)	-
Total nonoperating revenue (expenses)	<u>1,770,736</u>	<u>2,617</u>	<u>1,773,353</u>	<u>25,314</u>
Income (loss) before contributions and transfers	3,025,914	(146,761)	2,879,153	(2,009,435)
Capital contributions	66,500	-	66,500	-
Transfers to other funds	(188,570)	-	(188,570)	-
Transfers from other funds	-	-	-	501,426
Change in net position	2,903,844	(146,761)	2,757,083	(1,508,009)
Total net position - beginning	<u>153,255,077</u>	<u>1,545,100</u>		<u>10,748,296</u>
Total net position - ending	<u>\$ 156,158,921</u>	<u>\$ 1,398,339</u>		<u>\$ 9,240,287</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(276,515)</u>	
Change in net position - business-type activities			<u>\$ 2,480,568</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, 2013

	Enterprise Funds			Internal Service Funds
	Water and Sewer Fund	Non-Major Storm Water Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 20,406,739	\$ 453,058	\$ 20,859,797	\$ 5,163,694
Cash paid for goods and services	(9,182,601)	(263,892)	(9,446,493)	(6,605,482)
Cash paid to or on behalf of employees for services	(5,694,996)	(327,345)	(6,022,341)	(384,663)
Net change in customer deposits	18,566	-	18,566	-
Net cash provided by operating activities	<u>5,547,708</u>	<u>(138,179)</u>	<u>5,409,529</u>	<u>(1,826,451)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
(Increase) decrease in interfund payables	-	-	-	440
Transfers from other funds	-	-	-	501,426
Transfers to other funds	(188,570)	-	(188,570)	-
Total cash flows used by noncapital financing activities	<u>(188,570)</u>	<u>-</u>	<u>(188,570)</u>	<u>501,866</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(11,744,724)	(32,394)	(11,777,118)	-
Proceeds of revenue bonds	94,426	-	94,426	-
Principal paid on bond maturities	(2,704,783)	-	(2,704,783)	-
Interest and fees paid on debt maturities	(2,254,495)	-	(2,254,495)	-
Other capital revenues	1,191,346	-	1,191,346	-
Net cash used by capital and related financing activities	<u>(15,418,230)</u>	<u>(32,394)</u>	<u>(15,450,624)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	220,664	2,617	223,281	25,314
Net increase in cash and cash equivalents	(9,838,428)	(167,956)	(10,006,384)	(1,299,271)
Balances-beginning of the year	68,532,880	1,314,139	69,847,019	11,204,149
Balances-end of the year	<u>\$ 58,694,452</u>	<u>\$ 1,146,183</u>	<u>\$ 59,840,635</u>	<u>\$ 9,904,878</u>
Reconciliation of Cash and Cash Equivalents:				
Cash and Cash Equivalents - Current	\$ 32,129,116	\$ 1,146,183	\$ 33,275,299	\$ 9,904,878
Cash and Cash Equivalents - Restricted	26,565,336	-	26,565,336	-
Total Cash and Cash Equivalents - June 30, 2012	<u>\$ 58,694,452</u>	<u>\$ 1,146,183</u>	<u>\$ 59,840,635</u>	<u>\$ 9,904,878</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, 2013

	<u>Water and Sewer Fund</u>	<u>Non-Major Storm Water Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income (loss)	\$ 1,255,178	\$ (149,378)	\$ 1,105,800	\$ (2,034,749)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	4,794,189	25,662	4,819,851	-
Changes in assets and liabilities:				
(Increase) in accounts receivable	(113,820)	(3,379)	(117,199)	229,788
Increase in inventory	(2,440)	-	(2,440)	-
Decrease in prepaid asset	7,467	-	7,467	-
Increase (decrease) in accounts payable and accrued liabilities	(563,217)	(10,294)	(573,511)	(21,490)
Increase (decrease) in accrued vacation pay	40,779	(790)	39,989	-
Increase in accrued OPEB liability	111,006	-	111,006	-
Increase in customer deposits	18,566	-	18,566	-
Total adjustments	<u>4,292,530</u>	<u>11,199</u>	<u>4,303,729</u>	<u>208,298</u>
Net cash provided by operating activities	<u>\$ 5,547,708</u>	<u>\$ (138,179)</u>	<u>\$ 5,409,529</u>	<u>\$ (1,826,451)</u>
Noncash investing, capital, and financing activities:				
Donated water and sewer lines	<u>\$ 66,500</u>	<u>\$ -</u>	<u>\$ 66,500</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, 2013

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.

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 fourteen Special Revenue Funds: the Community Development Fund, the Rehabilitation Loan Program Fund, the Rental Rehabilitation Loan Program Fund, the Downtown Special Tax District Fund, the Home Program Project Fund, the RICO Fund, the All Hazard Preparedness Fund, the Edward Byrne Justice Assistance Grant Fund, the Governor Crime Commission Project Safe Neighborhood Fund, the Guilford Mackintosh Fund, the Controlled Substance Tax Fund, the MPO Planning Transportation Fund, the Medicare Part D Grant Project Fund, and the Bureau of Justice Assistance Community Oriented Policing Grant Fund.

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

The City reports the following major enterprise fund:

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

I. Summary of Significant Accounting Policies: (continued)

The City reports the following non-major enterprise fund:

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

The City reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina.

I. Summary of Significant Accounting Policies: (continued)

Effective with this change in the law, Alamance County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Burlington. For motor vehicles registered under the staggered system, property taxes are due on the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Alamance County from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Certain items in the 2013 report have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported increase/decrease in net assets.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. An annual budget is also adopted for the following Special Revenue and Capital Project Funds: Rehabilitation Loan Program Fund, Rental Rehabilitation Loan Program Fund, Downtown Special Tax District Fund, Rico Fund, Guilford Mackintosh Fund, Controlled Substance Tax Fund, MPO Planning Transportation Fund, Capital Reserve Fund, and Drainage Improvement Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for all other Special Revenue and Capital Projects Funds. The City's Dental Self Insurance Fund, Workers Compensation Self Insurance Fund and Group Health Benefits Self Insurance Fund, intragovernmental service funds, operate under financial plans that were adopted by the governing board at the time the City's budget ordinance was approved, as is required by the General Statutes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the Council. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

I. Summary of Significant Accounting Policies: (continued)

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

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

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

The Unexpended bond proceeds of Water and Sewer Fund serial bonds issued by the city are classified as restricted assets for the enterprise fund because their use is completely restricted to the purpose for which the bonds were originally issued.

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

4. Ad Valorem Taxes Receivable

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

I. Summary of Significant Accounting Policies: (continued)

5. Allowances for Doubtful Accounts

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

6. Inventory

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

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

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

7. Capital Assets

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

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

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

I. Summary of Significant Accounting Policies: (continued)

8. 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 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 only two items that meet the criterion for this category – prepaid taxes and property taxes receivables.

9. Long-term Obligations

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

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

9. Compensated Absences

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

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

I. Summary of Significant Accounting Policies: (continued)

10. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

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

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

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.

II. Stewardship, Compliance, and Accountability

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

For the year ended June 30, 2013, the Bureau of Justice Assistance Community Oriented Policing Grant Fund had a deficit of \$7,575 in fund balance. The grant is a multi-year grant and the City's expenditures for the project exceeded the grant money received for the year. The City will closely monitor this fund to assure that money is drawn from the grant to cover all expenditures.

III. Detail Notes on All Funds:

A. Assets

1. Deposits

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

At June 30, 2013, the City's deposits had a carrying amount of \$28,402,392 and a bank balance of \$28,886,869. Of the bank balance, \$1,000,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the Burlington Downtown Corporation was \$240,759 and the bank balance was \$240,759. All of the bank balance was covered by federal depository insurance. At June 30, 2013, the City's petty cash fund totaled \$5,310.

2. Investments

At June 30, 2013, the City's investments were as follows:

Investment Type	Fair Value	Maturity	Rating
Commercial Paper – Coca Cola	5,037,680	various	A-1+
Commercial Paper – FCAR Trust II	18,266,997	various	A-1
Commercial Paper – FCAR Trust Ser I	3,154,343	various	A-1+
Commercial Paper – Toyota	5,362,795	various	A-1+
Commercial Paper - GECC	5,026,429	various	A-1
Commercial Paper - DCAT	5,655,771	various	A-1
Commercial Paper - Dell	3,989,687	various	A-1
Commercial Paper - Nestle	5,266,538	various	A-1+
Commercial Paper – JP Morgan	7,049,436	various	A-1
Commercial Paper – Wells Fargo	11,299,108	various	A-1
NC Capital Management Trust – Cash Portfolio	8,147,994	N/A	AAAm
NC Capital Management Trust – Term Portfolio	10,857,064	0.11 years	Unrated
Total:	\$ 89,113,842		

III. Detail Notes on All Funds: (continued)

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

Credit Risk. The City has no formal policy regarding credit risk, but has internal management procedures that limits the City's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The investment in the NC Capital Management Trust Cash Portfolio is rated AAAM by Standard and Poor's as of June 30, 2012. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. Investments in commercial paper purchased by the City are rated either A1/P1 by Standard and Poor's or Moody's Investors Service.

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

Concentration of Credit Risk The City's Board places no limit on the amount that the City may invest in any one issuer. More than 5 percent of the City's investments are in Commercial Paper Barclays-28%, Commercial Paper FCAR Trust II- 6%, Commercial Paper FCAR Ser I-9%, Commercial Paper Toyota-6%, Commercial Paper GE-14%.

III. Detail Notes on All Funds: (continued)

3. Receivables

The amount of taxes receivable presented in the Balance Sheet and the Statement of Net Assets includes penalties and interest levied and outstanding in the amount of \$167,060.

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>6/30/13</u>
General Fund:	
Taxes receivable	\$ 898,332
Solid Waste receivables	119,737
Special Revenue Funds:	
Rehabilitation Loan Program Fund:	
Rehabilitation Loans	124,462
Home Incentive Loans	4,215
Rental Rehabilitation Loan Program Fund:	
Rehabilitation Loans	25,168
Downtown Special Tax District Fund:	
Taxes Receivable	45,916
Home Program Fund:	
Home Incentive Loans	277,106
Enterprise Fund:	
Water and Sewer Fund:	
Utility Receivables	<u>64,503</u>
Total	<u>\$ 1,559,439</u>

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

Capital asset activity for the Primary Government for the year ended June 30, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	8,400,841	\$ 41,500	\$ -	\$ 8,442,341
Construction in progress	<u>307,753</u>	<u>507,484</u>	<u>611,315</u>	<u>203,922</u>
Total capital assets not being depreciated	<u>8,708,594</u>	<u>548,984</u>	<u>611,315</u>	<u>8,646,263</u>
Capital assets being depreciated:				
Buildings	42,504,148	459,182	466,074	42,497,256
Streets and sidewalks	31,882,067	830,896	-	32,712,963
Equipment	7,817,180	2,170,397	1,205,652	8,781,925
Vehicles	<u>14,207,539</u>	<u>1,051,251</u>	<u>887,408</u>	<u>14,371,382</u>
Total capital assets being depreciated	<u>96,410,934</u>	<u>4,511,726</u>	<u>2,559,134</u>	<u>98,363,526</u>
Less accumulated depreciation for:				
Buildings	16,519,824	989,749	365,875	17,143,698
Streets and sidewalks	13,188,293	773,822	-	13,962,115
Equipment	5,558,359	816,046	1,192,344	5,182,061
Vehicles	<u>9,859,621</u>	<u>770,126</u>	<u>863,528</u>	<u>9,766,219</u>
Total accumulated depreciation	<u>45,126,097</u>	<u>3,349,743</u>	<u>2,421,747</u>	<u>46,054,093</u>
Total capital assets being depreciated, net	<u>51,284,837</u>			<u>52,309,433</u>
Governmental activity capital assets, net	<u>59,993,431</u>			<u>60,955,696</u>

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

General government	\$ 586,003
Public safety	923,992
Public works	1,151,029
Cultural and recreational	<u>688,719</u>
Total depreciation expense	<u>\$ 3,349,743</u>

III. Detail Notes on All Funds: (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
<i>Storm Water Fund</i>				
Capital assets being depreciated:				
Building	\$ 68,182	\$ -	\$ -	\$ 68,182
General equipment	171,156	32,394	-	203,550
Vehicle	<u>21,957</u>	<u>-</u>	<u>-</u>	<u>21,957</u>
Total capital assets being depreciated	<u>261,295</u>	<u>32,394</u>	<u>-</u>	<u>293,689</u>
Less accumulated depreciation for:				
General equipment	45,588	17,622	-	63,210
Building	929	3,649	-	4,578
Vehicle	<u>4,757</u>	<u>4,391</u>	<u>-</u>	<u>9,148</u>
Total accumulated depreciation	<u>51,274</u>	<u>\$ 25,662</u>	<u>\$ -</u>	<u>76,936</u>
Total capital assets being depreciated, net	<u>210,021</u>			<u>216,753</u>
Storm water fund capital assets, net	<u>210,021</u>			<u>216,753</u>
<i>Water and Sewer Fund</i>				
Capital assets not being depreciated:				
Land	6,945,444	-	-	6,945,444
Construction in progress	<u>5,015,916</u>	<u>10,990,972</u>	<u>41,950</u>	<u>15,964,938</u>
Total capital assets not being depreciated	<u>11,961,360</u>	<u>10,990,972</u>	<u>41,950</u>	<u>22,910,382</u>
Capital assets being depreciated:				
Water and sewer lines	100,757,392	963,833	174,377	101,546,848
Buildings, plant, and pumping equipment	117,008,459	783,197	307,660	117,483,996
General equipment	3,674,106	66,073	622,978	3,117,201
Vehicles	<u>2,600,031</u>	<u>114,038</u>	<u>68,374</u>	<u>2,645,695</u>
Total capital assets being depreciated	<u>224,039,988</u>	<u>1,927,141</u>	<u>1,173,389</u>	<u>224,793,740</u>
Less accumulated depreciation for:				
Water and sewer lines	36,099,634	1,898,723	4,722	37,993,635
Buildings, plant, and pumping equipment	61,308,871	2,622,721	307,660	63,623,932
General equipment	2,424,184	177,769	620,039	1,981,914
Vehicles	<u>2,014,477</u>	<u>94,976</u>	<u>68,374</u>	<u>2,041,079</u>
Total accumulated depreciation	<u>101,847,166</u>	<u>\$4,794,189</u>	<u>\$ 1,000,795</u>	<u>105,640,560</u>
Total capital assets being depreciated, net	<u>122,192,822</u>			<u>119,153,180</u>
Water and Sewer fund capital assets, net	<u>134,154,182</u>			<u>142,063,562</u>
Business-type activity capital assets, net	<u>\$ 134,364,203</u>			<u>\$ 142,280,315</u>

III. Detail Notes on All Funds: (continued)

5. Construction Commitments

The government has active construction projects as of June 30, 2013. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Whites Kennel Phase II	\$ 163,543	\$ 43,295
NC 87 Waterline	128,536	102,204
2" Replacement	90,394	44,204
Loy St. Water	-	224,147
Total	\$ 382,473	\$ 413,850

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The City of Burlington contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual covered payroll. The contribution requirements of members and of the City of Burlington are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$1,750,850, \$1,725,219, and \$1,644,642, respectively. The contributions made by the City equaled the required contributions for each year.

b. Law Enforcement Officers Special Separation Allowance

1. *Plan Description.*

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

III. Detail Notes on All Funds: (continued)

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

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

A separate report was not issued for the plan.

2. *Summary of Significant Accounting Policies.*

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

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

3. *Contributions.*

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

The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions include (a) 5% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25 – 7.85% per year. Both (a) and (b) included an inflation component at 3%. The assumptions did not include post-employment benefit increases.

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

Annual required contribution	\$ 390,806
Interest on net pension obligation	(29,681)
Adjustment to annual required contribution	<u>36,941</u>
Annual pension cost	398,066
Contributions made	<u>420,479</u>
(Decrease) in net pension obligation	(22,413)
Net pension obligation beginning of year	<u>(593,615)</u>
Net pension obligation end of year	<u>\$ (616,028)</u>

III. Detail Notes on All Funds: (continued)

3-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/11	387,593	104.59%	(554,626)
6/30/12	387,359	110.07%	(593,615)
6/30/13	398,066	105.63%	(616,028)

4. *Funded Status and Funding Progress.*

As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$4,184,153. The covered payroll (annual payroll of active employees covered by the plan) was \$6,774,469, and the ratio of the UAAL to the covered payroll was 61.76%.

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

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, 2013 were \$497,022, which consisted of \$334,322 from the City and \$162,700 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, 2013 for general employees were \$1,393,996, which consisted of \$937,669 from the City and \$456,327 from the general employees.

III. Detail Notes on All Funds: (continued)

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

Plan Description. The State of North Carolina contributes, on behalf of the City of Burlington, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Firemen's and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly. For the fiscal year ended June 30, 2013, the City has recognized on-behalf of payments for pension contributions made by the State as revenue and an expenditure of \$77,745.

e. Other Post-employment Benefits

1. Healthcare Benefits

In addition to the pension benefits described in Note 1, the City provides post-employment health care benefits to retirees who were hired prior to July 1, 2012 and City Council members of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the City. The City pays the full cost of coverage for employees who retire with 25 years of creditable service; 75% of the cost of coverage for retirees with 20 years of creditable service; 50% of the cost of coverage for retirees with 15 years of creditable service; and 25% of the cost of coverage for retirees with 10 years of creditable service.

The City pays the full cost of coverage for City Council members with 16 years of service; 75% of the cost for City Council members with 12 years of service; 50% of the cost of coverage for City Council members with 8 years of service; and 25% of the cost of coverage for City Council members with 4 years of service. The City's contribution will cease when the retiree reaches age 65. At this point in time, some City retirees are eligible for Medicare supplement reimbursement. The retiree must have been covered under the City's health plan immediately before reaching age 65. The Medicare supplement reimbursement is also based on years of service. The City pays \$159 per month of the Medicare supplement for employees who retire with 25 years of creditable service; 75% of this amount of Medicare supplement for employees who retire with 20 years of creditable service, 50% of this amount of the Medicare supplement for employees who retire with 15 years of creditable service; and 25% of this amount of the Medicare supplement for employees who retire with 10 years of creditable service. Also, the City's retirees can purchase coverage for their dependents at the City's group rates. Currently, 117 retirees are eligible for post-employment health benefits. For the fiscal year ended June 30, 2013, the city made payments for post-employment health benefit premiums of \$ 830,670. The City obtains healthcare coverage through private insurers.

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

III. Detail Notes on All Funds: (continued)

Membership of the Plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	226	-
Active plan members	<u>427</u>	<u>119</u>
Total	<u><u>653</u></u>	<u><u>119</u></u>

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

The current ARC rate is 9.11% of annual covered payroll. For the current year, the City contributed \$882,857 or 3.70% of annual covered payroll toward actual benefit payments. The City obtains health care and dental coverage through a self-funded program and through a private insurer for life insurance benefits. The City's obligation to contribute to the plan is established and may be amended by the City Council during the budget process.

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

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

Annual required contribution	\$ 2,159,356
Interest on net OPEB obligation	98,134
Adjustment to annual required contribution	<u>136,421</u>
Annual OPEB cost (expense)	2,121,069
Contributions made	<u>1,328,170</u>
Increase (decrease) in net OPEB obligations	792,899
Net OPEB obligation, beginning of year	<u>2,453,351</u>
Net OPEB obligation, end of year	<u><u>\$ 3,246,250</u></u>

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

<u>For Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 1,642,420	48.50%	\$ 1,746,093
2012	\$ 2,028,250	65.10%	\$ 2,453,351
2013	\$ 2,121,069	62.6%	\$ 3,246,250

III. Detail Notes on All Funds: (continued)

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$22,819,240. The covered payroll (annual payroll of active employees covered by the plan) was \$23,875,839, and the ratio of the UAAL to the covered payroll was 95.6% percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 8.50 to 5.00 percent annually. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using a market valuation. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012 was 29 years.

2. Other Employment Benefit

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

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

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

	<u>Unavailable Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned	\$	\$ 219,184
Taxes receivable (net) – general fund	1,569,541	
Taxes receivable (net) – Downtown Special Tax	62,181	
Home loan interest receivable	1,959,776	
Prepaid licenses and fees	<u> </u>	<u>679,916</u>
Total	<u>\$ 3,591,498</u>	<u>\$ 899,100</u>

4. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City partially self-insures workers compensation coverage, with commercial insurance providing coverage for workers compensation claims in excess of \$200,000 per claim (\$225,000 if a vehicle claim). The commercial insurance provides \$1,000,000 in coverage for claims in excess of the City's assumed aggregate risk of \$1,000,000 annually. The City also retains the risk for Employers' Liability Coverage of \$500,000 in aggregate annually. At June 30, 2013 the Workers Compensation Self Insurance Fund had recorded a liability of \$113,258 for estimated unpaid claims.

The City provides its employees with dental coverage through a choice of self-insurance plans. Covered claims are limited to a maximum of \$1,500 per employee annually. At June 30, 2013, the Dental Self Insurance Fund had recorded a liability of \$56,913 for estimated unpaid claims.

On July 1, 1999, the City began to partially self-insure group health benefits, with commercial insurance providing coverage for health benefit claims in excess of \$125,000 per claim. The commercial coverage provides \$4,875,000 in coverage for claims in excess of the City's assumed claim risk of \$125,000. The City also has commercial coverage for claims exceeding approximately \$4,523,895 in aggregate annually. At June 30, 2013 the Group Health Benefits Fund had a recorded liability of \$502,301 for estimated unpaid claims.

III. Detail Notes on All Funds: (continued)

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

	<u>Balance</u> <u>July 1, 2012</u>	<u>Estimated</u> <u>Claims</u> <u>Incurred</u>	<u>Claims</u> <u>Paid</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>2013</u>				
Workers Compensation				
Self Insurance Fund	\$ 130,000	\$ 467,153	\$ 450,411	\$ 113,258
Dental Self Insurance Fund	64,772	460,540	452,681	56,913
Group Health Benefits Fund	<u>499,677</u>	<u>5,231,024</u>	<u>5,233,648</u>	<u>502,301</u>
	<u>\$ 694,449</u>	<u>\$ 6,158,717</u>	<u>\$ 6,136,740</u>	<u>\$ 672,472</u>
	<u>Balance</u> <u>July 1, 2011</u>	<u>Estimated</u> <u>Claims</u> <u>Incurred</u>	<u>Claims</u> <u>Paid</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>2012</u>				
Workers Compensation				
Self Insurance Fund	\$ 130,000	\$ 725,730	\$ 725,730	\$ 130,000
Dental Self Insurance Fund	63,779	457,315	456,322	64,772
Group Health Benefits Fund	<u>426,835</u>	<u>4,329,859</u>	<u>4,257,017</u>	<u>499,677</u>
	<u>\$ 620,614</u>	<u>\$5,512,904</u>	<u>\$ 5,439,069</u>	<u>\$ 694,449</u>

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

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$100,000 and the tax collector is bonded for \$25,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

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

5. Claims, Judgments, and Contingent Liabilities

At June 30, 2013, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

III. Detail Notes on All Funds: (continued)

6. Long-Term Obligations

a. Installment Purchase

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

On August 15, 2003, the City amended its second installment purchase contract to finance the construction of the Springwood Recreation Park. The financing contract now requires twenty-eight semi-annual payments of \$133,333 beginning November 13, 2003 with interest at 3.840% per annum. On April 22, 2010 the City entered into an installment purchase contract to purchase various pieces of equipment. The financing contract requires three annual payments of \$366,492 beginning April 22, 2010 with interest at 2.05% per annum. This installment was paid in full at June 30, 2013. On September 28, 2010 the City entered into an installment purchase contract to purchase various pieces of equipment. The financing contract requires three annual payments of \$335,717 beginning September 28, 2010 with interest at 1.550% per annum. This installment was paid in full at June 30, 2013. On September 13, 2011 the City entered into an installment purchase to purchase various pieces of equipment. The financing contract requires three annual payments of \$428,671 beginning September 13, 2011 with interest at 1.47% per annum. On August 31, 2012 the City entered into an installment purchase contract to purchase various pieces of equipment. The financing contract requires three annual payments of \$453,527.26 beginning September 5, 2012 with interest at 1.030%.

Annual debt service payments of the installment purchase as of June 30, 2013, including \$112,093 of interest, are as follows:

	<u>Governmental Activities</u>	
<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,133,556	\$ 53,709
2015	715,571	32,784
2016	266,667	17,920
2017	<u>266,667</u>	<u>7,680</u>
Present value of the minimum lease payments	<u>\$ 2,382,461</u>	
Total interest payments		<u>\$ 112,093</u>

b. General Obligation Indebtedness

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

III. Detail Notes on All Funds: (continued)

Bonds payable at June 30, 2013 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the General Fund:

\$5,521,801 of 2005 General Obligation Refunding Bonds due in annual installments of \$31,305 to \$662,616 through February 1, 2019; interest at rates ranging from 3.75% to 5.00% per annum. 3,405,257

\$9,300,000 of 2006 General Obligation Street Bonds due in annual installments of \$465,000 through June 1, 2016; interest at rates ranging from 3.60% to 4.20% per annum. The amount shown includes the unamortized bond premium of \$29,065. 1,424,065

\$5,321,000 of 2013 refinanced General Obligation Bonds due in annual installments ranging from \$74,000 to \$543,000 through June 1, 2026; interest at 1.85% annum. The amount shown includes unamortized bond premium of \$116,000. 5,450,000

Serviced by the Water and Sewer Fund:

\$10,353,198 of 2005 General Obligation Refunding Bonds due in annual installments of \$58,695 to \$1,242,384 through February 1, 2019; interest at rates ranging from 3.75% to 5.00% per annum. 6,384,744
\$ 16,664,066

At June 30, 2013 the City of Burlington had a legal debt margin of \$343,032,825.

General Obligation Bonds

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

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Principal	Interest	Principal	Interest
2014	\$ 1,179,007	\$ 304,712	\$ 1,199,993	\$ 278,266
2015	1,178,258	252,743	1,196,732	218,266
2016	1,180,268	200,842	1,196,732	158,429
2017	1,174,311	151,799	1,183,689	110,559
2018	1,159,355	116,501	1,607,599	79,598
2019-2023	2,770,057	277,564	-	-
2024-2025	1,403,000	51,524	-	-
Total	<u>\$ 10,044,256</u>	<u>\$ 1,355,685</u>	<u>\$ 6,384,745</u>	<u>\$ 845,118</u>

c. Recovery Zone Economic Development Bonds

\$2,899,000 of Recovery Zone Economic Development Bonds (Direct Payment) with 1 payment of \$173,074 and 14 installments of \$194,709 due on February 1 maturing on February 1, 2025; plus interest at 5.89% due on August 1 and February 1. The city receives a subsidiary of 45% of interest cost from the Federal Government reducing the effective interest rate to 2.65%. These bonds were paid in full at June 30, 2013.

\$ _____ -

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

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

\$ 9,820,000

Year Ending June 30	Principal	Interest
2014	\$ 1,060,000	\$ 412,275
2015	1,085,000	359,275
2016	1,080,000	329,437
2017	1,085,000	286,237
2018	1,095,000	242,838
2019-2023	3,765,000	595,438
2024	<u>650,000</u>	<u>29,250</u>
	<u>\$ 9,820,000</u>	<u>\$ 2,254,750</u>

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

\$ 10,700,000

Year Ending June 30	Principal	Interest
2014	\$ -	\$ 702,820
2015	-	702,820
2016	-	702,820
2017	-	702,820
2018	-	702,820
2019-2023	1,900,000	3,363,491
2024-2028	2,815,000	2,644,765
2029-2033	3,490,000	1,616,762
2034-2036	<u>2,495,000</u>	<u>353,285</u>
	<u>\$ 10,700,000</u>	<u>\$ 11,492,403</u>

II. Detail Notes on All Funds: (continued)

Revenue bonds (continued)

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

\$ 17,920,000

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 465,000	\$ 747,025
2015	475,000	733,075
2016	495,000	714,075
2017	515,000	694,274
2018	535,000	673,674
2019-2023	3,015,000	3,029,574
2024-2028	3,610,000	2,439,090
2029-2033	4,450,000	1,598,464
2034-2037	<u>4,360,000</u>	<u>481,062</u>
	<u>\$ 17,920,000</u>	<u>\$ 11,110,313</u>

The City has been in compliance with the covenants as to rates, fees, rentals and charges in Section 704 of the Bond Order, authorizing the issuance of the Water and Sewer Bonds, Series 2010A, 2010 B and 2011 since its adoption. The City has pledged future water and sewer customer revenues, net of specified operating expenses, for repayment of \$75,009,946 in water and sewer system revenue bonds issue 2010A and 2010 B and 2011. Proceeds from the bonds provided financing for various upgrades and repairs to the city's dams, water and sewer plants. The bonds are payable solely from water and sewer customer net revenues and are payable through 2037. The total principal and interest remaining to be paid on all outstanding series of revenue bonds was \$63,297,466 as of June 30, 2013. 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, 2013 were \$5,116,455 to provide a coverage ratio of 434%. The long-term debt service coverage ratio calculations for the year ended June 30, 2013, is as follows:

Operating revenues	20,520,559
Operating expenses*	14,471,192
Operating income	6,049,367
Nonoperating revenues (expenses)**	3,698,606
Income available for debt service	9,747,973
Debt service, principal and interest paid (Revenue bond only)	3,422,870
Debt service coverage ratio	285%

*Per rate covenants, this does not include the depreciation expense of \$4,794,189

** Per rate covenants, this does not include revenue bond interest paid of \$1,927,870

The City also has \$7,229,904 of System GO Indebtedness outstanding that is associated with the bonds.

e. Advance Refunding

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

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

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 \$5,260,860.18 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 t o 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 an addition to bonds payable and is being amortized over the life of the new debt. The City completed the advance refunding to reduce its total future debt service payments by \$880,059.

f. Changes in Long-Term Liabilities

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion of Balance
Governmental activities:					
General Obligation bonds	\$ 10,560,484	\$ 5,321,000	\$ 5,837,228	\$ 10,044,256	\$ 1,179,007
Add: Bond premium	<u>43,597</u>	<u>116,000</u>	<u>14,532</u>	<u>145,065</u>	<u>-</u>
Total General Obligation bonds	<u>\$10,604,081</u>	<u>\$ 5,437,000</u>	<u>\$ 5,851,760</u>	<u>\$ 10,189,321</u>	<u>\$ 1,179,007</u>
RZED Bonds	\$ 2,531,217	\$ -	\$ 2,531,217	\$ -	\$ -
Installment purchase	\$ 2,502,729	\$ 1,346,859	\$ 1,467,127	\$ 2,382,461	\$ 1,142,655
Compensated absences	2,208,471	1,266,233	1,160,553	2,314,151	833,094
OPEB liability	<u>2,109,882</u>	<u>681,893</u>	<u>-</u>	<u>2,791,775</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$19,956,380</u>	<u>\$ 8,731,985</u>	<u>\$11,010,657</u>	<u>\$ 17,677,708</u>	<u>\$ 3,154,756</u>
Business-type activities:					
General obligation bonds	\$ 7,594,520	\$ -	\$ 1,209,775	\$ 6,384,745	\$ 1,199,933
Revenue Bonds	\$39,935,000	\$ -	\$ 1,495,000	\$ 38,440,000	\$ 1,525,000
Add: deferred amount for gain on defeasance	96,403	-	51,153	45,250	-
Add: Bond premium	<u>990,210</u>	<u>-</u>	<u>42,061</u>	<u>948,149</u>	<u>-</u>
Total revenue bonds	<u>\$41,021,613</u>	<u>\$ -</u>	<u>\$ 1,588,214</u>	<u>\$ 39,433,399</u>	<u>\$ 1,525,000</u>
Compensated absences	\$ 393,092	\$ 303,375	\$ 263,386	\$ 433,081	\$ 155,909
OPEB liability	<u>343,469</u>	<u>111,006</u>	<u>-</u>	<u>454,475</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$49,352,694</u>	<u>\$ 414,381</u>	<u>\$ 3,061,375</u>	<u>\$ 46,705,700</u>	<u>\$ 2,880,842</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 \$380,133.

Transfers to/from other funds at June 30, 2013 consist of the following:

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
Transfers To/From Other Funds:		
<u>General Fund</u>		
Capital Reserve Fund	2,732,000	1,000,000
Group Health Benefits	-	35,002
MPO Planning Transportation	-	63,354
Bureau of Just Asst Comm Orient Police Grant	-	94,210
Governor's Crime Community Project Safe Neighborhood	10,000	-
Workmen's Compensation	-	277,854
All Hazard Preparedness Fund	<u>125</u>	<u>-</u>
Total General Fund	<u><u>2,742,125</u></u>	<u><u>1,470,420</u></u>
<u>Capital Reserve Fund</u>		
General Fund	1,000,000	2,732,000
Drainage Improvements	<u>-</u>	<u>25,000</u>
Total Capital Reserve	<u><u>1,000,000</u></u>	<u><u>2,757,000</u></u>
<u>Special Revenue Funds</u>		
MPO Planning Transportation		
General Fund	63,354	-
Home Program Project Fund		
Rental Rehabilitation Loan Program Fund	19,112	-
Rental Rehabilitation Loan Program Fund		
Home Program Project Fund		19,112
All Hazard Preparedness Fund		
General Fund	-	125
Governor's Crime Comm Proj. Safe Neighborhood		
General Fund	-	10,000
Bureau of Justice Asst Comm Orient Police		
General Fund	94,210	-
Downtown Special Tax District		
Energy Efficiency Upgrade	<u>2,869</u>	<u>-</u>
Total Special Revenue Fund	<u><u>179,545</u></u>	<u><u>29,237</u></u>

III. Detail Notes on All Funds: (continued)

	Transfers	
	<u>In</u>	<u>Out</u>
<u>Internal Service Funds</u>		
Group Health Benefits		
General Fund	35,002	-
Water & Sewer Fund	70,000	-
Workmen's Compensation Fund		
General Fund	277,854	-
Water & Sewer Fund	118,570	-
Total Internal Service Fund	<u>501,426</u>	<u>-</u>
<u>Water Fund</u>		
Water Capital Reserve	-	1,347,973
Sewer Capital Reserve	-	1,347,973
Workmen's Compensation	-	118,570
Group Health Insurance	-	70,000
Total Water Fund	<u>-</u>	<u>2,884,516</u>
<u>Water Capital Projects</u>		
Water Capital Reserve		
Water & Sewer Fund	1,347,973	-
Sewer Capital Reserve		
Water & Sewer Fund	1,347,973	-
Total Water Capital Projects	<u>2,695,946</u>	<u>-</u>
<u>Capital Projects</u>		
Drainage Improvements		
Capital Reserve Fund	25,000	
Energy Efficiency Upgrade Main Street 2 Downtown Special Tax District	-	2,869
Total Capital Projects	<u>25,000</u>	<u>2,869</u>
Total Operating Transfers	<u>\$ 7,144,042</u>	<u>\$ 7,144,042</u>

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

III. Detail Notes on All Funds: (continued)

D. Prior Period Adjustment

The City recorded a prior period adjustment which decreased Beginning Net Position of the Governmental Activities by \$165,710. This adjustment resulted from a decrease of \$165,710 to adjust construction in progress for jobs that had been picked up as construction in progress but were actually just repairs.

The Burlington Downtown Corporation recorded a prior period adjustment which increased Beginning Net Position by \$8,652. This adjustment resulted from a net increase in net position from the previous year from fundraising activities which were not recorded in prior financial statements.

E. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2013, the City of Burlington has recognized on-behalf payments for pension contributions made by the State as a revenue and an expenditure of \$32,841 for the 88 employed fireman who perform firefighting duties for the City's fire department. The employees elected to be members of the Firemen and Rescue Worker's Pension Fund, a cost-sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

Also, the City has recognized as a revenue and an expenditure on-behalf payments for fringe benefits and salaries of \$44,904 for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2013. Under State law the local board of trustees for the Fund receives an amount each year, which the board may use at its own discretion for eligible firemen or their departments.

F. Fund Balance

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

Total fund balance – General Fund	\$	33,484,944
Less:		
Stabilization by State Statute		6,901,755
Historic Books		1,418
Animal Shelter		562
Appropriated Fund Balance in 2013 budget		1,816,112
General Government		4,316,000
Economic Development		3,000,000
Public Works		3,125,000
Parks and Recreation		1,428,771
Public Safety		5,450,000
Working Capital/Fund Balance Policy		7,445,326
Remaining Fund Balance		-

IV. Jointly Governed Organization

The City, in conjunction with six counties and thirty-two other municipalities, established the Piedmont Triad Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$15,703 to the Council during the fiscal year ended June 30, 2013.

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, 2013. 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, 2013. 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. Changes in Accounting Principles/Restatement

The City implemented Governmental Accounting Standards Board (GASB) Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement 65, Items Previously reported as Assets and Liabilities in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Positions are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Positions. Additionally, GASB Statement 65 requires that deferred cost from the refunding of debt which were previously deferred and amortized, be presented as deferred outflows of resources.





**REQUIRED SUPPLEMENTAL
FINANCIAL DATA**
Individual Fund Schedules

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

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

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

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

Actuarial Valuation Date *	Actuarial Value of Assets ** (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/07	-	3,305,028	3,305,028	-%	5,104,180	64.75%
12/31/08	-	3,440,042	3,440,042	-%	5,660,065	60.78%
12/31/09	-	4,198,917	4,198,917	-%	6,192,080	67.81%
12/31/10	-	4,027,810	4,027,810	-%	6,454,034	62.41%
12/31/11	-	4,075,535	4,075,535	-%	6,400,341	63.68%
12/31/12	-	4,184,153	4,184,153	-%	6,774,469	61.76%

* Information is based on the actuarial studies performed as of December 31, 2012, 2011, 2010, 2009, 2008, and 2007 respectively. No actuarial studies were performed for the City prior to 1996.

** At Cost.

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

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2008	257,507	151.40%
2009	288,703	144.91%
2010	313,873	131.15%
2011	387,593	104.59%
2012	387,359	110.07%
2013	398,066	105.63%

Notes to the Required Schedules:

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

Valuation date	12/31/2012
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85%
* Includes inflation at	3.00%
Cost of living adjustments	N/A

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

Actuarial Valuation Date *	Actuarial Value of Assets ** (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/08	-	\$ 17,050,699	17,050,699	-%	\$ 24,769,558	68.80%
12/31/09	-	22,509,884	22,509,884	-%	23,783,806	94.60%
12/31/10	-	25,648,600	25,648,600	-%	24,696,478	103.90%
12/31/11	-	22,526,021	22,526,021	-%	24,050,629	93.70%
12/31/12	-	22,819,240	22,819,240	-%	23,875,839	95.06%

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

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2011	1,642,420	48.50%
2012	2,028,250	65.10%
2013	2,121,069	62.60%

Notes to the Required Schedules:

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

Valuation date	12/31/2012
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar Amount, Closed
Remaining amortization period	29 Years
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Investment rate of return*	4.00%
Projected salary increases*	8.50%-5.00%
Post-Medicare Trend Rate	0.00%
Year of Ultimate trend rate	2018
* Includes inflation at	3.00%





GENERAL FUND
Individual Fund Schedule

CITY OF BURLINGTON, NORTH CAROLINA
GENERAL FUND
BALANCE SHEET
For the Fiscal Year Ended June 30, 2013

June 30,
2013

ASSETS

Cash and cash equivalents	\$	28,739,593
Receivables (net):		
Taxes		963,141
Accounts		<u>6,969,765</u>
Total assets	\$	<u><u>36,672,499</u></u>

LIABILITIES AND FUND BALANCES

LIABILITIES:		
Accounts payable and accrued liabilities	\$	1,257,304
Deferred revenues		<u>1,930,251</u>
Total liabilities		<u>3,187,555</u>
FUND BALANCES:		
Restricted :		
Stabilization for Stabilization by State Statute		6,901,755
Historic Books		1,418
Animal Shelter		562
Assigned		
Subsequent Years Expenditures		1,816,112
General Government		4,316,000
Economic Development		3,000,000
Public Works		3,125,000
Parks and Recreation		1,428,771
Public Safety		5,450,000
Unassigned		<u>7,445,326</u>
Total fund balances		<u>33,484,944</u>
Total liabilities and fund balances	\$	<u><u>36,672,499</u></u>

CITY OF BURLINGTON, NORTH CAROLINA
 GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Current year	\$	\$ 25,552,607	\$
Prior year		944,900	
Penalties and interest		167,060	
Tax discounts		<u>(376,687)</u>	
Total	<u>25,016,748</u>	<u>26,287,880</u>	<u>1,271,132</u>
Other Taxes and Licenses:			
Payment in lieu of taxes		129,476	
Privilege licenses		561,861	
Cable TV franchise tax		379,822	
Local option sales tax		<u>9,425,022</u>	
Total	<u>9,741,336</u>	<u>10,496,181</u>	<u>754,845</u>
Unrestricted Intergovernmental Revenues:			
Utility franchise tax		3,157,496	
Beer and wine tax		206,973	
Alamance County fuel purchase		563,734	
ABC revenue		110,894	
Alamance Jr. Tennis Foundation		<u>20,153</u>	
Total	<u>4,130,000</u>	<u>4,059,250</u>	<u>(70,750)</u>
Restricted Intergovernmental Revenues:			
ABC police contract		21,141	
Powell Bill allocation		1,435,203	
N. C. Department of Transportation		528,276	
On-behalf of Payments- Fire and rescue		77,745	
Camp Green Leaves		13,165	
PTCOG Grants		14,768	
Alamance-Burlington Schools – Afterschool Program		139,144	
Alamance-Burlington Schools – School Guards		80,080	
Recycling Grant		24,509	
Fire grants		1,000	
Animal Shelter		31,262	
Miscellaneous		70	
Teen to Teen Theatre		2,869	

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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues: (continued)			
Restricted Intergovernmental			
Revenues: (continued)			
Junior Police Academy		7,793	
Recreation		73,328	
Senior Programs		56,189	
Reimbursed Cost		113,614	
Police donations-Melvin Hall		1,300	
DOT reimbursement			
North Park in Motion Program		4,487	
Total	<u>2,508,366</u>	<u>2,625,943</u>	<u>117,577</u>
Permits and Fees:			
Building permits and inspection fees		598,983	
Fees and permits – other		623,558	
Total	<u>918,400</u>	<u>1,222,541</u>	<u>304,141</u>
Sales and Services:			
Animal Control – Alamance County		326,308	
Miscellaneous		209,206	
Recreation department revenues		1,944,519	
Cemetery lots and fees		156,445	
Sanitation fees		1,288,996	
Total	<u>3,998,222</u>	<u>3,925,474</u>	<u>(72,748)</u>
Investment Earnings:			
Investment earnings		110,305	
Interest Subsidy		58,140	
Vacant Lot / Demo Interest		38,558	
Total	<u>127,251</u>	<u>207,003</u>	<u>79,752</u>
Miscellaneous:			
Sale of properties and materials		71,345	
Miscellaneous		247,182	
Total	<u>179,000</u>	<u>318,527</u>	<u>139,527</u>
Total Revenues	<u>46,619,323</u>	<u>49,142,799</u>	<u>2,523,476</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (<u>Negative</u>)
Expenditures:			
General Government:			
City Council:			
Salaries and employee benefits		70,475	
Operating expenditures		<u>62,732</u>	
Total		133,207	
Reimbursement from Water and Sewer Fund	<u> </u>	<u>(29,325)</u>	<u> </u>
Total City Council	<u>125,848</u>	<u>103,882</u>	<u>21,966</u>
Public Administration:			
Salaries and employee benefits		272,331	
Operating expenditures		<u>15,767</u>	
Total		288,098	
Reimbursement from Water and Sewer Fund	<u> </u>	<u>(86,259)</u>	<u> </u>
Total Public Administration	<u>205,325</u>	<u>201,839</u>	<u>3,486</u>
Public Information:			
Salaries and employee benefits		73,377	
Operating expenditures		<u>66,777</u>	
Total		140,154	
Reimbursement from Water and Sewer Fund	<u> </u>	<u>(43,988)</u>	<u> </u>
Total Public Information	<u>119,439</u>	<u>96,166</u>	<u>23,273</u>
Finance:			
Supervision:			
Salaries and employee benefits		410,194	
Operating expenditures		<u>17,095</u>	
Total		427,289	
Reimbursement from Water and Sewer Fund		<u>(200,047)</u>	
Net		<u>227,242</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
General Government: (continued)			
Finance(continued):			
Collections:			
Salaries and employee benefits		269,855	
Operating expenditures		<u>82,664</u>	
Total		<u>352,519</u>	
Reimbursement from Water and Sewer Fund		<u>(142,222)</u>	
Net		<u>210,297</u>	
Purchasing:			
Salaries and employee benefits		237,073	
Operating expenditures		<u>14,180</u>	
Total Purchasing		251,253	
Total Finance	<u>870,936</u>	<u>688,792</u>	<u>182,144</u>
Information Technologies:			
Salaries and employee benefits		547,867	
Operating expenditures		388,454	
Capital outlay		<u>102,807</u>	
Total		1,039,128	
Reimbursement from Water and Sewer Fund		<u>(249,634)</u>	
Total Information Technologies	<u>818,070</u>	<u>789,494</u>	<u>28,576</u>
Legal:			
Salaries and employee benefits		96,567	
Operating expenditures		<u>144,113</u>	
Total		240,680	
Reimbursement from Water and Sewer Fund		<u>(129,956)</u>	
Total Legal	<u>476,709</u>	<u>110,724</u>	<u>365,985</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
General Government: (continued)			
Human Resources:			
Salaries and employee benefits		237,572	
Operating expenditures		<u>508,475</u>	
Total		746,047	
Reimbursement from Water and Sewer Fund	<u> </u>	<u>(114,348)</u>	<u> </u>
Total Human Resources	<u>650,832</u>	<u>631,699</u>	<u>19,133</u>
Planning GIS Division:			
Salaries and employee Benefits		154,548	
Operating expenditures		<u>36,877</u>	
Total		191,425	
Reimbursement from Water and Sewer Fund	<u> </u>	<u>(116,953)</u>	<u> </u>
Total Planning GIS Division	<u>148,186</u>	<u>74,472</u>	<u>73,714</u>
Planning:			
Salaries and employee benefits		529,772	
Operating expenditures		<u>72,825</u>	
Total		602,597	
Reimbursement from Water and Sewer Fund	<u> </u>	<u>(116,953)</u>	<u> </u>
Total Planning	<u>554,884</u>	<u>485,644</u>	<u>69,240</u>
Inspections:			
Salaries and employee benefits		256,212	
Operating expenditures			
Capital outlay		<u>90,728</u>	
Total		346,940	
Reimbursement from Water and Sewer Fund	<u> </u>	<u>(116,953)</u>	<u> </u>
Total Inspections	<u>273,346</u>	<u>229,987</u>	<u>43,359</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
General Government: (continued)			
Engineering:			
Salaries and employee benefits		533,425	
Operating expenditures		44,436	
Capital Outlay		-	
Total		577,861	
Reimbursement from Water and Sewer Fund		(253,358)	
Total Engineering	<u>369,396</u>	<u>324,503</u>	<u>44,893</u>
Traffic Control Supervisor:			
Salaries and employee benefits		427,058	
Operating expenditures		263,676	
Capital Outlay		73,732	
Total Traffic Control	<u>820,796</u>	<u>764,466</u>	<u>56,330</u>
Transportation Tech Services:			
Salaries and employee benefits		589,023	
Operating expenditures		34,548	
Capital Outlay		-	
Total Transportation Tech Services	<u>699,916</u>	<u>623,571</u>	<u>76,345</u>
Street lighting	<u>655,000</u>	<u>617,612</u>	<u>37,388</u>
General Administration and Building:			
Salaries and employee benefits		1,459,793	
Insurance		441,413	
Operating expenditures		556,423	
Special projects		245,688	
Total General Administration and Building	<u>3,143,403</u>	<u>2,703,317</u>	<u>440,086</u>
Total General Government	<u>9,932,086</u>	<u>8,446,168</u>	<u>1,485,918</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Public Safety:			
Police:			
Administration:			
Salaries and employee benefits		749,040	
Operating expenditures		814,305	
Capital outlay		<u>98,112</u>	
Total		<u>1,661,457</u>	
Records:			
Salaries and employee benefits		142,123	
Operating expenditures		<u>136,840</u>	
Total		<u>278,963</u>	
Training and Personnel Services:			
Salaries and employee benefits		183,267	
Operating expenditures			
Capital Outlay		<u>135,944</u>	
Total		<u>319,211</u>	
Criminal Investigations:			
Salaries and employee benefits		1,406,955	
Operating expenditures		<u>73,201</u>	
Total		<u>1,480,156</u>	
Field Operations Division:			
Salaries and employee benefits		5,105,681	
Operating expenditures		41,538	
Capital Outlay		<u>1,021,318</u>	
Total		<u>6,168,537</u>	
Retirees:			
Salaries and employee benefits		<u>457,813</u>	
Total		<u>457,813</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Public Safety: (continued)			
Police: (continued)			
Community Policing:			
Salaries and employee benefits		252,417	
Operating expenditures		<u>11,526</u>	
Total		<u>263,943</u>	
Animal Services-Field:			
Salaries and employee benefits		88,189	
Operating expenditures		<u>925</u>	
Total		<u>89,114</u>	
Identification:			
Salaries and employee benefits		150,629	
Operating expenditures		<u>14,336</u>	
Total		<u>164,965</u>	
Communications:			
Salaries and employee benefits		743,286	
Operating expenditures		340,186	
Capital Outlay		<u>378,042</u>	
Total		<u>1,461,514</u>	
Animal Services Shelter:			
Salaries and employee benefits		525,588	
Operating expenditures		285,746	
Capital Outlay		<u>-</u>	
Total		<u>811,334</u>	
Informational Services:			
Salaries and employee benefits		75,673	
Operating expenditures		<u>1,463</u>	
Total		<u>77,136</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)			
Public Safety: (continued)			
Police: (continued)			
Spay/Neuter:			
Salaries and employee benefits		42,439	
Operating expenditures		<u>65,826</u>	
Total		<u>108,265</u>	
Special Operations:			
Salaries and employee benefits		1,345,702	
Operating expenditures		<u>66,603</u>	
Total		<u>1,412,305</u>	
Emergency Management:			
Salaries and employee benefits		42,609	
Operating expenditures		<u>18,484</u>	
Total	<u> </u>	<u>61,093</u>	<u> </u>
Total Police	<u>14,910,733</u>	<u>14,815,806</u>	<u>94,927</u>
Fire:			
Supervision:			
Salaries and employee benefits		504,723	
Operating expenditures		<u>94,059</u>	
Total		<u>598,782</u>	
Training:			
Salaries and employee benefits		157,357	
Operating expenditures		17,698	
Capital outlay		<u>-</u>	
Total		<u>175,055</u>	
Industrial Inspection and Prevention:			
Salaries and employee Benefits		386,509	
Operating expenditures		<u>62,264</u>	
Total		<u>448,773</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Public Safety: (continued)			
Fire: (continued)			
Fire Fighting:			
Salaries and employee benefits		4,428,360	
Operating expenditures		319,989	
Capital Outlay		<u>55,734</u>	
Total		<u>4,804,083</u>	
Fire Station and Buildings:			
Operating expenditures		135,733	
Capital Outlay		<u>32,896</u>	
Total		<u>168,629</u>	
Training Center:			
Operating expenditures		<u>45,813</u>	
Total		<u>45,813</u>	
Emergency Response Equipment:			
Operating expenditures		687,429	
Capital Outlay		<u>538,550</u>	
Total		<u>1,225,979</u>	
Total Fire	<u>7,665,257</u>	<u>7,467,114</u>	<u>198,143</u>
Total Public Safety	<u>22,575,990</u>	<u>22,282,920</u>	<u>293,070</u>
Public Works:			
Public Works Department:			
Public Works Supervision:			
Salaries and employee benefits		181,327	
Operating expenditures		<u>93,730</u>	
Total		<u>275,057</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Public Works Department (continued):			
Public Works Supervision (continued):			
Building Maintenance:			
Salaries and employee benefits		536,893	
Operating expenditures		<u>56,567</u>	
Total		<u>593,460</u>	
Sustainability:			
Salaries and employee Benefits		162,951	
Operating expenditures		14,838	
Capital Outlay		<u>27,888</u>	
Total		<u>205,677</u>	
Equipment Maintenance:			
Salaries and employee benefits		665,563	
Operating expenditures		662,780	
Capital Outlay		<u>68,146</u>	
Total		<u>1,396,489</u>	
Street Signs - Marking:			
Salaries and employee benefits		150,808	
Operating expenditures		52,729	
Capital Outlay		<u>-</u>	
Total		<u>203,537</u>	
Municipal Building:			
Operating expenditures		218,970	
Capital outlay		<u>-</u>	
Total		<u>218,970</u>	
May Memorial Library:			
Operating expenditures		110,851	
Capital Outlay		<u>8,944</u>	
Total		<u>119,795</u>	
Total Public Works Department	<u>3,050,901</u>	<u>3,012,985</u>	<u>37,916</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (<u>Negative</u>)
Expenditures (continued):			
Public Works Department (continued):			
Street Department:			
Supervision:			
Salaries and employee benefits		162,623	
Operating expenditures		<u>24,493</u>	
Total		<u>187,116</u>	
Maintenance-Paved Streets:			
Salaries and employee benefits		739,000	
Operating expenditures		516,120	
Capital Outlay	<u> </u>	<u>925,512</u>	<u> </u>
Total	<u> </u>	<u>2,180,632</u>	<u> </u>
Total Street Department	<u>2,683,797</u>	<u>2,367,748</u>	<u>316,049</u>
Sanitation Department:			
Supervision:			
Salaries and employee benefits		136,068	
Operating expenditures		<u>52,299</u>	
Total		<u>188,367</u>	
Garbage and Waste Collection:			
Salaries and employee benefits		685,602	
Operating expenditures		1,350,202	
Recycling collection fee			
Capital Outlay		<u>249,403</u>	
Total	<u> </u>	<u>2,285,207</u>	<u> </u>
Total Sanitation	<u>2,566,074</u>	<u>2,473,574</u>	<u>92,500</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Public Works Department (continued):			
Cemetery Department:			
Maintenance:			
Supervision:			
Salaries and employee benefits		155,661	
Operating expenditures		<u>8,909</u>	
Total		<u>164,570</u>	
Interment and Maintenance:			
Salaries and employee benefits		519,129	
Operating expenditures		187,301	
Capital Outlay		<u>81,899</u>	
Total		<u>788,329</u>	
Total Cemetery	<u>1,028,786</u>	<u>952,899</u>	<u>75,887</u>
Street Tree Program:			
Salaries and employee benefits		20,603	
Operating expenditures		<u>30,437</u>	
Total Street Program	<u>41,756</u>	<u>51,040</u>	<u>(9,284)</u>
Total Public Works	<u>9,371,314</u>	<u>8,858,246</u>	<u>513,068</u>
Cultural and Recreation:			
Recreation:			
Supervision:			
Salaries and employee benefits		545,388	
Operating expenditures		23,958	
Capital Outlay		<u>41,500</u>	
Total		<u>610,846</u>	
Day Camps and Afterschools:			
Salaries and employee Benefits		527,618	
Operating expenditures		<u>131,611</u>	
Total		<u>659,229</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Cultural and Recreation:			
Recreation: (continued)			
Athletics:			
Salaries and employee benefits		651,557	
Operating expenditures		564,078	
Capital Outlay		<u>109,793</u>	
Total		<u>1,325,428</u>	
Special Events:			
Salaries and employee benefits		25,246	
Operating expenditures		<u>198,013</u>	
Total		<u>223,259</u>	
Fairchild Stadium:			
Operating expenditures		<u>56,186</u>	
Total		<u>56,186</u>	
Recreation Buildings:			
Salaries and employee benefits		1,013,871	
Operating expenditures		568,355	-
Capital outlay		<u>62,478</u>	
Total		<u>1,644,704</u>	
Aquatics:			
Salaries and employee benefits		273,495	
Operating expenditures		127,512	
Capital Outlay		<u>71,613</u>	
Total		<u>472,620</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Cultural and Recreation:			
Recreation: (continued)			
Camp Green Leaves:			
Salaries and employee benefits		33,395	
Operating expenditures		<u>21,841</u>	
Total		<u>55,236</u>	
Amusement Park:			
Salaries and employee benefits		133,259	
Operating expenditures		94,916	
Capital Outlay		<u>200,877</u>	
Total		<u>429,052</u>	
Golf Course:			
Salaries and employee benefits		426,521	
Operating expenditures		300,873	
Capital outlay		<u>44,315</u>	
Total		<u>771,709</u>	
Paramount Theater:			
Salaries and employee benefits		145,763	
Operating expenditures		62,917	
Capital Outlay		<u>25,335</u>	
Total	<u> </u>	<u>234,015</u>	<u> </u>
 Total Cultural and Recreation	 <u>6,483,181</u>	 <u>6,482,284</u>	 <u>897</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Debt Service:			
Principal - bond	8,900,218	8,784,585	115,633
Interest and other charges - bond	551,942	462,200	89,742
Principal - capital lease	1,558,310	1,661,837	(103,527)
Interest and other charges - capital lease	<u>215,184</u>	<u>212,461</u>	<u>2,723</u>
Total Debt Service	<u>11,225,654</u>	<u>11,121,083</u>	<u>104,571</u>
Total Expenditures	<u>59,588,225</u>	<u>57,190,701</u>	<u>2,397,524</u>
Revenues Over (Under) Expenditures	<u>(12,968,902)</u>	<u>(8,047,902)</u>	<u>4,921,000</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
Bureau of Justice Asst.			
Community Orient Police	(94,210)	(94,210)	-
Worker's Compensation Self Insurance Fund	(277,854)	(277,854)	-
Issuance from installment financing	6,746,859	6,667,859	(79,000)
Group Health Benefits	(35,002)	(35,002)	-
MPO Transportation	(63,354)	(63,354)	-
Capital Reserve Fund	(1,000,000)	(1,000,000)	-
Capital Reserve Fund	2,732,000	2,732,000	-
Governor's Crime Community Project Safe Neighborhood	10,000	10,000	-
All Hazard Preparedness Grant Lake Cammack	125	125	-
Total Other Financing Sources (Uses)	<u>8,018,564</u>	<u>7,939,564</u>	<u>(79,000)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,950,338)	(108,338)	<u>\$ 4,842,000</u>
Fund Balance Appropriated	<u>4,950,338</u>		
	<u>\$</u>		
Fund Balances beginning		<u>33,593,269</u>	
Fund Balances, ending		<u>\$ 33,484,931</u>	

CITY OF BURLINGTON, NORTH CAROLINA
 CAPITAL PROJECTS FUND – CAPITAL RESERVE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 From Inception And For The Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ _____	\$ 53,893	\$ _____
Total Revenues	_____	53,893	_____
Expenditures:			
Professional services	_____	_____	_____
Total Expenditures	_____	53,893	_____
Revenues Over (Under) Expenditures	\$ _____	53,893	\$ _____
Other Financing Sources (Uses):			
Transfer from (to) other funds			
General Fund	(2,732,000)	(2,732,000)	
Drainage Improvement Project	(25,000)	(25,000)	
General Fund	1,000,000	1,000,000	_____
Total Other Financing Sources	(1,757,000)	(1,757,000)	_____
Revenues and Other Sources Over (Under) Expenditures	\$ (1,757,000)	(1,703,107)	\$ _____
Fund balance, appropriated	1,757,000		
Net change in fund balance	\$ _____ -		
Fund balance, beginning		18,323,847	
Fund balance, ending		\$ 16,620,740	

CITY OF BURLINGTON
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,463,144	\$ 980,769	\$ 2,443,913
Receivables, net:			
Taxes	62,181	-	62,181
Accounts	246,548	-	246,548
Housing rehabilitation loans	2,366,462	-	2,366,462
Home incentive loans	6,560,889	-	6,560,889
Total Assets	\$ 10,699,224	\$ 980,769	\$ 11,679,993
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 88,160	\$ -	\$ 88,160
Deferred revenue	2,560,347	-	2,560,347
Total Liabilities	2,648,507	-	2,648,507
Fund balances:			
Restricted:			
Stabilization by State Statute	-	-	-
Economic Development	7,178,068	-	7,178,068
Public Safety	396,767	-	396,767
Committed for Capital Development	-	980,769	980,769
Assigned for Subsequent Expenditures	483,457	-	483,457
Unassigned	(7,575)	-	(7,575)
Total Fund Balances	8,050,717	980,769	9,031,486
Total liabilities and fund balances	\$ 10,699,224	\$ 980,769	\$ 11,679,993

CITY OF BURLINGTON
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES			
Ad valorem taxes	\$ 138,028	\$ -	\$ 138,028
Unrestricted intergovernmental	163,551	-	163,551
Restricted intergovernmental	1,488,551	-	1,488,551
Sales and services	37,059	-	37,059
Investment earnings	273	395	668
Miscellaneous	291,934	-	291,934
Total revenues	2,119,396	395	2,119,791
EXPENDITURES			
Current:			
Public Safety	769,868	-	769,868
Economic and physical development	1,368,876	-	1,368,876
Culture and recreation	161,604	-	161,604
Capital Outlay	-	19,648	19,648
Total expenditures	2,300,348	19,648	2,319,996
Revenues over (under) expenditures	(180,952)	(19,253)	(200,205)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	179,545	25,000	204,545
Transfers to other funds	(29,237)	(2,869)	(32,106)
Total other financing sources	150,308	22,131	172,439
Revenue and other sources over expenditures and other uses	(30,644)	2,878	(27,766)
Fund balances:			
Fund balances - beginning	8,081,360	977,891	9,059,251
Fund balances - ending	<u>\$ 8,050,716</u>	<u>\$ 980,769</u>	<u>9,031,485</u>



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, 2013

	Community Development Fund	Rehabili- tation Loan Program Fund	Rental Rehabili- tation Loan Program Fund	Downtown Specil Tax District Fund	HOME Program Project Fund	RICO Fund	All Hazard Preparedness Fund
<u>ASSETS</u>							
Cash and cash equivalents	\$ 29,548	\$ 248,571	\$ 365,026	\$ -	\$ -	\$ 357,909	\$ -
Receivables (net):							
Taxes	-	-	-	62,181	-	-	-
Accounts	-	33,213	118,046	2,260	-	-	-
Housing Rehabilitation loans	-	1,888,265	478,197	-	-	-	-
Home Incentive loans	-	68,851	-	-	6,492,038	-	-
Due from other funds	-	-	-	-	-	-	-
Total Assets	<u>\$ 29,548</u>	<u>\$ 2,238,900</u>	<u>\$ 961,269</u>	<u>\$ 64,441</u>	<u>\$ 6,492,038</u>	<u>\$ 357,909</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 1,702	\$ 4,743	\$ -	\$ 2,260	\$ 33,929	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	62,181	2,498,166	-	-
Total Liabilities	<u>1,702</u>	<u>4,743</u>	<u>-</u>	<u>64,441</u>	<u>2,532,095</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted							
Stabilization by State Statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic Development	27,846	2,083,207	936,094	-	3,763,761	-	-
Public Safety	-	-	-	-	-	271,009	-
Assigned							
Subsequent Years Expenditures	-	150,950	25,175	-	196,182	86,900	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>27,846</u>	<u>2,234,157</u>	<u>961,269</u>	<u>-</u>	<u>3,959,943</u>	<u>357,909</u>	<u>-</u>
Total Liabilities and Fund balances	<u>\$ 29,548</u>	<u>\$ 2,238,900</u>	<u>\$ 961,269</u>	<u>\$ 64,441</u>	<u>\$ 6,492,038</u>	<u>\$ 357,909</u>	<u>\$ -</u>

Edward Byrne Justice Assistance Grant Fund	Governor Crime Commission Project Safe Neighborhood	Guilford Mackintosh Fund	Controlled Substance Tax Fund	MPO Planning Transportation Fund	Medicare Part D Grant Project Fund	Bureau of Justice Assistance Community Oriented Policing Grant	Totals
\$ 84,084	\$ -	\$ -	\$ 65,924	\$ 301,527	\$ 10,555	\$ -	\$ 1,463,144
-	-	-	-	-	-	-	62,181
-	-	36,762	-	56,267	-	-	246,548
-	-	-	-	-	-	-	2,366,462
-	-	-	-	-	-	-	6,560,889
-	-	-	-	-	-	-	-
<u>\$ 84,084</u>	<u>\$ -</u>	<u>\$ 36,762</u>	<u>\$ 65,924</u>	<u>\$ 357,794</u>	<u>\$ 10,555</u>	<u>\$ -</u>	<u>\$ 10,699,224</u>
\$ -	\$ -	\$ 36,762	\$ -	\$ 1,189	\$ -	\$ 7,575	\$ 88,160
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,560,347
-	-	36,762	-	1,189	-	7,575	2,648,507
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	356,605	10,555	-	7,178,068
84,084	-	-	41,674	-	-	-	396,767
-	-	-	24,250	-	-	-	483,457
-	-	-	-	-	-	(7,575)	(7,575)
<u>84,084</u>	<u>-</u>	<u>-</u>	<u>65,924</u>	<u>356,605</u>	<u>10,555</u>	<u>(7,575)</u>	<u>8,050,717</u>
<u>\$ 84,084</u>	<u>\$ -</u>	<u>\$ 36,762</u>	<u>\$ 65,924</u>	<u>\$ 357,794</u>	<u>\$ 10,555</u>	<u>\$ -</u>	<u>\$ 10,699,224</u>

CITY OF BURLINGTON, NORTH CAROLINA
 ALL SPECIAL REVENUE FUNDS
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For The Fiscal Year Ended June 30, 2013

	Community Development Fund	Rehabilitation Loan Program Fund	Rental Rehabili- tation Loan Program Fund	Downtown Special Tax District Fund	HOME Program Project Fund	RICO Fund	All Hazard Preparedness Fund
Revenues:							
Ad Valorem taxes	\$ -	\$ -	\$ -	\$ 138,028	\$ -	\$ -	\$ -
Unrestricted							
intergovernmental	-	-	-	-	-	-	7,047
Restricted intergovernmental	421,578	-	-	-	-	424,875	-
Sales and services	-	-	-	-	-	-	-
Investment earnings	-	96	-	-	-	136	-
Miscellaneous	-	13,837	22,481	-	255,616	-	-
Total Revenues	421,578	13,933	22,481	138,028	255,616	425,011	7,047
Expenditures:							
Current:							
Public Safety	-	-	-	-	-	404,487	-
Cultural and recreation	-	-	-	-	-	-	-
Economic and physical development	425,677	137,955	-	140,897	415,707	-	-
Total Expenditures	425,677	137,955	-	140,897	415,707	404,487	-
Revenue Over (Under)							
Expenditures	(4,099)	(124,022)	22,481	(2,869)	(160,091)	20,524	7,047
Other Financing Sources (Uses):							
Transfer from							
other funds	-	-	-	2,869	19,112	-	-
Transfer to							
other funds	-	-	(19,112)	-	-	-	(125)
Transfer to component unit	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(19,112)	2,869	19,112	-	(125)
Net change in fund balances	(4,099)	(124,022)	3,369	-	(140,979)	20,524	6,922
Fund balance, beginning	31,945	2,358,179	957,900	-	4,100,922	337,385	(6,922)
Fund balance, ending	\$ 27,846	\$ 2,234,157	\$ 961,269	\$ -	\$ 3,959,943	\$ 357,909	\$ -

Edward Byrne Justice Assistance Grant Fund	Governor Crime Commission Project Safe Neighborhood	Guilford Mackintosh Fund	Controlled Substance Tax Fund	MPO Planning Transportation Fund	Medicare Part D Grant Project Fund	Bureau of Justice Assistance Community Oriented Policing Grant	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138,028
-	-	124,545	31,959	-	-	-	163,551
70,884	-	-	-	226,387	-	344,827	1,488,551
-	-	37,059	-	-	-	-	37,059
-	-	-	-	41	-	-	273
-	-	-	-	-	-	-	291,934
70,884	-	161,604	31,959	226,428	-	344,827	2,119,396
44,853	-	-	23,788	-	-	296,740	769,868
-	-	161,604	-	-	-	-	161,604
-	-	-	-	245,888	2,752	-	1,368,876
44,853	-	161,604	23,788	245,888	2,752	296,740	2,300,348
26,031	-	-	8,171	(19,460)	(2,752)	48,087	(180,952)
-	-	-	-	63,354	-	94,210	179,545
-	(10,000)	-	-	-	-	-	(29,237)
-	-	-	-	-	-	-	-
-	(10,000)	-	-	63,354	-	94,210	150,308
26,031	(10,000)	-	8,171	43,894	(2,752)	142,297	(30,644)
58,053	10,000	-	57,752	312,711	13,307	(149,872)	8,081,360
\$ 84,084	\$ -	\$ -	\$ 65,923	\$ 356,605	\$ 10,555	\$ (7,575)	\$ 8,050,716

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, 2013

	Total Authorized Revenues	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
Federal Grants -					
Program Year:					
2013	\$ 460,219	\$ -	\$ 6,711	\$ 6,711	\$ (453,508)
2012	398,713	-	398,713	398,713	-
2011	477,189	461,035	16,154	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>4,635,670</u>	<u>3,878,030</u>	<u>421,578</u>	<u>4,299,608</u>	<u>(336,062)</u>
Miscellaneous Revenues:					
Urban renewal land sales and related income	-	145,641	-	145,641	145,641
Sale of property:					
2007	-	200	-	200	200
2004	-	200	-	200	200
1997	-	14,083	-	14,083	14,083
Program income - 1995	-	522	-	522	522
Total Miscellaneous Revenues	<u>-</u>	<u>160,646</u>	<u>-</u>	<u>160,646</u>	<u>160,646</u>
Total Revenues	<u>4,635,670</u>	<u>4,038,676</u>	<u>421,578</u>	<u>4,460,254</u>	<u>(175,416)</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, 2013

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical Development (continued):					
Program Year 2004:					
Public Works Facilities, Site Improvements:					
Durham Street/ Morgan Hill Trail	82,084	82,084	-	82,084	-
Glen Raven Project	155,467	155,467	-	155,467	-
Hunt Street Project	3,249	3,249	-	3,249	-
Ross Street Subdivision	50,000	50,000	-	50,000	-
FAS Plumbing Repairs	4,900	4,900	-	4,900	-
Provision of Public Services:					
North Park Library	12,000	12,000	-	12,000	-
Fairchild Comfort Station	4,800	4,800	-	4,800	-
Construction Training Program	65,000	65,000	-	65,000	-
Recreation Facilities Improvements	3,200	3,200	-	3,200	-
FAS Security System	3,500	3,495	-	3,495	5
Administration	110,000	101,975	-	101,975	8,025
Contingency	<u>36,800</u>	<u>62</u>	<u>-</u>	<u>62</u>	<u>36,738</u>
Total Program Year 2004	<u>531,000</u>	<u>486,232</u>	<u>-</u>	<u>486,232</u>	<u>44,768</u>
Program Year 2005:					
Public Works Facilities, Site Improvements:					
Glen Raven Project	340,000	340,000	-	340,000	-
Provision of Public Services:					
North Park Library	12,000	12,000	-	12,000	-
Construction Training Program	65,000	65,000	-	65,000	-
Administration	<u>89,908</u>	<u>86,648</u>	<u>-</u>	<u>86,648</u>	<u>3,260</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, 2013

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

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, 2013

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2008:					
Public Works					
Facilities, Site					
Improvements:					
Sidewalk					
Improvements	90,160	90,160	-	90,160	-
Provision of					
Public Services:					
North Park					
Library	12,000	12,000	-	12,000	-
Recreation Facility					
Improvements	82,676	82,676	-	82,676	-
Hall Avenue Facility					
Improvements	97,286	97,286	-	97,286	-
Construction					
Training Program	65,000	65,000	-	65,000	-
Administration	55,484	51,129	1,335	52,464	3,020
Total Program	402,606	398,251	1,335	399,586	3,020
Year 2008	402,606	398,251	1,335	399,586	3,020
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	60,475	3,382	63,857	34,143
Total Program	428,191	390,667	3,382	394,049	34,142
Year 2009	428,191	390,667	3,382	394,049	34,142

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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, 2013

	<u>Total Authorized Costs</u>	<u>Reported In Prior Years</u>	<u>Actual</u>		<u>Variance Positive (Negative)</u>
			<u>Current Year</u>	<u>Total To Date</u>	
Expenditures (continued):					
Economic and Physical					
Development (continued):					
Program Year 2010:					
Public Works					
Facilities, Site					
Improvements:					
Maple Avenue					
Sidewalk	112,699	112,699	-	112,699	-
Provision of					
Public Services:					
North Park					
Library	10,000	10,000	-	10,000	-
Residential					
Treatment					
Services					
Mebane					
Street Facility					
Repairs	9,175	9,175	-	9,175	-
North Park					
Improvements	100,000	100,000	-	100,000	-
Family Abuse					
Services					
Transitional					
Housing					
Upgrade	3,500	3,500	-	3,500	-
Construction					
Training Program	65,000	65,000	-	65,000	-
Administration	98,000	55,835	598	56,433	41,567
Total Program					
Year 2010	<u>398,374</u>	<u>356,209</u>	<u>598</u>	<u>356,807</u>	<u>41,567</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, 2013

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical Development (continued):					
Program Year 2011:					
Public Works					
Facilities, Site Improvements:					
Water & Sewer					
Lines-Hunt St.	45,437	45,437	-	45,437	-
Queen Anne St.					
Sewer Line Upgrade	150,039	-	-	-	150,039
Provision of Public Services:					
North Park					
Library	10,000	10,000	-	10,000	-
Fairchild Park Upgrade	230,474	230,474	-	230,474	-
FAS Transitional Housing Upgrade	4,566	4,566	-	4,566	-
North Park Improvements	11,252	11,081	-	11,081	171
Picnic Site Improvements	12,343	12,343	-	12,343	-
Playground Equipment Upgrades	30,000	30,000	-	30,000	-
Relocation	10,000	5,943	3,956	9,899	101
Construction					
Training Program	65,000	65,000	-	65,000	-
Administration	98,000	57,654	-	57,654	40,346
Total Program Year 2011	667,111	472,498	3,956	476,454	190,657

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, 2013

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical Development (continued):					
Program Year 2012:					
Public Works					
Facilities, Site Improvements:					
Gilliam Road					
Water Line Project	100,000	58,508	-	58,508	41,492
Queen Anne St.					
Sewer Line Upgrade	-	122,360	6,487	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	-
North Park					
Lighting Upgrade	21,500	21,130	-	21,130	370
Family Abuse					
Service Upgrade	7,812	7,776	-	7,776	36
Allied Churches					
Facility Upgrades	98,289	98,289	-	98,289	-
Construction					
Training Program	65,000	65,000	-	65,000	-
Administration	62,000	20,764	44,006	64,770	(2,770)
Total Program Year 2012	405,301	444,527	50,493	495,020	(89,719)

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, 2013

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Program Year 2013:					
Public Works					
Facilities, Site					
Improvements:					
Ireland St. Sidewalk					
Project	146,995	-	114,835	114,835	32,160
Provision of					
Public Services:					
North Park					
Library	10,000	-	10,000	10,000	-
RTS Hall Avenue					
Upgrade	1,250	-	1,250	1,250	-
Fairchild Park					
Youth Program	51,430	-	51,430	51,430	-
Fairchild Soccer					
Park Paving	56,879	-	56,055	56,055	824
FAS Emergency					
Shelter	3,305	-	3,305	3,305	-
Eva Barker Park	41,000	-	41,000	41,000	-
North Park HVAC					
Upgrade	10,000	-	9,650	9,650	350
RTS Mebane St					
Upgrade	8,990	-	8,990	8,990	-
Forest Hills					
Upgrade	5,000	-	4,398	4,398	602
Construction					
Training Program	65,000	-	65,000	65,000	-
Administration	62,000	-	-	-	62,000
Total Program					
Year 2013	461,849	-	365,913	365,913	95,936
Total Expenditures	4,635,670	3,883,452	425,677	4,309,129	326,541
Revenues Over (Under)					
Expenditures	-	155,224	(4,099)	151,125	151,125

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, 2013

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Expenditures (continued):					
Economic and Physical Development (continued):					
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
Mebane St./ St. John Culvert Rehabilitation Loan Program Fund:					
Program Year: 1996	-	(117,446)	-	(117,446)	(117,446)
	199,600	-	-	-	(199,600)
	-	-	-	-	-
Total Other Financing (Uses)	<u>199,600</u>	<u>(117,446)</u>	<u>-</u>	<u>(117,446)</u>	<u>(317,046)</u>
Revenues and Other Sources Over (Under) Expenditures And Other Uses	\$ 199,600	<u>\$ 37,778</u>	(4,099)	<u>\$ 33,679</u>	<u>\$ (165,921)</u>
Fund balance, appropriated	<u>(199,600)</u>				
Net change in fund balance	<u>\$ -</u>				
Fund balance, beginning			<u>31,945</u>		
Fund balance, ending			<u>\$ 27,846</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$ _____	\$ _____ 96	\$ _____
Miscellaneous:			
Interest on loans	_____	_____ 13,837	_____
Total Revenues	_____ 16,000	_____ 13,933	_____ (2,067)
Expenditures:			
Economic and Physical Development:			
Operating expenditures		134,100	
Provision for bad debts	_____	_____ 3,855	_____
Total Expenditures	_____ 166,950	_____ 137,955	_____ 28,995
Revenues Over (Under) Expenditures	(150,950)	(124,022)	\$ _____ 26,928
Fund balance, appropriated	_____ 150,950		
Net change in fund balance	\$ _____ -		
Fund balance, beginning		_____ 2,358,179	
Fund balance, ending		\$ _____ 2,234,157	

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND – RENTAL REHABILITATION LOAN PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$	\$	-
Miscellaneous:			
Interest on loans	<u> </u>	<u>16,308</u>	<u> </u>
Total Revenues	<u>2,000</u>	<u>16,308</u>	<u>14,308</u>
Expenditures:			
Economic and Physical Development:			
Provision for bad debts	<u> </u>	<u>(6,173)</u>	<u> </u>
Total Expenditures	<u>10,000</u>	<u>(6,173)</u>	<u>16,173</u>
Revenues Over (Under) Expenditures	<u>(8,000)</u>	<u>22,481</u>	<u>30,481</u>
Other Financing Sources (Uses):			
Transfers to other fund:			
Home Program Project	<u>(19,112)</u>	<u>(19,112)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(19,112)</u>	<u>(19,112)</u>	<u>-</u>
Revenues (Under) Expenditures and Other Uses	(27,112)	3,369	<u>\$ 30,481</u>
Fund balance, appropriated	<u>27,112</u>		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>957,900</u>	
Fund balance, ending		<u>\$ 961,269</u>	

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND – DOWNTOWN SPECIAL TAX DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Taxes	\$	\$ 140,494	\$
Tax discounts		(2,466)	
Total	<u>130,000</u>	<u>138,028</u>	<u>8,028</u>
Sales and Services:			
Parade Holiday Events		-	
Farmers market		-	
Promotional sales		-	
Total	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
Total Revenues	<u>280,000</u>	<u>138,028</u>	<u>(141,972)</u>
Expenditures:			
Economic and Physical Development:			
Salaries and employee benefits		-	
Operating expenditures		140,897	
Equipment		-	
Total Expenditures	<u>337,500</u>	<u>140,897</u>	<u>196,603</u>
Revenues Over (Under) Expenditures	(57,500)	(2,869)	<u>\$ 54,631</u>
Other Financing Sources (Uses):			
Transfers to other fund:			
Energy Efficiency Upgrade Main Street 2	<u>3,000</u>	<u>2,869</u>	<u>131</u>
Total Other Financing Sources (Uses)	<u>3,000</u>	<u>2,869</u>	<u>131</u>
Revenues (Under) Expenditures and Other Uses	(54,500)	-	<u>\$ 54,500</u>
Fund balance, appropriated	<u>54,500</u>		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ -</u>	

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND - HOME PROGRAM PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and For The Fiscal Year Ended June 30, 2013

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
Federal Grant	\$ 4,281,757	\$ 3,589,553	\$ 76,693	\$ 3,666,246	\$ (615,511)
Federal Grant - County	1,810,783	1,386,619	99,133	1,485,752	(325,031)
State Grant	-	2,667	-	2,667	2,667
Local Funds	<u>36,465</u>	<u>6,481</u>	<u>-</u>	<u>6,481</u>	<u>(29,984)</u>
Total	6,129,005	4,985,320	175,826	5,161,146	(967,859)
Miscellaneous:					
Program income	<u>358,170</u>	<u>369,475</u>	<u>79,790</u>	<u>449,265</u>	<u>91,095</u>
Total Revenues	<u>6,487,175</u>	<u>5,354,795</u>	<u>255,616</u>	<u>5,610,411</u>	<u>(876,764)</u>
Expenditures:					
Economic and Physical Development:					
Administrative	411,682	322,673	23,610	346,283	65,399
Homebuyer assistance	166,167	51,353	-	51,353	114,814
CHDO project assistance	872,983	697,012	32,457	729,469	143,514
Rehabilitation – owner	5,367,038	1,084,600	294,640	1,379,240	3,987,798
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	650,000	133,552	65,000	198,552	451,448
Provision for bad debts	<u>-</u>	<u>265,948</u>	<u>-</u>	<u>265,948</u>	<u>(265,948)</u>
Total Expenditures	<u>7,883,401</u>	<u>2,772,861</u>	<u>415,707</u>	<u>3,188,568</u>	<u>4,694,833</u>

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND - HOME PROGRAM PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and For The Fiscal Year Ended June 30, 2013

	<u>Total Authorized Costs</u>	<u>Reported In Prior Years</u>	<u>Actual</u>		<u>Variance Positive (Negative)</u>
			<u>Current Year</u>	<u>Total To Date</u>	
Revenues Over (Under) Expenditures	<u>(1,396,226)</u>	<u>2,581,934</u>	<u>(160,091)</u>	<u>2,421,843</u>	<u>3,818,069</u>
Other Financing Sources:					
Transfers from other funds:					
HOME Investment Partnership Project Fund	-	450,726	-	450,726	450,726
Rental Rehabilitation Loan Program	677,038	691,910	19,112	711,022	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>677,038</u>	<u>1,518,988</u>	<u>19,112</u>	<u>1,538,100</u>	<u>861,062</u>
Revenues and Other Sources Over (Under) Expenditures	(719,188)	<u>\$ 4,100,922</u>	(140,979)	<u>\$ 3,959,943</u>	<u>\$ 4,679,131</u>
Fund balance, beginning	<u>719,188</u>		<u>4,100,922</u>		
Fund balance, ending	<u>\$ -</u>		<u>\$ 3,959,943</u>		

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND – RICO FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted Intergovernmental:			
Rico funds	\$	\$ 424,875	\$
Dept. of Treasury		-	
Investment earnings	<u> </u>	<u> 136</u>	<u> </u>
Total Revenues	<u> -</u>	<u> 425,011</u>	<u> 425,011</u>
Expenditures:			
Public Safety:			
Rico funds	<u> </u>	<u> 404,487</u>	<u> </u>
Total Expenditures	<u> 425,286</u>	<u> 404,487</u>	<u> 20,799</u>
Revenues Over (Under) Expenditures	<u> (425,286)</u>	<u> 20,524</u>	<u> 445,810</u>
			<u>\$ 445,810</u>
Fund balance, appropriated	<u> 425,286</u>		
Net change in fund balance	<u>\$ <u> -</u></u>		
Fund balance, beginning		<u> 337,385</u>	
Fund balance, ending		<u>\$ <u> 357,909</u></u>	

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND - GUILFORD MACKINTOSH FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Unrestricted Intergovernmental:			
Guilford County Reimbursement	\$ _____	\$ 124,545	\$ _____
Total	<u>146,093</u>	<u>124,545</u>	<u>(21,548)</u>
Sales and Service:			
Boat rentals		19,145	
Fishing fees		5,516	
Boat launch fees		3,630	
Concession sales		2,582	
Shelter rentals		3,186	
House rentals		<u>3,000</u>	
Total	<u>27,000</u>	<u>37,059</u>	<u>10,059</u>
Total Revenues	<u>173,093</u>	<u>161,604</u>	<u>(11,489)</u>
Expenditures:			
Cultural and Recreation:			
Salaries and employee benefits		126,420	
Operating expenditures		<u>35,184</u>	
Total Expenditures	<u>173,093</u>	<u>161,604</u>	<u>11,489</u>
Revenues Over (Under) Expenditures	<u>\$ _____ -</u>	-	<u>\$ _____ -</u>
Fund balance, beginning		_____ -	
Fund balance, ending		<u>\$ _____ -</u>	

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND - CONTROLLED SUBSTANCE TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues:			
Unrestricted Intergovernmental:			
Controlled substance funds	\$ _____	\$ <u>31,959</u>	\$ _____
Total Revenues	_____	_____ <u>31,959</u>	_____ <u>31,959</u>
Expenditures:			
Public Safety:			
Salaries and Employee			
Benefits		23,153	
Operating expenditures	_____	_____ <u>635</u>	_____
Total Expenditures	_____ <u>24,290</u>	_____ <u>23,788</u>	_____ <u>502</u>
Revenues Over (Under)			
Expenditures	\$ (24,290)	8,171	\$ <u><u>32,461</u></u>
Fund balance, appropriated	_____ <u>24,290</u>		
Net change in fund balance	\$ <u><u>_____</u></u> -		
Fund balance, beginning		_____ <u>57,752</u>	
Fund balance, ending		\$ <u><u>65,923</u></u>	

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND - MPO PLANNING TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For The Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental:			
State Grant	\$	\$ 226,387	\$
Interest	<u> </u>	<u> 41</u>	<u> </u>
Total Revenues	<u>265,917</u>	<u>226,428</u>	<u>(39,489)</u>
Expenditures:			
Economic and Physical Development:			
Operating expenditures		183,304	
Special projects	<u> </u>	<u> 62,584</u>	<u> </u>
Total Expenditures	<u>329,271</u>	<u>245,888</u>	<u>83,383</u>
Revenues Over (Under) Expenditures	<u>(63,354)</u>	<u>(19,460)</u>	<u>43,894</u>
Other Financing Sources:			
Transfers from other funds:			
General Fund	<u>63,354</u>	<u>63,354</u>	<u>-</u>
Total Other Financing Sources	<u>63,354</u>	<u>63,354</u>	<u>-</u>
Revenues and Other Sources (Under) Expenditures	-	43,894	<u>\$ 43,894</u>
Fund balance, appropriated	<u>-</u>		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning		<u>312,711</u>	
Fund balance, ending		<u>\$ 356,605</u>	

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND – ENERGY EFFICIENCY & CONSERVATION BLOCK GRANT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and For The Fiscal Year Ended June 30, 2013

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

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND – MEDICARE PART D GRANT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception And For The Fiscal Year Ended June 30, 2013

	Project Authorization	Actual		Total To Date	Variance Positive (Negative)
		Reported In Prior Years	Current Year		
Revenues:					
State Grant	\$ 48,100	\$ 48,100	\$ -	\$ 48,100	\$ -
Total Revenues	48,100	48,100	-	48,100	-
Expenditures:					
Operating expenditures	49,200	34,793	2,752	37,545	11,655
Total Expenditures	49,200	34,793	2,752	37,545	11,655
Revenues Over Expenditures	\$ (1,100)	\$ 13,307	(2,752)	\$ 10,555	\$ (11,655)
Fund balance, appropriated	1,100				
Net change in fund balance	\$ -				
Fund balance, beginning			13,307		
Fund Balance, ending			\$ 10,555		

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, 2013

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
State Grant	\$ 781,796	\$ 657,928	\$ 70,884	\$ 728,812	\$ (52,984)
Total Revenues	<u>781,796</u>	<u>657,928</u>	<u>70,884</u>	<u>728,812</u>	<u>(52,984)</u>
Expenditures:					
Public Safety:					
Equipment	506,096	423,380	30,041	453,421	52,675
Operating expenditures	<u>334,657</u>	<u>235,452</u>	<u>14,812</u>	<u>250,264</u>	<u>84,393</u>
Total Expenditures	<u>840,753</u>	<u>658,832</u>	<u>44,853</u>	<u>703,685</u>	<u>137,068</u>
Revenues Over (Under) Expenditures	<u>(58,957)</u>	<u>(904)</u>	<u>26,031</u>	<u>25,127</u>	<u>84,084</u>
Other Financing Sources:					
Transfers from other funds:					
Rico Fund	<u>58,957</u>	<u>58,957</u>	<u>-</u>	<u>58,957</u>	<u>-</u>
Total Other Financing Sources	<u>58,957</u>	<u>58,957</u>	<u>-</u>	<u>58,957</u>	<u>-</u>
Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 58,053</u>	26,031	<u>\$ 84,084</u>	<u>\$ 84,084</u>
Fund balance, beginning			<u>58,053</u>		
Fund balance, ending			<u>\$ 84,084</u>		

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

From Inception And For The Fiscal Year Ended June 30, 2013

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

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND – ALL HAZARD PREPAREDNESS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception And For The Fiscal Year Ended June 30, 2013

	Total Authorized Costs	Reported In Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total To Date	
Revenues:					
Emergency Management Grant	\$ 181,717	\$ 174,651	\$ 7,047	\$ 181,698	\$ (19)
Total Revenues	181,717	174,651	7,047	181,698	(19)
Expenditures:					
Equipment	181,717	181,573	-	181,573	144
Total Expenditures	181,717	181,573	-	181,573	144
Revenues Over Expenditures	-	(6,922)	7,047	125	125
Other Financing Sources					
Transfers to other funds	(200)	-	(125)	(125)	75
Total Other Financing Sources	(200)	-	(125)	(125)	75
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (200)	\$ (6,922)	6,922	\$ -	\$ 200
Fund balance, appropriated	200				
Net change in fund balance	\$ -				
Fund balance, beginning			(6,922)		
Fund balance, ending			\$		

CITY OF BURLINGTON, NORTH CAROLINA
SPECIAL REVENUE FUND – BUREAU OF JUSTICE ASST COMM ORIENT POLICING GRANT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception And For The Fiscal Year Ended June 30, 2013

	<u>Total Authorized Costs</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Reported In Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Restricted					
Intergovernmental:					
State Grant	<u>\$ 193,865</u>	<u>\$ 121,133</u>	<u>\$ 344,827</u>	<u>\$ 465,960</u>	<u>\$ 272,095</u>
Total Revenues	<u>193,865</u>	<u>121,133</u>	<u>344,827</u>	<u>465,960</u>	<u>272,095</u>
Expenditures:					
Public Safety:					
Salaries and Employee Benefits	<u>288,075</u>	<u>271,005</u>	<u>296,740</u>	<u>567,745</u>	<u>(279,670)</u>
Total Expenditures	<u>288,075</u>	<u>271,005</u>	<u>296,740</u>	<u>567,745</u>	<u>(279,670)</u>
Revenues Over Expenditures	<u>\$ (94,210)</u>	<u>\$ (149,872)</u>	48,087	<u>\$ (101,785)</u>	<u>\$ (7,575)</u>
Other Financing Sources:					
Transfers from other funds:					
General Fund	<u>94,210</u>	<u>-</u>	<u>94,210</u>	<u>94,210</u>	<u>-</u>
Total Other Financing Sources	<u>94,210</u>	<u>-</u>	<u>94,210</u>	<u>94,210</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (149,872)</u>	142,297	<u>\$ (7,575)</u>	<u>\$ (7,575)</u>
Fund balance, beginning			<u>(149,872)</u>		
Fund balance, ending			<u>\$ (7,575)</u>		





CAPITAL PROJECT FUNDS
Combining Schedules
and
Individual Fund Schedules

CITY OF BURLINGTON, NORTH CAROLINA
 ALL CAPITAL PROJECT FUNDS
 COMBINING BALANCE SHEET
 For The Fiscal Year Ended June 30, 2013

	Drainage Improvement Project Fund	ERP System Project Fund	Energy Efficiency Upgrade Mainst 2	Totals
<u>ASSETS</u>				
Cash and cash equivalents	\$ 368,572	\$ 612,197	\$ -	\$ 980,769
Receivables:				
Accounts	-	-	-	-
Due from other funds	-	-	-	-
Total Assets	\$ 368,572	\$ 612,197	\$ -	\$ 980,769
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Deferred Revenue				
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances				
Committed for Capital Improvements	368,572	612,197	-	980,769
Unassigned	-	-	-	-
Total Fund Balances	368,572	612,197	-	980,769
Total Liabilities and Fund Balances	\$ 368,572	\$ 612,197	\$ -	\$ 980,769

CITY OF BURLINGTON, NORTH CAROLINA
 ALL CAPITAL PROJECT FUNDS
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 For The Fiscal Year Ended June 30, 2013

	Drainage Improvement Project Fund	ERP System Project Fund	Energy Efficiency Upgrade Mainstreet 2	Totals
Revenues:				
Restricted Intergovernmental:	\$ -	\$ -	\$ -	\$ -
Investment Earnings	117	278	-	395
Total Revenues	117	278	-	395
Expenditures:				
Capital Improvements	-	19,648	-	19,648
Total Expenditures	-	19,648	-	19,648
Revenues Over (Under) Expenditures	117	(19,370)	-	(19,253)
Other Financing Sources:				
Transfers from other funds	25,000	-	-	25,000
Transfers (to) other funds	-	-	(2,869)	(2,869)
Total Other Financing Sources	25,000	-	(2,869)	22,131
Net change in fund balance	25,117	(19,370)	(2,869)	2,878
Fund balance, beginning	343,455	631,567	2,869	977,891
Fund balance, ending	<u>\$ 368,572</u>	<u>\$ 612,197</u>	<u>\$ -</u>	<u>\$ 980,769</u>

CITY OF BURLINGTON, NORTH CAROLINA
 CAPITAL PROJECTS FUND - DRAINAGE IMPROVEMENT PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 For The Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ 117	\$ 117
Total Revenues	<u>-</u>	<u>117</u>	<u>117</u>
Expenditures:			
Supplies	\$ -	\$ -	\$ -
Construction	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Revenues (Under) Expenditures	\$ (25,000)	117	\$ 25,117
Other Financing Sources:			
Transfer from other fund: Capital Reserve	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	25,117	<u>\$ 25,117</u>
Fund balance, beginning		<u>343,455</u>	
Fund balance, ending		<u>\$ 368,572</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, 2013

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Investment earnings	\$ -	\$ 3,855	\$ 278	\$ 4,133	\$ 4,133
Total Revenues	-	3,855	278	4,133	4,133
Expenditures:					
Professional Services	\$ 50,000	\$ 152,875	\$ -	\$ 152,875	\$ (102,875)
Travel – Consultants	-	18,522	-	18,522	(18,522)
Software	1,940,750	881,214	19,648	900,862	1,039,888
Misc–Contractor Fees-1yr	-	-	-	-	-
Equipment - Hardware	107,000	382,362	-	382,362	(275,362)
Other Equipment	201,500	155,540	-	155,540	45,960
Supplies	-	36,025	-	36,025	(36,025)
Total Expenditures	2,299,250	1,626,538	19,648	1,646,186	653,064
Revenues Over (Under) Expenditures	(2,299,250)	(1,622,683)	(19,370)	(1,642,053)	657,197
Other Financing Sources:					
Transfers from other funds:					
Capital Reserve	612,650	612,650	-	612,650	-
Water & Sewer	398,100	398,100	-	398,100	-
General Fund	1,243,500	1,243,500	-	1,243,500	-
Total Other Financing Sources	2,254,250	2,254,250	-	2,254,250	-
Revenues and Other Sources Over (Under) Expenditures	\$ (45,000)	\$ 631,567	(19,370)	\$ 612,197	\$ 657,197
Fund balance, appropriated	45,000				
Net change in fund balance	\$ -				
Fund balance, beginning			631,567		
Fund balance, ending			\$ 612,197		

CITY OF BURLINGTON, NORTH CAROLINA
 CAPITAL PROJECTS FUND – ENERGY EFFICIENCY UPGRADE MAINSTREET 2
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 From Inception And For The Fiscal Year Ended June 30, 2013

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Restricted Intergovernmental:					
State Grant	\$ 84,038	\$ 81,686	\$ -	\$ 81,686	\$ (2,352)
Match - Sub-grantees	<u>52,110</u>	<u>55,082</u>	<u>-</u>	<u>55,082</u>	<u>2,972</u>
Total Revenues	<u>136,148</u>	<u>136,768</u>	<u>-</u>	<u>136,768</u>	<u>620</u>
Expenditures:					
Capital Improvements	<u>152,237</u>	<u>149,988</u>	<u>-</u>	<u>149,988</u>	<u>2,249</u>
Total Expenditures	<u>152,237</u>	<u>149,988</u>	<u>-</u>	<u>149,988</u>	<u>2,249</u>
Revenues Over (Under) Expenditures	<u>(16,089)</u>	<u>(13,220)</u>	<u>-</u>	<u>(13,220)</u>	<u>2,869</u>
Other Financing Sources:					
Transfers from other funds: General Fund	16,089	16,089	-	16,089	-
Transfers to other funds: Burlington Downtown Corporation	<u>(3,000)</u>	<u>-</u>	<u>(2,869)</u>	<u>(2,869)</u>	<u>(131)</u>
Total Other Financing Sources	<u>13,089</u>	<u>16,089</u>	<u>(2,869)</u>	<u>13,220</u>	<u>(131)</u>
Revenues and Other Sources Over Expenditures	<u>\$ (3,000)</u>	<u>\$ 2,869</u>	<u>(2,869)</u>	<u>\$ -</u>	<u>\$ 3,000</u>
Fund balance, appropriated	<u>3,000</u>				
Net change in fund balance	<u>\$ -</u>				
Fund balance, beginning			<u>2,869</u>		
Fund balance, ending			<u>\$ -</u>		





ENTERPRISE FUND
Individual Fund Schedules

CITY OF BURLINGTON, NORTH CAROLINA
 STORM WATER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Stormwater Fees	\$ _____	\$ 456,437	\$ _____
Total Operating Revenues	\$ 440,000	\$ 456,437	\$ 16,437
Nonoperating Revenues:			
Other fees and charges	_____	2,617	_____
Total Nonoperating Revenues	_____	2,617	2,617
Total Revenues	<u>440,000</u>	<u>459,054</u>	<u>19,054</u>
Expenditures:			
Salaries and Employee Benefits		327,345	
Operating Expenditures		138,085	
Capital Improvements		99,042	
Engineering/professional fees		54,629	
Equipment	_____	38,946	_____
Total Expenditures	<u>712,587</u>	<u>658,047</u>	<u>54,540</u>
Revenues Over (Under) Expenditures	(272,587)	\$ (198,993)	\$ 73,594
Fund Equity Appropriated	<u>272,587</u>		
	<u>\$ -</u>		
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues Over Expenditures		\$ (198,993)	
Reconciling items:			
Depreciation		(25,662)	
Capital Outlay		77,104	
Decrease in Vacation Payable		<u>790</u>	
Net Income		<u>\$ (146,761)</u>	

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Water sales		9,449,008	
Sewer charges		10,884,036	
Water taps		157,405	
Sewer taps		30,110	
Total Operating Revenues	<u>21,585,963</u>	<u>20,520,559</u>	<u>(1,065,404)</u>
Nonoperating Revenues:			
Interest on investments		117,090	
Interest on assessments		-	
Miscellaneous		325,657	
Water and sewer assessments		-	
Water line assessments		42,370	
Sewer line assessments		37,570	
Water connection fees		14,300	
Sewer connection fees		10,000	
Other fees and charges		4,423,088	
Total Nonoperating Revenues	<u>4,781,573</u>	<u>4,970,075</u>	<u>188,502</u>
Total Revenues	<u>26,367,536</u>	<u>25,490,634</u>	<u>(876,902)</u>
Expenditures:			
Building and Administrative - Water:			
Salaries and employee benefits		264,080	
Operating expenditures		410,393	
Reimbursement to General Fund		1,600,000	
Total	<u>2,489,371</u>	<u>2,274,473</u>	<u>214,898</u>
Customer Services:			
Salaries and employee benefits		628,616	
Maintenance		167,504	
Other operating expenditures		581,122	
Total	<u>1,427,278</u>	<u>1,377,242</u>	<u>50,036</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Supervision:			
Salaries and employee benefits		154,155	
Maintenance		9,764	
Other operating expenditures		55,395	
Total	<u>319,791</u>	<u>219,314</u>	<u>100,477</u>
Water Line - Maintenance and Repairs:			
Salaries and employee benefits		289,713	
Maintenance		393,701	
Other operating expenditures		96,263	
Total	<u>818,843</u>	<u>779,677</u>	<u>39,166</u>
Sewer Line - Maintenance and Repairs:			
Salaries and employee benefits		260,813	
Maintenance		155,792	
Other operating expenditures		68,272	
Total	<u>481,468</u>	<u>484,877</u>	<u>(3,409)</u>
Water Line Service and Construction:			
Salaries and employee benefits		154,369	
Other operating expenditures		135,240	
Maintenance		48,401	
Materials - taps		59,036	
Materials - lines		35,665	
Total	<u>793,943</u>	<u>432,711</u>	<u>361,232</u>
Sewer Line Service and Construction:			
Salaries and employee benefits		73,604	
Other operating expenditures		42,749	
Materials - taps		15,121	
Materials - lines		29,625	
Total	<u>281,289</u>	<u>161,099</u>	<u>120,190</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
Supervision:			
Salaries and employee benefits		498,565	
Maintenance		17,488	
Other operating expenditures		59,871	
Total	<u>608,348</u>	<u>575,924</u>	<u>32,424</u>
Water Sources - Protection:			
Utilities		107,168	
Maintenance		46,699	
Other operating expenditures		13,798	
Total	<u>197,900</u>	<u>167,665</u>	<u>30,235</u>
Ed Thomas Water Plant:			
Salaries and employee benefits		397,170	
Chemicals		420,560	
Utilities		213,259	
Maintenance		75,168	
Other operating expenditures		26,050	
Total	<u>1,116,395</u>	<u>1,132,207</u>	<u>(15,812)</u>
Lake Mackintosh Water Plant:			
Salaries and employee benefits		494,482	
Utilities		258,291	
Chemicals		498,427	
Maintenance		227,502	
Other operating expenditures		36,491	
Total	<u>1,759,644</u>	<u>1,515,193</u>	<u>244,451</u>
South Burlington Waste Treatment Plant:			
Salaries and employee benefits		538,764	
Utilities		539,628	
Chemicals		148,822	
Maintenance		490,018	
Other operating expenditures		76,412	
Total	<u>1,951,910</u>	<u>1,793,644</u>	<u>158,266</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Expenditures: (continued)			
East Burlington Waste			
Treatment Plant:			
Salaries and employee			
benefits		731,061	
Utilities		523,559	
Chemicals		143,978	
Maintenance		585,283	
Other operating expenditures		67,637	
Sludge disposal		26,198	
Total	<u>2,236,282</u>	<u>2,077,716</u>	<u>158,566</u>
Laboratories:			
Salaries and employee			
benefits		363,521	
Maintenance		21,577	
Other operating expenditures		100,733	
Total	<u>515,471</u>	<u>485,831</u>	<u>29,640</u>
Plants Maintenance:			
Salaries and employee			
benefits		586,376	
Maintenance		42,259	
Other operating expenditures		162,507	
Total	<u>921,741</u>	<u>791,142</u>	<u>130,599</u>
Lakes and Marinas:			
Salaries and related			
benefits		259,707	
Utilities		27,884	
Maintenance		31,142	
Other operating expenditures		46,552	
Total	<u>389,873</u>	<u>365,285</u>	<u>24,588</u>
Debt Service:			
Principal Water bonds	732,734	732,733	
Interest - water bonds	662,367	662,350	
Principal - sewer bonds	1,972,050	1,972,050	
Interest - sewer bonds	1,592,162	1,592,145	
Total	<u>4,959,313</u>	<u>4,959,278</u>	<u>35</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Capital Outlay:			
Water lines	698,998	552,338	
Miscellaneous water	748,490	614,435	
Sewer lines	752,852	494,170	
Miscellaneous sewer	<u>438,466</u>	<u>283,748</u>	
Total Capital Outlay	<u>2,638,806</u>	<u>1,944,691</u>	<u>694,115</u>
Total Expenditures	<u>23,907,666</u>	<u>21,537,969</u>	<u>2,369,697</u>
Revenues Over (Under) Expenditures	<u>2,459,870</u>	<u>3,952,665</u>	<u>1,492,795</u>
Other Financing Sources (Uses):			
Transfers to other funds:			
Group Health Insurance Fund	70,000	70,000	-
Workmen's Compensation Self Insurance Fund	118,570	118,570	-
Water Capital Reserve	1,347,973	1,347,973	-
Sewer Capital Reserve	<u>1,347,973</u>	<u>1,347,973</u>	-
Total Other Financing Sources (Uses)	<u>2,884,516</u>	<u>2,884,516</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(424,646)	<u>\$ 1,068,149</u>	<u>\$ 1,492,795</u>
Fund Equity Appropriated	<u>424,646</u>		
	<u>\$ -</u>		

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES-
 BUDGET AND ACTUAL (NON-GAAP)
 For The Fiscal Year Ended June 30, 2013

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

Revenues and other sources over expenditures and other uses	\$ 1,068,149
Reconciling Items:	
Bond closing costs	
Bond principal payments	2,704,783
Amortization of gain on defeasance	51,153
Amortization of bond issuance costs	34,177
Amortization of bond premium	42,061
Capital outlay	1,944,691
Operating transfers (in) out	2,695,946
Decrease in inventories	(2,441)
Decrease in accrued interest payable	114,141
Increase accrued vacation pay	(40,779)
Increase in accrued OPEB liability	(111,006)
Capital project revenues	103,574
Capital project net expenses	(906,416)
Depreciation	<u>(4,794,189)</u>
Net Income	<u>\$ 2,903,844</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ _____	\$ 24,180	\$ 24,180
Total Revenues	_____	24,180	24,180
Expenditures:			
Capital Outlay	872,973	-	872,973
Total Expenditures	872,973	-	872,973
Revenues Over (Under) Expenditures	(872,973)	24,180	897,153
Other Financing Sources (Uses):			
Transfers from other funds:			
Water and Sewer Fund	872,973	1,347,973	475,000
Total Other Financing Sources (Uses)	872,973	1,347,973	475,000
Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	1,372,153	\$ 1,372,153
Fund balance, appropriated	-		
Net change in fund balance	\$ _____		
Fund Balance, beginning		7,842,516	
Fund Balance, ending		\$ 9,214,669	

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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ 26,235	\$ 26,235
Total Revenues	<u>-</u>	<u>26,235</u>	<u>26,235</u>
Expenditures:			
Capital Outlay	<u>872,973</u>	<u>-</u>	<u>872,973</u>
Total Expenditures	<u>872,973</u>	<u>-</u>	<u>872,973</u>
Revenues Over (Under) Expenditures	<u>(872,973)</u>	<u>26,235</u>	<u>899,208</u>
Other Financing Sources (Uses):			
Transfers from other funds:			
Water and Sewer Fund			
Jordan Lake Rules	<u>872,973</u>	<u>1,347,973</u>	<u>475,000</u>
Second Phase Fund			
Total Other Financing Sources (Uses)	<u>872,973</u>	<u>1,347,973</u>	<u>475,000</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	1,374,208	<u>\$ 1,374,208</u>
Fund balance appropriated	<u>-</u>		
Net change in fund balance	<u>\$ -</u>		
Fund Balance, beginning		<u>6,463,367</u>	
Fund Balance, ending		<u>\$ 7,837,575</u>	

CITY OF BURLINGTON, NORTH CAROLINA
WATER AND SEWER CAPITAL PROJECTS - TANK REMOVAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (NON-GAAP)
From Inception And For The Fiscal Year Ended June 30, 2013

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
UST					
reimbursement	\$ 335,000	\$ 502,754	\$ -	\$ 502,754	\$ 167,754
Miscellaneous					
Investment earnings	-	2,653	94	2,747	2,747
Sales tax refunds	-	520	-	520	520
Total Revenues	<u>335,000</u>	<u>505,927</u>	<u>94</u>	<u>506,021</u>	<u>171,021</u>
Expenditures:					
Tank Removal	835,000	866,696	-	866,696	(31,696)
Utilities	-	9,521	-	9,521	(9,521)
Remediation	<u>120,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,600</u>
Total Expenditures	<u>955,600</u>	<u>876,217</u>	<u>-</u>	<u>876,217</u>	<u>79,383</u>
Revenues Over (Under) Expenditures	<u>(620,600)</u>	<u>(370,290)</u>	<u>94</u>	<u>(370,196)</u>	<u>250,404</u>
Other Financing Sources:					
Transfers from other funds:					
Water Capital Reserve Fund	500,000	500,000	-	500,000	-
Capital Reserve Fund	<u>120,600</u>	<u>120,600</u>	<u>-</u>	<u>120,600</u>	<u>-</u>
Total Other Financing Sources	<u>620,600</u>	<u>620,600</u>	<u>-</u>	<u>620,600</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 250,310</u>	<u>\$ 94</u>	<u>\$ 250,404</u>	<u>\$ 250,404</u>

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER CAPITAL PROJECTS – STONEY CREEK AND LAKE CAMMACK DAMS PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 From Inception And For The Fiscal Year Ended June 30, 2013

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Investment earnings	\$ -	\$ 10,811	\$ -	\$ 10,811	\$ 10,811
Total Revenues	-	10,811	-	10,811	10,811
Expenditures:					
Professional Services - Stoney Creek	1,049,000	766,805	2,418	769,223	279,777
Professional Services - Lake Cammack	695,000	624,381	2,418	626,799	68,201
Construction-Lake Cammack	1,161,408	1,122,137	-	1,122,137	39,271
Issuance Costs- Lake Cammack	40,336	83,043	30,217	113,260	(72,924)
Contingency-Lake Cammack	92,820	-	-	-	92,820
Construction-Stoney Creek	3,202,614	3,156,673	-	3,156,673	45,941
Issuance Costs- Stoney Creek	92,377	-	13,194	13,194	79,183
Contingency-Stoney Creek	<u>212,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,582</u>
Total Expenditures	<u>6,546,137</u>	<u>5,753,039</u>	<u>48,247</u>	<u>5,801,286</u>	<u>744,851</u>
Revenues Over (Under) Expenditures	<u>(6,546,137)</u>	<u>(5,742,228)</u>	<u>(48,247)</u>	<u>(5,790,475)</u>	<u>755,662</u>
Other Financing Sources:					
Bond proceeds	6,546,137	6,577,249	-	6,577,249	31,112
Transfers from other funds:					
Water and Sewer Fund	419,000	419,000	-	419,000	-
Water Capital Reserve Fund	419,000	419,000	-	419,000	-
Transfers to other funds:					
Water and Sewer Fund	(419,000)	(542,352)	-	(542,352)	(123,352)
Water Capital Reserve Fund	<u>(419,000)</u>	<u>(419,000)</u>	<u>-</u>	<u>(419,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>6,546,137</u>	<u>6,453,897</u>	<u>-</u>	<u>6,453,897</u>	<u>(92,240)</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 711,669</u>	<u>\$ (48,247)</u>	<u>\$ 663,422</u>	<u>\$ 663,422</u>

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER CAPITAL PROJECTS – MEBANE ST./GRAND OAKS WATER LINE PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 From Inception And For The Fiscal Year Ended June 30, 2013

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Interest	\$ -	\$ 13,587	\$ 233	\$ 13,820	\$ 13,820
Total Revenues	-	13,587	233	13,820	13,820
Expenditures:					
Construction	1,507,425	988,035	-	988,035	519,390
Total Expenditures	1,507,425	988,035	-	988,035	519,390
Revenues Over (Under)					
Expenditures	(1,507,425)	(974,448)	233	(974,215)	533,210
Other Financing Sources:					
Transfers from other funds:					
Water and Sewer Fund	1,257,425	1,257,425	-	1,257,425	-
Storm Water Fund	250,000	250,000	-	250,000	-
Total Other Financing Sources	1,507,425	1,507,425	-	1,507,425	-
Revenues and Other Sources Over (Under) Expenditures	\$ -	\$ 532,977	\$ 233	\$ 533,210	\$ 533,210

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER CAPITAL PROJECTS – JORDAN LAKE RULES PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 From Inception And For The Fiscal Year Ended June 30, 2013

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Investment Earnings	\$ -	\$ 5,737	\$ 36,356	\$ 42,093	\$ 42,093
Total Revenues	-	5,737	36,356	42,093	42,093
Expenditures:					
Engineering fees	\$ 1,097,000	1,429,625	184,438	1,614,063	(517,063)
Construction costs	5,708,000	3,406,207	1,852,976	5,259,183	448,817
Contingency	340,250	-	-	-	340,250
Issuance costs	148,057	92,519	48,039	140,558	7,499
Total Expenditures	7,293,307	4,928,351	2,085,453	7,013,804	279,503
Revenues Over (Under) Expenditures	(7,293,307)	(4,922,614)	(2,049,097)	(6,971,711)	321,596
Other Financing Sources:					
Bond proceeds	7,293,307	7,326,749	-	7,326,749	33,442
Transfers from other funds:					
Water and Sewer Fund	206,100	206,100	-	206,100	-
Water Capital Reserve Fund	125,000	125,000	-	125,000	-
Sewer Capital Reserve Fund	125,000	125,000	-	125,000	-
Transfers to other funds:					
Water and Sewer Fund	(206,100)	(206,100)	-	(206,100)	-
Water Capital Reserve Fund	(125,000)	(125,000)	-	(125,000)	-
Sewer Capital Reserve Fund	(125,000)	(125,000)	-	(125,000)	-
Total Other Financing Sources	7,293,307	7,326,749	-	7,326,749	33,442
Revenues and Other Sources Over (Under) Expenditures	\$ -	\$ 2,404,135	\$ (2,049,097)	\$ 355,038	\$ 355,038

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER CAPITAL PROJECTS –
 JORDAN LAKE RULES SECOND PHASE PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 From Inception And For The Fiscal Year Ended June 30, 2013

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Investment Earnings	\$ -	\$ 8,182	\$ 16,570	\$ 24,752	\$ 24,752
Total Revenues	-	8,182	16,570	24,752	24,752
Expenditures:					
Professional services - S. Burlington WWTP Buildings –	1,118,000	565,562	330,068	895,630	222,370
S. Burlington WWTP Construction –	1,400,000	-	-	-	1,400,000
S. Burlington WWTP Issuance Cost –	8,498,000	1,076,999	5,297,549	6,374,548	2,123,452
S. Burlington WWTP Contingency –	186,279	109,708	750	110,458	75,821
S. Burlington WWTP Professional services- E. Burlington WWTP Construction -	480,800	-	-	-	480,800
E. Burlington WWTP Issuance Cost –	1,195,000	580,766	431,450	1,012,216	182,784
E. Burlington WWTP Contingency –	6,872,000	495,914	3,509,095	4,005,009	2,866,991
E. Burlington WWTP Contingency –	186,279	115,958	750	116,708	69,571
E. Burlington WWTP	403,350	-	-	-	403,350
Total Expenditures	20,339,708	2,944,907	9,569,662	12,514,569	7,825,139
Revenues Over (Under) Expenditures	(20,339,708)	(2,936,725)	(9,553,092)	(12,489,817)	7,849,891
Other Financing Sources:					
Bond proceeds	18,939,708	18,845,282	94,426	18,939,708	-
Transfer from other funds:					
Sewer Capital Reserve Fund	1,400,000	1,400,000	-	1,400,000	-
Total Other Financing Sources	20,339,708	20,245,282	94,426	20,339,708	-
Revenues and Other Sources Over (Under) Expenditures	\$ -	\$ 17,308,557	\$ (9,458,666)	\$ 7,849,891	\$ 7,849,891

CITY OF BURLINGTON, NORTH CAROLINA
 WATER AND SEWER CAPITAL PROJECTS –
 WHITES KENNEL ROAD WATER & SEWER LINES – GOLDEN LEAF PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 From Inception And For The Fiscal Year Ended June 30, 2013

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Restricted					
Intergovernmental:					
Golden Leaf Grant	\$ 695,000	\$ -	\$ -	\$ -	\$ (695,000)
Total Revenues	<u>695,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(695,000)</u>
Expenditures:					
Construction	<u>695,000</u>	<u>-</u>	<u>73,563</u>	<u>73,563</u>	<u>621,437</u>
Total Expenditures	<u>695,000</u>	<u>-</u>	<u>73,563</u>	<u>73,563</u>	<u>621,437</u>
Revenues Over (Under)					
Expenditures	<u>-</u>	<u>-</u>	<u>(73,563)</u>	<u>(73,563)</u>	<u>(73,563)</u>





INTERNAL SERVICE FUND
Combining Schedules
And Individual Fund Schedules

CITY OF BURLINGTON, NORTH CAROLINA
ALL INTERNAL SERVICE FUNDS
STATEMENT OF NET ASSETS
June 30, 2013

	<u>Dental Self Insurance Fund</u>	<u>Workers Compensation Self Insurance Fund</u>	<u>Group Health Benefits Self Insurance Fund</u>	<u>Total Internal Service Fund</u>
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 1,714,195	\$ 1,223,772	\$ 6,966,911	\$ 9,904,878
Accounts receivable	246	839	14,066	15,151
Due from other funds	-	-	-	-
Prepaid Insurance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,714,441</u>	<u>\$ 1,224,611</u>	<u>\$ 6,980,977</u>	<u>\$ 9,920,029</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	<u>\$ 56,913</u>	<u>\$ 113,565</u>	<u>\$ 509,264</u>	<u>\$ 679,742</u>
Total Current Liabilities	<u>56,913</u>	<u>113,565</u>	<u>509,264</u>	<u>679,742</u>
NET ASSETS:				
Unrestricted	<u>1,657,528</u>	<u>1,111,046</u>	<u>6,471,713</u>	<u>9,240,287</u>
Total Net Assets	<u>\$ 1,657,528</u>	<u>\$ 1,111,046</u>	<u>\$ 6,471,713</u>	<u>\$ 9,240,287</u>

CITY OF BURLINGTON, NORTH CAROLINA
 ALL INTERNAL SERVICE FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 For The Fiscal Year Ended June 30, 2013

	<u>Dental Self Insurance Fund</u>	<u>Workers Compensation Self Insurance Fund</u>	<u>Group Health Benefits Self Insurance Fund</u>	<u>Total Internal Service Fund</u>
Operating Revenues:				
Charges for services	\$ 497,862	\$ -	\$ 4,436,046	\$ 4,933,908
Total Operating Revenues	<u>497,862</u>	<u>-</u>	<u>4,436,046</u>	<u>4,933,908</u>
Operating Expenses:				
Salaries and employee benefits	-	237,525	147,138	384,663
Operating expenses	24,835	30,360	29,910	85,105
Claims paid, excess loss coverage and claims administration	<u>460,540</u>	<u>524,160</u>	<u>5,514,189</u>	<u>6,498,889</u>
Total Operating Expenses	<u>485,375</u>	<u>792,045</u>	<u>5,691,237</u>	<u>6,968,657</u>
Operating Income (Loss)	<u>12,487</u>	<u>(792,045)</u>	<u>(1,255,191)</u>	<u>(2,034,749)</u>
Non-Operating Revenues:				
Interest earned on investments	<u>2,531</u>	<u>3,731</u>	<u>19,052</u>	<u>25,314</u>
Total Non-Operating Revenues	<u>2,531</u>	<u>3,731</u>	<u>19,052</u>	<u>25,314</u>
Income (Loss) before transfers	15,018	(788,314)	(1,236,139)	(2,009,435)
Transfers from other funds	<u>-</u>	<u>396,424</u>	<u>105,002</u>	<u>501,426</u>
Change in net assets	15,018	(391,890)	(1,131,137)	(1,508,009)
Total net assets – beginning	<u>1,642,510</u>	<u>1,502,936</u>	<u>7,602,850</u>	<u>10,748,296</u>
Net Assets, End of Year	<u>\$ 1,657,528</u>	<u>\$ 1,111,046</u>	<u>\$ 6,471,713</u>	<u>\$ 9,240,287</u>

CITY OF BURLINGTON, NORTH CAROLINA
ALL INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For The Fiscal Year Ended June 30, 2013

	<u>Dental Self Insurance Fund</u>	<u>Workers Compensation Self Insurance Fund</u>	<u>Group Health Benefits Self Insurance Fund</u>	<u>Total Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 498,126	\$ 232,369	\$ 4,433,199	\$ 5,163,694
Cash paid for goods and services	(493,234)	(571,616)	(5,540,632)	(6,605,482)
Cash paid to employees	<u>-</u>	<u>(237,525)</u>	<u>(147,138)</u>	<u>(384,663)</u>
Net cash provided by operating activities	<u>4,892</u>	<u>(576,772)</u>	<u>(1,254,571)</u>	<u>(1,826,451)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
(Increase) Decrease in due from other funds	<u>42</u>	<u>-</u>	<u>398</u>	<u>440</u>
Net cash provided (used) by noncapital financing activities	<u>42</u>	<u>-</u>	<u>398</u>	<u>440</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfer from other funds:				
General Fund	-	277,854	35,002	312,856
Water and Sewer	<u>-</u>	<u>118,570</u>	<u>70,000</u>	<u>188,570</u>
Net cash provided by capital and related financing activities	<u>-</u>	<u>396,424</u>	<u>105,002</u>	<u>501,426</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	<u>2,531</u>	<u>3,731</u>	<u>19,052</u>	<u>25,314</u>
Net cash provided by investing activities	<u>2,531</u>	<u>3,731</u>	<u>19,052</u>	<u>25,314</u>
Net Increase (Decrease) in Cash and Cash Equivalents	7,465	(176,617)	(1,130,119)	(1,299,271)
Balances – Beginning of Year	<u>1,706,730</u>	<u>1,400,389</u>	<u>8,097,030</u>	<u>11,204,149</u>
Balances – End of Year	<u>\$ 1,714,195</u>	<u>\$ 1,223,772</u>	<u>\$ 6,966,911</u>	<u>\$ 9,904,878</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 ALL INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 For The Fiscal Year Ended June 30, 2013

	<u>Dental Self Insurance Fund</u>	<u>Workers Compensation Self Insurance Fund</u>	<u>Group Health Benefits Self Insurance Fund</u>	<u>Total Internal Service Fund</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income (loss) \$	12,487	\$ (792,045)	\$ (1,255,191)	\$ (2,034,749)
Adjustments to reconcile operating income to net cash provided by operating activities:				
(Increase) Decrease in accounts receivable	264	232,369	(2,845)	229,788
(Increase) Decrease in prepaid insurance	-	-	-	-
Increase (Decrease) in accounts payable	<u>(7,859)</u>	<u>(17,096)</u>	<u>3,465</u>	<u>(21,490)</u>
Net cash provided by operating activities	<u>\$ 4,892</u>	<u>\$ (576,772)</u>	<u>\$ (1,254,571)</u>	<u>\$ (1,826,451)</u>

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

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
City of Burlington	\$	\$ 389,416	\$
Employee Premium	<u> </u>	<u>108,446</u>	<u> </u>
Total Operating Revenues	399,158	497,862	98,704
Non-Operating Revenues:			
Investment Earnings	<u> -</u>	<u>2,531</u>	<u>2,531</u>
Total Revenues	<u>399,158</u>	<u>500,393</u>	<u>101,235</u>
Expenditures:			
City of Burlington Claims		452,681	
Operating expenditures	<u> </u>	<u>24,835</u>	<u> </u>
Total Expenditures	<u>524,163</u>	<u>477,516</u>	<u>46,647</u>
Revenues Over Expenditures	\$ (125,005)	\$ 22,877	\$ 147,822
Fund balance appropriated	<u>125,005</u>		
Net change in fund balance	<u><u> -</u></u>		
Reconciliation From Financial Plan Basis (Modified Accrual) to Full Accrual Basis:			
Revenues Over Expenditures		\$ 22,877	
Reconciling Items:			
Increase in allowance for unfiled claims		<u>(7,859)</u>	
Net Income		<u><u>\$ 15,018</u></u>	

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

	<u>Financial Plan</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
City of Burlington	\$ _____ -	\$ _____ -	\$ _____ -
Total Operating Revenues	-	-	-
Non-Operating Revenues:			
Investment Earnings	_____ 18,000	_____ 3,731	_____ (14,269)
Totals Revenues	_____ 18,000	_____ 3,731	_____ (14,269)
Expenditures:			
Salaries and employee benefits		237,525	
Operating expenses		30,360	
Contractual services		88,781	
Workers compensation		450,411	
Safety training		_____ 1,710	
Total Expenditures	_____ 980,667	_____ 808,787	_____ 171,880
Revenues Over (Under) Expenditures	_____ (962,667)	_____ (805,056)	_____ 157,611
Other Financing Sources			
Transfers from other funds:			
General Fund	-	277,854	-
Water and Sewer Fund	-	_____ 118,570	-
Total Other Financing Sources	_____ 396,424	_____ 396,424	_____ -
Revenues and Other Sources (Under) Expenditures	\$ (566,243)	\$ <u>(408,632)</u>	\$ <u>157,611</u>
Fund balance appropriated	_____ 566,243		
Net change in fund balance	_____ -		
Reconciliation From Financial Plan (Modified Accrual) to Full Accrual Basis:			
Revenues Over Expenditures		\$ (408,632)	
Reconciling Items:			
Decrease in allowance for unfiled claims		_____ 16,742	
Net Income		\$ <u>(391,890)</u>	





OTHER SCHEDULES

OTHER SCHEDULES

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

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

CITY OF BURLINGTON, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2013

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2012</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2013</u>
2012-2013	\$ -	\$ 26,191,258	\$ 25,507,231	\$ 684,027
2012 Annexation	-	432,085	431,317	768
2011-2012	817,835	-	607,910	209,925
2010-2011	275,378	-	115,143	160,235
2009-2010	171,574	-	74,445	97,129
2008-2009	145,922	-	49,878	96,044
2007-2008	129,494	-	42,175	87,319
2006-2007	97,652	-	14,082	83,570
2005-2006	105,106	-	10,543	94,563
2004-2005	77,931	-	5,846	72,085
2003-2004	80,543	-	3,451	77,092
2002-2003	97,525	-	77,692	19,833
1965-2001	<u>52,733</u>	<u>-</u>	<u>3,499</u>	<u>49,234</u>
	<u>\$ 2,051,693</u>	<u>\$ 26,623,343</u>	<u>\$ 26,943,212</u>	<u>\$ 1,731,824</u>
Less: Allowance for uncollectible accounts:				
General Fund				(894,888)
Special Revenue Fund				<u>(45,916)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 791,020</u>
<u>Reconcilement with Revenues:</u>				
Taxes - ad valorem - General Fund				\$ 26,497,507
Taxes - ad valorem - Special Revenue Fund				<u>140,374</u>
Total				26,637,881
Reconciling Items:				
Discounts allowed				379,153
Interest collected				(167,060)
Taxes written off				<u>93,238</u>
Total Collections and Credits				<u>\$ 26,943,212</u>

CITY OF BURLINGTON, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
CITY WIDE LEVY
For The Fiscal Year Ended June 30, 2013

	<u>City-Wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate per \$100</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
City-Wide Levy:					
Original Levy:					
Property taxed at current year's rate	\$ 4,412,228,103	.58	\$ 25,590,923	\$ 23,704,983	\$ 1,885,940
Penalties	-		12,797	12,797	-
Total	<u>4,412,228,103</u>		<u>25,603,720</u>	<u>23,717,780</u>	<u>1,885,940</u>
Discoveries:					
Current year taxes	77,023,448	.58	446,736	429,881	16,855
Prior year taxes	-		-	-	-
Penalties	-		-	-	-
Total	<u>77,023,448</u>		<u>446,736</u>	<u>429,881</u>	<u>16,855</u>
Abatements and Adjustments:					
Advertising, interest and adjustments	-		(5,085)	(5,085)	-
Abatements	(44,193,965)	.58	(256,325)	(214,305)	(42,020)
Total	<u>(44,193,965)</u>		<u>(261,410)</u>	<u>(219,390)</u>	<u>(42,020)</u>
Total Property Valuation	<u>\$ 4,445,057,586</u>				
Net City Wide levy			25,789,046	23,928,271	1,860,775
Uncollected Taxes at June 30, 2013			(683,216)	(401,304)	(281,912)
Current Year's Taxes Collected			<u>\$ 25,105,830</u>	<u>\$ 23,526,967</u>	<u>\$ 1,578,863</u>
Current City-Wide Levy Collection Percentage			<u>97.35%</u>	<u>98.32%</u>	<u>84.84%</u>
Downtown Special Tax District:					
Original Levy:					
Property taxed at current year's rate	\$ 88,001,250	.16	\$ 140,802	\$ 139,451	\$ 1,351
Discoveries:					
Current year taxes	-		-	-	-
Abatements and Adjustments:					
Abatements	(31,875)		(51)	-	(51)
Total Property Valuation	<u>\$ 87,969,375</u>				
Net Downtown Special Tax District Levy			140,751	139,451	1,300
Uncollected Taxes at June 30, 2013			(811)	(649)	(162)
Current Year's Taxes Collected			<u>\$ 139,940</u>	<u>\$ 138,802</u>	<u>\$ 1,138</u>
Current Downtown Special Tax District Levy Collection Percentage			<u>99.42%</u>	<u>99.53%</u>	<u>87.53 %</u>



Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	125-132
Revenue Capacity These schedules contain information to help the reader assess the city's most significant revenue source, the property tax.	133-136
Debt Capacity These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	137-141
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	142-143
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	144-146

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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 48,383,850	\$ 44,355,341	\$ 42,802,718	\$ 39,828,855
Restricted	18,392,387	17,287,399	11,376,455	30,330,078
Unrestricted	49,958,695	54,423,395	60,773,388	43,528,565
Total governmental activities net assets	<u>\$ 116,734,932</u>	<u>\$ 116,066,135</u>	<u>\$ 114,952,561</u>	<u>\$ 113,687,498</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 105,523,250	\$ 85,748,070	\$ 97,111,037	\$ 109,690,950
Restricted	17,544,176	35,544,241	24,282,332	13,188,880
Unrestricted	34,109,701	33,404,248	31,292,633	28,245,081
Total business-type activities net assets	<u>\$ 157,177,127</u>	<u>\$ 154,696,559</u>	<u>\$ 152,686,002</u>	<u>\$ 151,124,911</u>
Primary government				
Invested in capital assets, net of related debt	\$ 153,907,100	\$ 130,103,411	\$ 139,913,755	\$ 149,519,805
Restricted	35,936,563	52,831,640	35,658,787	43,518,958
Unrestricted	84,068,396	87,827,643	92,066,021	71,773,646
Total primary government net assets	<u>\$ 273,912,059</u>	<u>\$ 270,762,694</u>	<u>\$ 267,638,563</u>	<u>\$ 264,812,409</u>

Fiscal Year					
<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 41,007,895	\$ 38,362,340	\$ 36,184,194	\$ 35,180,314	\$ 34,883,928	\$ 35,735,210
26,384,988	23,458,009	25,085,657	17,798,695	15,781,629	7,045,027
41,653,949	40,317,116	31,377,433	28,535,344	25,390,153	29,935,573
\$ 109,046,832	\$ 102,137,465	\$ 92,647,284	\$ 81,514,353	\$ 76,055,710	\$ 72,715,810
\$ 109,331,715	\$ 107,080,492	\$ 106,829,594	\$ 102,785,481	\$ 104,670,547	\$ 91,988,311
12,414,038	10,161,377	5,917,865	4,682,220	5,558,529	12,482,476
23,327,332	22,666,013	18,172,728	17,554,426	11,936,626	14,891,537
\$ 145,073,085	\$ 139,907,882	\$ 130,920,187	\$ 125,022,127	\$ 122,165,702	\$ 119,362,324
\$ 150,339,610	\$ 145,442,832	\$ 143,013,788	\$ 137,965,795	\$ 139,554,475	\$ 127,723,521
38,799,026	33,619,386	31,003,522	22,480,915	15,781,629	19,527,503
64,981,281	62,983,129	49,550,161	46,089,770	37,326,779	44,827,110
\$ 254,119,917	\$ 242,045,347	\$ 223,567,471	\$ 206,536,480	\$ 192,662,883	\$ 192,078,134

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Governmental activities:										
General government	\$ 9,309,902	\$ 8,586,996	\$ 9,782,111	\$ 9,215,323	\$ 8,490,313	\$ 7,635,312	\$ 7,733,445	\$ 6,836,967	\$ 6,834,386	\$ 6,812,074
Public safety	23,113,039	20,992,476	20,077,388	19,012,031	18,063,290	17,759,301	16,297,845	15,740,847	15,526,355	14,890,057
Public works	8,760,799	9,857,328	8,931,972	7,511,084	8,513,949	9,064,789	6,985,391	6,273,072	6,273,072	7,014,302
Economic and physical development	1,368,876	1,574,410	1,367,129	1,510,984	933,593	820,213	723,084	1,019,551	1,258,892	830,763
Cultural and recreation	6,993,217	6,675,802	7,113,741	6,566,740	6,311,568	6,074,962	6,055,589	6,738,048	6,758,306	6,021,347
Interest on long-term debt	1,378,315	766,290	644,306	786,832	742,906	817,062	830,820	758,857	634,554	751,201
Total governmental activities expenses	50,924,148	48,453,302	47,916,647	44,602,994	43,055,619	42,171,639	38,626,174	38,025,928	37,285,565	36,319,744
Business-type activities:										
Storm water	605,815	305,939	310,474	364,391	310,215	167,149	180,423	97,631	-	-
Water and sewer	22,903,847	23,462,426	21,863,677	18,713,655	19,700,880	20,085,892	20,170,270	18,751,389	17,716,510	15,222,472
Total business-type activities expenses	23,509,662	23,768,365	22,174,151	19,078,046	20,011,095	20,253,041	20,350,693	18,849,020	17,716,510	15,222,472
Total primary government expenses	\$ 74,433,810	\$ 72,221,667	\$ 70,090,798	\$ 63,681,040	\$ 63,066,714	\$ 62,424,680	\$ 58,976,867	\$ 56,874,948	\$ 55,002,075	\$ 51,542,216
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 2,688,109	\$ 2,661,120	\$ 2,507,577	\$ 2,281,618	\$ 2,498,973	\$ 2,799,530	\$ 3,244,533	\$ 2,670,060	\$ 1,890,103	\$ 1,732,506
Public safety	367,587	261,105	306,973	297,876	165,633	303,219	256,793	257,795	248,848	198,018
Public works	1,231,921	1,289,117	1,290,419	1,505,613	1,308,766	1,221,897	1,025,645	1,014,710	1,096,505	1,174,926
Economic and physical development			9,777							
Cultural and recreation	2,931,014	2,710,135	2,692,531	2,904,183	3,060,166	3,198,844	2,903,431	2,818,126	2,553,060	2,312,867
Operating grants and contributions	3,691,258	3,776,954	3,448,673	4,052,652	3,716,104	4,274,106	3,878,463	4,020,829	3,680,905	2,831,209
Capital grants and contributions	-	-	-	-	-	-	-	-	136,114	956,326
Total governmental activities program revenues	10,909,889	10,698,431	10,255,950	11,041,942	10,749,642	11,797,596	11,308,865	10,781,520	9,605,535	9,205,852

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

	Fiscal Year		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund			
Restricted			
Stabilization by State Statute	\$ 6,901,755	\$ 6,113,452	\$ 6,163,934
Historic Books	1,418	1,418	1,418
Animal Shelter	562	562	562
Committed			
Capital Reserve Fund	16,620,740	18,323,847	18,603,387
Assigned			
Subsequent Years Expenditure	1,816,112	2,053,816	1,636,986
General Government	4,316,000	4,316,000	4,316,000
Parks and Recreation	1,428,771	1,321,156	1,398,269
Public Safety	5,450,000	5,450,000	5,450,000
Economic Development	3,000,000	3,000,000	-
Public Works	3,125,000	3,125,000	700,000
Unassigned	7,445,326	8,211,865	12,946,857
Total general fund	<u>50,105,684</u>	<u>51,917,116</u>	<u>51,217,413</u>
All Other Governmental Funds			
Restricted			
Stabilization by State Statute	-	-	5,014
Economic Development	7,178,068	7,400,720	7,606,888
Public Safety	396,767	345,649	375,237
Committed - Capital Improvements	980,769	977,891	1,204,506
Assigned			
Subsequent year's expenditures:	483,457	491,785	505,148
Unassigned	(7,575)	(156,794)	20,114
Total all other governmental funds	<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 Seven Fiscal Years

	Fiscal Year						
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund							
Reserved	\$ 5,704,163	\$ 4,790,077	\$ 5,594,611	\$ 3,779,002	\$ 2,847,904	\$ 6,136,701	\$ 3,965,041
Unreserved	8,356,723	9,424,139	7,995,407	10,662,379	11,646,018	8,033,236	6,146,674
Designated for subsequent year's expenditures	17,746,673	16,916,736	17,484,970	13,397,095	9,580,099	8,400,210	10,040,293
Total general fund	<u>31,807,559</u>	<u>31,130,952</u>	<u>31,074,988</u>	<u>27,838,476</u>	<u>24,074,021</u>	<u>22,570,147</u>	<u>20,152,008</u>
All Other Governmental Funds							
Reserved	7,538,843	7,764,131	7,415,684	6,936,527	6,694,424	6,541,509	6,015,438
Unreserved, reported in:			7,975,904				
Designated for subsequent year's expenditures:							
Special revenue funds-Restricted	18,981,952	16,778,857	638,619	5,296,068	9,554,742	7,694,423	329,258
Capital projects funds-Committed	2,612,992	1,165,781	6,863,526	5,837,718	1,114,577	1,545,697	7,234,302
Total all other governmental funds	<u>\$ 29,133,787</u>	<u>\$ 25,708,769</u>	<u>\$ 22,893,733</u>	<u>\$ 18,070,313</u>	<u>\$ 17,363,743</u>	<u>\$ 15,781,629</u>	<u>\$ 13,578,998</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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues				
Ad valorem taxes	\$ 26,425,908	\$ 24,720,911	\$ 25,984,094	\$ 24,852,944
Other taxes and licenses	10,496,181	10,261,128	10,086,790	9,081,632
Unrestricted intergovernmental	4,222,801	4,509,286	4,444,816	4,298,234
Restricted intergovernmental	4,114,494	4,023,377	3,868,203	4,651,477
Permits and fees	1,222,541	1,025,476	868,641	700,723
Sales and services	3,962,533	3,947,957	3,983,062	4,046,529
Investment earnings	261,564	249,731	189,248	301,575
Miscellaneous	610,474	353,006	288,747	424,952
Total revenues	51,316,496	49,090,872	49,713,601	48,358,066
Expenditures				
General government	8,053,763	7,713,558	8,316,294	8,238,393
Public safety	20,670,064	19,523,967	18,654,343	18,584,573
Public works	7,603,776	8,644,203	7,962,307	6,924,894
Economic and physical development	1,368,876	1,574,410	1,619,663	1,522,589
Culture and recreation	6,078,028	5,812,752	5,628,193	5,498,179
Debt service:				
Principal	10,446,422	2,691,898	2,841,286	2,793,551
Interest	674,661	723,597	778,504	705,857
Capital Outlay	4,615,107	3,148,952	4,599,040	2,948,353
Total expenditures	59,510,697	49,833,337	50,399,630	47,216,389
Excess of revenues over (under) expenditures	(8,194,201)	(742,465)	(686,029)	1,141,677
Other Financing Sources (Uses)				
Transfers from other funds	3,946,670	2,679,386	711,581	2,725,287
Transfers to other funds	(4,259,526)	(3,092,241)	(1,024,435)	(3,741,877)
Transfers to component unit	-	-	-	-
Capital lease obligations issued	-	-	-	-
Certificates of participation issued	-	-	-	-
Issuance of private activity bonds (RZED)	-	-	-	2,899,000
Proceeds from bond issuance	-	-	-	-
Proceeds from installment purchase	6,667,859	1,267,473	991,857	1,077,538
Total other financing sources (uses)	6,355,003	854,618	679,003	2,959,948
Net change in fund balances	\$ (1,839,198)	\$ 112,153	\$ (7,026)	\$ 4,101,625
Debt service as a percentage of noncapital expenditures	20.3%	7.3%	7.9%	7.9%

Fiscal Year					
<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 23,944,594	\$ 22,959,919	\$ 22,020,569	\$ 18,993,866	\$ 18,524,056	\$ 16,685,362
9,910,654	10,425,711	9,956,747	9,194,171	8,173,551	7,511,238
4,344,070	4,492,768	4,284,884	3,745,537	3,947,053	3,773,185
4,208,258	4,816,213	4,241,322	4,352,292	4,149,194	4,004,997
810,402	1,428,348	1,918,985	1,341,313	734,605	564,603
4,224,621	3,957,048	3,673,388	3,576,218	3,324,187	3,079,077
1,184,744	2,097,076	2,273,169	1,577,263	677,657	343,577
492,277	301,892	312,095	566,928	1,048,006	1,110,576
49,119,620	50,478,975	48,681,159	43,347,588	40,578,309	37,072,615
8,007,500	7,529,925	7,774,715	7,101,680	6,310,133	6,250,019
17,527,448	17,587,449	16,130,108	15,718,644	14,972,428	13,790,378
7,688,216	8,186,747	7,158,072	6,999,791	5,660,416	6,027,469
933,595	817,368	722,891	1,048,340	1,275,662	817,194
5,687,867	5,408,875	5,525,920	6,388,082	5,966,471	5,561,503
2,748,834	2,548,160	2,688,134	1,748,916	1,629,609	1,120,916
770,893	838,078	874,616	753,937	630,911	766,652
3,644,647	7,360,677	5,713,214	471,920	439,308	2,213,199
47,009,000	50,277,279	46,587,670	40,231,310	36,884,938	36,547,330
2,110,620	201,696	2,093,489	3,116,278	3,693,371	525,285
3,781,627	2,407,433	2,454,576	1,845,882	2,991,440	1,938,964
(4,346,869)	(2,717,787)	(3,209,456)	(2,987,867)	(3,127,242)	(3,005,327)
-	-	-	-	-	(114,381)
-	-	-	-	-	-
-	-	-	-	-	630,000
-	-	-	-	-	-
-	-	9,359,162	-	-	-
1,325,622	1,664,789	277,055	1,111,695	1,063,200	-
760,380	1,354,435	8,881,337	(30,290)	927,398	(550,744)
\$ 2,871,000	\$ 1,556,131	\$ 10,974,826	\$ 3,085,988	\$ 4,620,769	\$ (25,459)
8.1%	7.9%	8.9%	6.6%	6.4%	5.5%

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
2013	\$ 3,696,580,748	\$ 725,397,303	\$ 69,134,071	\$ 46,054,536	4,445,057,586	\$ 0.580
2012	3,577,135,670	647,804,267	68,040,422	47,077,773	4,245,902,586	0.580
2011	3,584,241,446	648,169,194	70,873,679	39,093,132	4,264,191,187	0.590
2010	3,547,546,834	640,124,432	74,014,766	24,980,100	4,236,705,932	0.590
2009	3,148,340,051	724,788,680	65,329,774	25,420,105	3,913,038,400	0.625
2008	2,998,789,899	702,223,245	71,968,398	24,782,192	3,748,199,350	0.625
2007	2,929,664,431	580,421,602	68,488,939	25,353,405	3,553,221,567	0.625
2006	2,825,617,455	577,276,951	66,643,479	25,250,317	3,444,287,568	0.555
2005	2,747,318,689	581,978,838	77,794,418	17,464,456	3,389,627,489	0.555
2004	2,686,124,520	585,656,234	63,860,782	15,393,336	3,320,248,200	0.500

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

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

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

Fiscal Year	City Direct Rates			Overlapping Rates	
	Basic Rate	Obligation Debt Service	Total Direct	Downtown Corp	Alamance County
2013	\$ 0.495	\$ 0.0810	\$0.580	\$ 0.160	\$ 0.520
2012	0.494	0.0852	0.580	0.160	0.520
2011	0.498	0.0916	0.590	0.160	0.520
2010	0.500	0.0903	0.590	0.160	0.520
2009	0.525	0.0996	0.625	0.160	0.580
2008	0.525	0.0998	0.625	0.160	0.580
2007	0.512	0.1134	0.625	0.160	0.575
2006	0.476	0.0791	0.555	0.160	0.563
2005	0.495	0.0596	0.555	0.160	0.510
2004	0.435	0.0650	0.500	0.160	0.520

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	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Labcorp	\$ 130,305,157	1	3.20 %	\$ 91,029,729	1	3.00 %
Alamance Crossing LLC	46,519,577	2	1.14			
Roche	45,105,821	3	1.11			
Duke Energy Corp	32,955,515	4	0.81	23,669,565	3	0.80
PGS Burlington, LLC	28,778,649	5	0.70			
Ethan Pointe LLC	21,895,910	6	0.53			
Huffman Mill Plaza	21,103,934	7	0.51			
Koury Properties	17,602,795	8	0.43			
Carolina Hosiery	17,459,353	9	0.43	14,810,810	7	0.49
Alamance Industrial Park	17,365,413	10	0.42			
Colonial Mall				32,964,144	2	1.00
Bell South				22,015,140	4	0.72
West Point Stevens				20,282,702	5	0.68
Kayser-Roth				15,328,828	6	0.51
Hunters Bridge Apts.				13,803,603	8	0.46
Piedmont Natural Gas				13,005,092	9	0.42
Lowe's Home Improvement				12,976,756	10	0.42
Total	\$ 379,092,124		9.28 %	\$ 259,886,369		8.50 %

Source: City of Burlington Tax Department

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 25,789,046	\$25,105,830	97.35 %		25,105,830	97.35 %
2012	24,636,120	23,819,010	96.68	558,555	24,377,565	98.95
2011	25,169,334	24,403,266	96.96	569,600	24,972,866	99.22
2010	24,993,044	23,825,333	95.33	826,697	24,652,030	98.64
2009	24,442,673	23,455,196	95.96	769,889	24,225,085	99.11
2008	23,439,381	22,583,026	96.35	682,224	23,265,250	99.26
2007	22,168,691	21,431,448	96.67	666,495	22,097,943	99.68
2006	19,113,060	18,542,350	97.01	573,907	19,116,257	100.02
2005	18,749,105	18,175,039	96.94	552,804	18,727,843	99.89
2004	16,633,761	16,168,531	97.20	406,557	16,575,088	99.65

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				
2013	\$10,189,321	-	\$2,382,461	\$-	\$-	\$6,384,745	\$39,433,399	\$-	\$-	\$-	58,389,926	12.1 %	1,138
2012	10,604,081	2,531,217	2,502,729	-	-	7,594,520	41,021,613	-	-	-	64,254,160	13.4	1,270
2011	11,724,945	2,725,926	2,615,271	-	-	8,817,338	23,135,863	-	-	-	49,019,343	10.2	981
2010	12,855,089	2,899,000	3,164,139	-	-	10,059,723	-	32,500	9,940,000	-	38,950,451	8.4	754
2009	13,979,593	-	3,758,602	-	-	11,342,853	-	-	10,650,000	-	39,731,048	8.6	780
2008	15,103,317	-	4,060,782	-	-	12,626,408	-	-	11,360,000	-	43,150,507	9.3	875
2007	16,118,945	-	4,617,391	-	-	13,903,542	-	-	12,075,000	-	46,714,878	10.9	980
2006	7,732,142	-	5,234,365	-	210,000	15,315,348	-	-	12,795,000	-	41,286,855	10.3	873
2005	7,970,338	-	5,392,596	-	420,000	16,180,387	-	1,000,000	13,515,000	-	44,478,321	11.5	954
2004	8,455,393	-	5,209,312	54,655	630,000	17,515,580	-	2,000,000	14,235,000	-	48,099,940	12.9	1,040

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			
2013	\$ 10,189,321	\$ 6,384,745	16,574,066	0.37 %	323.04
2012	10,604,081	7,594,520	18,198,601	0.43	359.75
2011	11,724,945	8,817,338	20,542,283	0.48	411.15
2010	12,855,089	10,059,723	22,914,812	0.54	443.55
2009	13,979,593	11,342,853	25,322,446	0.65	497.23
2008	15,103,317	12,626,408	27,729,725	0.74	561.98
2007	16,118,945	13,903,542	30,022,487	0.84	629.51
2006	7,732,142	15,315,348	23,047,490	0.67	487.31
2005	7,970,338	16,180,387	24,150,725	0.24	517.76
2004	8,455,386	17,515,580	25,970,966	0.25	561.74

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, 2013

(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	\$ 50,680,000	33.33%	\$ 16,893,114
Guilford County General Obligation Debt	828,310,000	10.24%	84,845,388
Other debt			
Alamance County Installment Loans	22,622,571	33.33%	7,540,759
Guilford County Authorized & Unissued Bonds	270,940,000	10.24%	27,752,906
Guilford County Limited Obligation Bonds	16,845,000	10.24%	1,725,466
Guilford County Installment Financing	6,377,923	10.24%	653,303
Subtotal, overlapping debt			139,410,935
City direct debt			12,571,782
Total direct and overlapping debt			\$ 151,982,717

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	4,445,057,586
Debt limit (8% of assessed value)	355,604,607
Gross Debt:	
Total Bonded Debt	16,574,066
Private Activity Bonds	-
Certificate of Participation	-
Revenue Bonds	39,433,399
Lease Financing Agreements	2,382,461
Total Gross Debt	58,389,926
Less: Water and Sewer Bonds	(45,818,144)
Total net debt applicable to limit	12,571,782
Legal debt margin	343,032,825

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 265,619,856	\$ 271,170,199	\$ 275,543,005	\$ 284,257,725	\$ 299,855,948	\$ 312,963,072	\$ 338,936,475	\$ 341,135,295	\$ 339,672,207	\$ 355,604,607
Total net debt applicable to limit	15,450,846	13,932,209	13,075,035	32,811,336	30,524,099	28,388,195	28,890,728	17,068,632	15,188,097	12,571,782
Legal debt margin	\$ 250,169,010	\$ 257,237,990	\$ 262,467,970	\$ 251,446,389	\$ 269,331,849	\$ 284,574,877	\$ 310,045,747	\$ 324,066,663	\$ 324,484,110	\$ 343,032,825

Total net debt applicable to the limit as a percentage of debt limit	5.82%	5.14%	4.75%	11.54%	10.18%	9.07%	8.52%	5.00%	4.47%	3.54%
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Note: Under North Carolina Local Budget & Control Act, the city's outstanding general obligation debt should not exceed 8 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

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

Fiscal Year	Water & Sewer Revenue Bonds (1)					Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service (2) Principal	Debt Service (2) Interest	
2013	\$ 20,520,559	\$ 14,471,192	6,049,367	\$ 1,045,000	\$ 1,167,345	2.7
2012	21,389,894	14,385,550	7,004,344	960,000	1,302,469	3.1
2011	21,808,147	14,825,993	6,982,154	-	-	-

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

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

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

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

Year	Population Estimates (1)	Alamance County Personal Income (2)	Alamance County Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2013	51,306	**	**	22,423	9.7%
2012	50,587	*	*	22,531	10.1%
2011	49,963	4,807,695	31,363	22,451	10.0%
2010	51,662	4,655,074	30,720	22,384	11.7%
2009	50,927	4,611,574	30,671	22,304	9.3%
2008	49,343	4,659,254	31,501	22,260	5.2%
2007	47,692	4,282,107	29,575	22,202	5.3%
2006	47,295	4,012,634	28,265	21,772	5.9%
2005	46,645	3,863,435	27,551	21,614	5.9%
2004	46,233	3,740,467	27,016	21,538	6.7%

* Not available until April, 2014

** Not available until April, 2015

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>	2013			2004		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
LabCorp, Inc.	3,200	1	15.10 %	3,206	1	14.79 %
Alamance-Burlington School Sys	3,329	2	15.71	2,700	2	12.46
Alamance Regional Medical Ctr	2,240	3	10.57	1,500	3	6.92
Wal-Mart Stores, Inc.	1,000	4	4.72			
City of Burlington	806	5	3.80			
Kayser-Roth Corp	465	6	2.19			
Kernodle Clinic, Inc.	325	7	1.53			
Twin Lakes Community	291	8	1.37			
American Multimedia, Inc.	250	9	1.18			
ITG	250	10	1.18			
Culp Finishing, Inc.				1,044	4	4.82
Elon University				886	5	4.09
Alamance County Offices				865	6	3.99
Gold Toe Brands				815	7	3.76
West Point Stevens				794	8	3.66
Burlington Industries				726	9	3.35
General Electric				600	10	2.77
Total	12,156		57.36 %	13,136		60.60 %

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 Eight Fiscal Years**

<u>Function/Program</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General government								
Administration/Public Information	3	3	3	3	3	3	3	4
Customer Service/Collections	19	18	19	16	19	19	18	18
Finance	13	13	14	13	14	13	13	12
Information Technology	7	6	6	6	6	6	7	8
Legal	1	1	2	2	2	2	2	2
Human Resources	6	6	6	5	4	5	5	5
Planning	14	14	14	11	11	9	10	9
Inspections	9	9	9	10	11	14	13	13
Engineering/Traffic Control	14	14	14	18	17	18	18	17
Police								
Sworn Officers	123	122	124	115	112	106	105	112
Civilians	40	41	41	40	42	40	43	40
Fire								
Firefighter and officers	89	88	88	87	88	89	90	90
Civilians	1	1	1	1	1	2	2	2
Public Works								
Administration	4	4	3	2	2	2	2	3
Maintenance	24	24	24	22	23	24	22	23
Street	22	22	23	23	24	24	23	23
Cemetery	15	14	16	16	16	13	14	13
Sanitation	18	17	21	21	22	23	21	23
Recreation	43	42	43	42	41	44	45	42
Water and Sewer	90	88	86	84	87	84	86	83

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

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Police										
Physical arrests	6,040	5,623	5,652	5,432	5,797	5,903	6,527	5,197	6,603	6,902
Parking violations	2,467	1,988	3,104	1,620	2,129	3,440	2,985	3,972	2,877	3,738
Traffic violations	6,727	5,248	5,903	5,612	4,793	6,063	8,651	7,414	11,192	10,732
Fire										
Emergency responses	7,914	7,481	4,992	5,056	5,064	4,375	4,501	5,071	3,386	3,420
Fires responses	2,074	2,173	2,125	2,061	1,610	2,036	1,438	1,571	1,632	1,718
Inspections	3,064	2,863	2,712	2,648	2,844	2,528	2,951	2,657	2,233	2,951
Refuse collection										
Refuse collected (tons per day)	66	72	72	73	69	79	76	74	78	75
Recyclables collected (tons per day)	29	21	23	29	33	30	31	28	28	31
Other Public Works										
Street resurfacing (miles)	3.59	7.73	5.8	13.4	0	7	35	30	7	0
Potholes repaired	89	63	100	542	335	101	100	100	100	100
Recreation and Parks										
Athletic field permits issued	155	150	94	103	82	82	75	70	63	65
Community center admissions	166,550	163,400	162,500	151,100	145,255	140,132	128,725	120,186	114,149	112,640
Water										
New connections	34	36	32	33	61	83	81	121	170	99
Water mains breaks	50	53	72	81	78	101	83	39	n/a	n/a
Average daily consumption (thousands of gallons)	11,313	12,114	10,995	11,875	10,200	12,461	11,586	11,755	9,800	9,800
Peak daily consumption (thousands of gallons)	16,106	21,577	18,460	19,000	19,000	18,897	16,670	17,469	15,300	13,100
Wastewater										
Average daily sewage treatment (thousands of gallons)	10,730	10,550	11,794	12,000	11,200	11,170	10,900	11,950	12,300	14,600

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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	7	7	7	7	6	4	3	3	3	3
Patrol units	151	151	148	144	141	134	133	130	130	123
Fire Stations	5	5	5	5	5	5	5	5	5	5
Refuse collection										
Collection trucks	22	19	19	20	18	16	15	15	15	15
Other public works										
Streets (miles)	243.29	243.29	238.89	237.90	238	238	234	230	223	219
Highways (miles)	69.73	66.79	62.24	62.27	61	61	61	63	66	60
Streetlights	4,979	4,844	4,760	4,754	4,738	4,706	4,492	4,239	4,145	4,064
Traffic Signals	36	36	36	35	35	35	32	32	32	32
Recreation and parks										
Acreage	638.45	638.45	638.45	631.45	631.45	631.45	631.45	631.45	631.45	631.45
Playgrounds	21	21	21	16	16	16	16	16	16	14
Baseball/softball diamonds	17	17	17	17	17	17	17	17	17	13
Soccer/football fields	15	15	15	12	12	12	12	12	12	5
Community centers	6	6	6	6	6	6	6	6	6	6
Water										
Water mains (miles)	388.76	387.29	385.82	385.12	383	376.15	360.22	350.00	342.80	333.16
Fire hydrants	2,190	2,284	2,064	2,064	2,032	1,900	1,900	1,886	1,846	1,846
Storage capacity (thousands of gallons)	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	3,000
Wastewater										
Sanitary sewers (miles)	385.06	384.36	383.70	382.85	382.85	378.24	364.55	371.00	362.57	356.41
Storm sewers (miles)	147.9	219.63	219.63	213	113	100	100	100	-	-
Treatment capacity (thousands of gallons per day)	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000

Sources: Various city departments.





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

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

We have audited, 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, 2013, and the related notes to the financial statements, which collectively comprises the City of Burlington's basic financial statements and have issued our report thereon dated October 25, 2013.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be 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.

Compliance and Other Matters

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

Purpose of this Report

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

STOUT STUART MCGOWEN & KINGS LLP

October 25, 2013



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

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

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 *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Burlington's major federal programs for the year ended June 30, 2012. The City of Burlington's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Burlington's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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, 2013.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

STOUT STUART MCCORDEN & KINGS LLP

October 25, 2013



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

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

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, 2013. 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 OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Burlington's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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, 2013.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

STOUT STUART MCGOWEN & KINGS LLP

October 25, 2013

CITY OF BURLINGTON, NORTH CAROLINA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2013

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes _____ X _____ No

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

Noncompliance material to financial statements noted _____ Yes _____ X _____ No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ Yes _____ X _____ No

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

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

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

Identification of major federal programs:

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

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

Auditee qualified as low-risk auditee? _____ X _____ Yes _____ _____ No

CITY OF BURLINGTON, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2013

None

CITY OF BURLINGTON, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2013

<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	494,777		
Passed-through Greensboro Consortium:				
Home Investment Partnership Program	14.239	415,707		
Passed-through N.C. Housing Financing Agency:				
Stewart B. McKinney Homeless Assistance Act	14.000	65,000		
<u>U.S. Department of Justice</u>				
Direct Program:				
Office of Justice:				
Federal Asset Forfeiture Funds	16.005	404,487		
Office of Community Oriented Policing Services:				
Public Safety Partnership and Community Policing Grant	16.710	296,740		
Passed-through North Carolina Department Of Crime Control and Public Safety:				
Edward Byrne Memorial Justice Assistance Grant	16.738	44,853		
<u>U.S. Department of Transportation</u>				
Passed-through North Carolina Department of Transportation:				
Highway Planning and Construction Grant	20.205	189,452		
Federal Transit Metropolitan Planning Grants	20.505	15,000	1,875	63,354
<u>U.S. Department of Health and Human Services</u>				
Passed-through North Carolina Division of Public Health:				
Community Transformation Grant	93.531	20,000		
Total assistance - federal programs		<u>1,946,016</u>	<u>1,875</u>	<u>63,354</u>

Continued on next page.

CITY OF BURLINGTON, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2013

<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			1,435,203	
<u>Piedmont Triad Council of Governments:</u>				
Division of Aging			14,768	
<u>N.C. Department of Health and Human Services:</u>				
Get Alarmed Grant		_____	1,000	_____
Total assistance - State programs		_____ -	1,450,971	_____ -
Total assistance		\$ 1,946,016	\$ 1,452,846	\$ 63,354

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

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

City of Burlington:
 GASB 34 CALCULATION OF MAJOR FUNDS
 June 30, 2013

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			Computes "MAJOR" if Fund is Major If a "Category" Has an "X" in Both Columns, Then Fund is a Major Fund
	10% Rule	5% Rule	N/A		10% Rule	5% Rule	N/A		10% Rule	5% Rule	N/A		10% Rule	5% Rule	N/A	
General Fund	36,672,499	N/A	N/A	3,187,555	N/A	N/A	49,142,799	N/A	N/A	N/A	57,190,701	N/A	N/A	N/A	YES, ALWAYS MAJOR	
Special Revenue Funds:																
Mpo Planning/Trans.	357,794	-	-	1,189	-	-	226,428	-	-	-	245,888	-	-	-	-	
Capital Reserve	16,620,740	X	-	-	-	-	53,893	-	-	-	-	-	-	-	-	
Substance Abuse	65,924	-	-	-	-	-	31,959	-	-	-	23,788	-	-	-	-	
Rico	357,909	-	-	-	-	-	425,011	-	-	-	404,487	-	-	-	-	
Home Program	6,492,038	-	-	2,532,095	X	-	265,616	-	-	-	415,707	-	-	-	-	
Community Dev.	29,548	-	-	1,702	-	-	421,578	-	-	-	425,677	-	-	-	-	
Downtown	64,441	-	-	64,441	-	-	138,028	-	-	-	140,897	-	-	-	-	
Gulford Mackintosh	36,762	-	-	36,762	-	-	161,603	-	-	-	161,603	-	-	-	-	
Rehab Loan	2,238,900	-	-	4,743	-	-	13,933	-	-	-	137,955	-	-	-	-	
Medicare Part D	10,555	-	-	-	-	-	-	-	-	-	2,752	-	-	-	-	
Bureau of Justice Asst. Comm. Oriented Policing	-	-	-	7,575	-	-	344,827	-	-	-	296,740	-	-	-	-	
All Hazard Preparedness	-	-	-	-	-	-	7,047	-	-	-	-	-	-	-	-	
Edward Byrne Justice Assistance	84,084	-	-	-	-	-	70,884	-	-	-	44,853	-	-	-	-	
Rental Rehab	961,269	-	-	-	-	-	16,308	-	-	-	-	-	-	-	-	
Total Special Revenue	27,319,964	-	-	2,648,507	-	-	2,167,115	-	-	-	2,300,347	-	-	-	-	
Debt Service Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital Projects Funds:																
ERP System	612,197	-	-	-	-	-	278	-	-	-	19,648	-	-	-	-	
Energy Efficiency Upgrade Mainstreet 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Drainage Improvement	368,572	-	-	-	-	-	117	-	-	-	-	-	-	-	-	
Total Capital Projects	980,769	-	-	-	-	-	395	-	-	-	19,648	-	-	-	-	
Total Governmental Funds	64,973,232	-	-	5,835,062	-	-	51,310,309	-	-	-	59,510,696	-	-	-	-	
10 % of Total Governmental Funds	6,497,323	-	-	583,606	-	-	5,131,031	-	-	-	5,951,070	-	-	-	-	
Enterprise Funds:																
Water and Sewer	207,066,876	X	X	53,811,799	X	X	21,389,894	X	X	X	18,696,207	X	X	X	MAJOR	
Storm Water	1,569,999	-	-	24,899	-	-	450,521	-	-	-	305,939	-	-	-	-	
Other Enterprise Fund 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Enterprise Funds	208,636,875	-	-	53,836,698	-	-	21,840,415	-	-	-	19,002,146	-	-	-	-	
10% of Total Enterprise Funds	20,863,688	-	-	5,383,670	-	-	2,184,042	-	-	-	1,900,215	-	-	-	-	
Total Governmental & Enterprise Funds	273,610,107	-	-	59,672,760	-	-	73,150,724	-	-	-	78,512,842	-	-	-	-	
5% of Total Governmental & Enterprise Funds	13,680,505	-	-	2,983,638	-	-	3,657,536	-	-	-	3,925,642	-	-	-	-	

Transfers is the only major activity not a stand alone fund