



CPAs and Business Advisors

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To the City Council
City of Burlington
Racine and Walworth Counties, Wisconsin

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burlington (City) as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in the City's internal control to be a material weakness:

MATERIAL AUDIT ADJUSTMENTS

During the course of our audit, we proposed a number of adjusting journal entries that were required to prevent the financial statements from being materially misstated. We recommend that management review the nature of these entries in order to determine if these adjustments could be made prior to the audit.

A significant deficiency is a deficiency, or 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. We consider the following deficiencies in the City's internal control to be significant deficiencies:

SEGREGATION OF DUTIES

Under ideal conditions, there are many procedures and controls designed to limit the access of any one individual to all phases of a transaction. Many entities the size of the City do not have a large enough administrative staff to adequately segregate the various procedures from any one individual. Management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Because the overlapping responsibilities exist, you need to rely on your direct knowledge of the City's operations and trust in and have contact with employees to control and safeguard assets. This may continue to be an acceptable method for you to use for years to come.

PREPARATION OF FINANCIAL STATEMENTS

The City Council and management share the ultimate responsibility for the City's internal control. It is acceptable to outsource various accounting functions; however the responsibility for internal control cannot be outsourced.

The City engages Sitzberger & Company, S.C. to assist in the preparation of the City's financial statements and accompanying disclosures. However as independent auditors, Sitzberger & Company, S.C. cannot be considered part of the City's internal control. The City Council should design and implement a review procedure to ensure that the financial statements and disclosures are complete and accurate. These review procedures should be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles and knowledge of the City's activities and operations.

This communication is intended solely for the information and use of management, the City Council and others within the organization, and is not intended and should not be used by anyone other than these specified parties.

Sincerely,

Sitzberger & Company, S.C.

Sitzberger & Company, S.C.
Lake Geneva, Wisconsin
July 10, 2018



CPAs and Business Advisors

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To the City Council
City of Burlington
Racine and Walworth Counties, Wisconsin

We have examined the financial statements of the City of Burlington for the year ended December 31, 2017 and have issued our report thereon dated. As a result of this examination, we noted several items that we would like to bring to the attention of management.

Self-Insurance Fund Deficit Balance

The City maintains a separate “internal service” fund to account for charges made to City departments for employee insurance premiums and payments made for medical and dental claims incurred. Due to significant claims paid in recent years, including \$1,635,916 in 2017, the deficit fund balance in the fund increased from \$118,758 to \$244,117. Management has been increasing the employee portion of contributions in recent years to help mitigate the higher claims in the hope of reducing or eliminating the deficit. Management should review these amounts to ensure they remain appropriate to eliminate this deficit in future years.

FDIC Insurance

You may note that at December 31, 2017 the City had significant amounts of deposits in excess of the FDIC insurance limits. We note that the City does collateralize various deposits through The Bank of America. When taking these factors into account we noted the City was carrying uncollateralized and uninsured deposits of \$3,191,250 as of December 31, 2017. At minimum we would advise the City to look at its options to maximize insurance coverage and collateral of its deposits.

Interfund Balances

During the audit we noted some large interfund balances between certain funds of the City. The outstanding balances between funds results mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenses occur; transactions are recorded in the accounting system; and payments between funds are made. The City should review these balances and ensure repayment schedules are created. Please see Note F to the financial statements for additional information regarding these interfund balances.

Infrastructure Capital Projects Fund Deficit Balance

The Infrastructure Capital Projects Fund reported a deficit (negative) fund balance of \$1,051,735 at December 31, 2017 and of \$1,037,344 at December 31, 2016 and similar negative balances since 2014. The deficit balance, consequently, effects the fund balance of the City's General Fund as the deficit is financed by that fund. Although previous audit management letters reviewed by us have discussed the deficit fund balance of the Infrastructure Capital Projects Fund, we believe its significance to the financial statements warrants repeated discussion.

We understand that the City has prepared a long-term financing plan to ultimately eliminate this deficit balance and believe management should monitor and update this plan as needed.

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Sincerely,

Sitzberger & Company, S.C.

Sitzberger & Company, S.C.
Lake Geneva, Wisconsin
July 10, 2018



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To the City Council
City of Burlington
Burlington, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Burlington for the year ended December 31, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 27, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Burlington are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the useful life of fixed assets and the value of retirement obligations.

Management's estimate of the useful life of fixed assets and the value of retirement obligations is based on past experience. We evaluated the key factors and assumptions used to develop the useful life of fixed assets and value of retirement obligations in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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326 Center Street Lake Geneva, WI 53147 | Phone: 262.248.6281 | Fax: 262.248.6088
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To the City Council
City of Burlington
Burlington, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Burlington for the year ended December 31, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 27, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Burlington are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the useful life of fixed assets and the value of retirement obligations.

Management's estimate of the useful life of fixed assets and the value of retirement obligations is based on past experience. We evaluated the key factors and assumptions used to develop the useful life of fixed assets and value of retirement obligations in determining that they are reasonable in relation to the financial statements taken as a whole.

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material adjustments needed as a result of audit procedures were corrected by management:

Recording the PSC required tax equivalent - \$480,913
Reclassify GO bond proceeds \$1,170,000
Reclassify water fund bond proceeds - \$890,145
Reclassify sewer fund bond proceeds - \$1,610,000
Record water and sewer depreciation expense - \$2,296,864

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 10, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Burlington auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI), as listed in the table of contents that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information as listed in the table of contents which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the City of Burlington and management of the City of Burlington and is not intended to be and should not be used by anyone other than these specified parties.

Sitzberger & Company, S.C.

Sitzberger & Company, S.C.
Lake Geneva, Wisconsin
July 10, 2018

CITY OF BURLINGTON

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Burlington
Racine and Walworth Counties, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burlington, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Burlington'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Burlington as of December 31, 2017, and the respective changes in financial position and, where applicable, the cash flows thereof and the respective budgetary comparison for 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 the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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 accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

This supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 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. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Long-Term Debt Schedules as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Sitzberger & Company, S.C.

Sitzberger & Company, S.C.
Lake Geneva, Wisconsin
July 10, 2018

CITY OF BURLINGTON
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Primary Government		Total	Component Unit
	Governmental Activities	Business-type Activities		Housing Authority
<u>ASSETS</u>				
Cash and investments	\$ 7,481,070	\$ 3,044,911	\$ 10,525,981	\$ 81,849
Receivables:				
Tax levy	11,773,732	-	11,773,732	-
Accounts and other	927,533	1,416,912	2,344,445	2,480
Special assessments	4,559	177,224	181,783	-
Internal balances	515,869	(500,310)	15,559	-
Inventories	-	70,948	70,948	-
Prepaid items	63,900	-	63,900	15,182
Restricted assets - cash and investments	2,924,163	413,296	3,337,459	157,513
Notes receivable	1,921,435	-	1,921,435	-
Other deferred debits	-	654	654	-
Capital assets:				
Land	24,083,170	1,164,332	25,247,502	87,236
Construction in progress	1,208,454	765,691	1,974,145	-
Other capital assets, net of depreciation	31,164,196	42,828,585	73,992,781	2,184,062
TOTAL ASSETS	82,068,081	49,382,243	131,450,324	2,528,322
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows related to pension	376,677	71,535	448,212	24,164
<u>LIABILITIES</u>				
Accounts payable and other accrued expenses	1,808,429	193,154	2,001,583	8,690
Accrued interest payable	197,214	6,077	203,291	-
Deposits held	32,365	3,000	35,365	35,626
Current - long-term obligations	4,058,405	1,146,526	5,204,931	29,568
Liabilities payable from restricted assets:				
Accrued interest payable	-	62,720	62,720	-
Non-current liabilities:				
Compensated absences	249,229	82,610	331,839	-
Net pension liability	253,118	48,070	301,188	2,491
Long-term obligations	21,800,963	14,945,168	36,746,131	2,158,661
TOTAL LIABILITIES	28,399,723	16,487,325	44,887,048	2,235,036
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Property taxes	12,261,999	-	12,261,999	-
Deferred inflows related to pension	249,569	47,395	296,964	10,290
TOTAL DEFERRED INFLOWS OF RESOURCES	12,511,568	47,395	12,558,963	10,290
<u>NET POSITION</u>				
Net investment in capital assets	30,596,452	28,666,914	59,263,366	127,836
Restricted for debt service	2,923,440	413,296	3,336,736	133,270
Restricted for capital projects	4,521,873	-	4,521,873	-
Unrestricted	3,491,702	3,838,848	7,330,550	46,054
TOTAL NET POSITION	\$ 41,533,467	\$ 32,919,058	\$ 74,452,525	\$ 307,160

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								Housing Authority
GOVERNMENTAL ACTIVITIES:								
General government	\$ 1,468,357	\$ 63,579	\$ -	\$ -	\$ (1,404,778)	\$ -	\$ (1,404,778)	\$ -
Public safety	4,208,368	423,434	297,052	-	(3,487,882)	-	(3,487,882)	-
Public works	3,473,019	543	680,899	74,713	(2,716,864)	-	(2,716,864)	-
Health and human services	81,873	-	-	-	(81,873)	-	(81,873)	-
Culture, recreation and education	2,072,358	27,986	323,164	219,500	(1,501,708)	-	(1,501,708)	-
Conservation and development	643,710	20,525	-	157,020	(466,165)	-	(466,165)	-
Interest and fiscal charges	543,096	-	-	-	(543,096)	-	(543,096)	-
Other	84,507	-	-	-	(84,507)	-	(84,507)	-
TOTAL GOVERNMENTAL	12,575,289	536,067	1,301,115	451,233	(10,286,874)	-	(10,286,874)	-
BUSINESS-TYPE ACTIVITIES								
Water	1,990,156	2,426,442	-	110,997	-	547,283	547,283	-
Sewer	3,961,207	3,290,137	-	33,000	-	(638,070)	(638,070)	-
Airport	678,139	682,302	-	-	-	4,163	4,163	-
TOTAL BUSINESS-TYPE	6,629,502	6,398,881	-	143,997	-	(86,624)	(86,624)	-
TOTAL PRIMARY GOVERNMENT	19,204,791	6,934,948	1,301,115	595,230	(10,286,874)	(86,624)	(10,373,498)	-
COMPONENT UNIT								
Housing authority	\$ 438,074	\$ 331,401	\$ 90,527	\$ -				(16,146)
GENERAL REVENUES AND TRANSFERS								
Property taxes levied for general purposes					10,329,154	-	10,329,154	-
Franchise taxes					144,625	-	144,625	-
Public accommodation taxes					134,398	-	134,398	-
Payments in lieu of taxes					49,020	-	49,020	-
Intergovernmental revenues not restricted to specific programs					495,916	-	495,916	-
Property rents					58,234	-	58,234	-
Gain (loss) on sale of capital assets					(23,898)	-	-	(6,950)
Unrestricted investment earnings					123,845	26,789	150,634	1,474
Transfers					505,913	(519,957)	(14,044)	-
TOTAL GENERAL REVENUES AND TRANSFERS					11,817,207	(493,168)	11,324,039	(5,476)
CHANGE IN NET POSITION					1,530,333	(579,792)	950,541	(21,622)
NET POSITION - BEGINNING					38,284,295	33,498,850	71,783,145	328,782
PRIOR PERIOD ADJUSTMENT					1,718,839	-	1,718,839	-
NET POSITION - ENDING					\$ 41,533,467	\$ 32,919,058	\$ 74,452,525	\$ 307,160

See accompanying notes to financial statements.

CITY OF BURLINGTON
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General	TIF No. 3 Debt Service	Environmental TIF District	TIF No. 5 Capital Projects	General Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>							
Cash and investments	\$ 65,974	\$ -	\$ -	\$ 158,435	\$ 5,448,655	\$ 2,429,303	\$ 8,102,367
Receivables:							
Tax levy	5,498,673	4,573,829	42,318	378,943	-	1,279,969	11,773,732
Accounts and other	185,228	-	-	742,305	-	-	927,533
Special assessments	4,559	-	-	-	-	-	4,559
Due from other funds	1,498,453	-	-	-	-	-	1,498,453
Prepaid items	62,636	-	-	-	-	1,264	63,900
Restricted assets:							
Cash and investments	-	2,924,163	-	-	-	-	2,924,163
Advances to other funds	1,481,628	-	-	-	-	-	1,481,628
Notes receivable	-	-	928,542	-	-	992,893	1,921,435
TOTAL ASSETS	8,797,151	7,497,992	970,860	1,279,683	5,448,655	4,703,429	28,697,770
<u>LIABILITIES</u>							
Accounts payable and accrued expenses	546,230	723	434	72	926,782	90,070	1,564,311
Due to other funds	-	-	73,881	908,703	-	-	982,584
Deposits held	32,365	-	-	-	-	-	32,365
Advances from other funds	-	-	-	-	-	1,481,628	1,481,628
TOTAL LIABILITIES	578,595	723	74,315	908,775	926,782	1,571,698	4,060,888
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred revenue	5,986,940	4,573,829	970,860	1,121,248	-	2,272,862	14,925,739
Deferred special assessments	16,317	-	-	-	-	-	16,317
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 6,003,257	\$ 4,573,829	\$ 970,860	\$ 1,121,248	\$ -	\$ 2,272,862	\$ 14,942,056

See accompanying notes to financial statements.

CITY OF BURLINGTON
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General	TIF No. 3 Debt Service Fund	Environmental TIF District	TIF No. 5 Capital Projects	General Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>FUND BALANCES</u>							
Nonspendable for:							
Prepaid expenditures	\$ 62,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,636
Permanent funds	-	-	-	-	-	50,000	50,000
Net advances to other funds	1,481,628	-	-	-	-	-	1,481,628
Restricted	-	2,923,440	-	-	4,521,873	-	7,445,313
Assigned	-	-	-	-	-	808,869	808,869
Unassigned	671,035	-	(74,315)	(750,340)	-	-	(153,620)
TOTAL FUND BALANCES	<u>2,215,299</u>	<u>2,923,440</u>	<u>(74,315)</u>	<u>(750,340)</u>	<u>4,521,873</u>	<u>858,869</u>	<u>9,694,826</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
	<u>\$ 8,797,151</u>	<u>\$ 7,497,992</u>	<u>\$ 970,860</u>	<u>\$ 1,279,683</u>	<u>\$ 5,448,655</u>	<u>\$ 4,703,429</u>	<u>\$ 28,697,770</u>

See accompanying notes to financial statements.

CITY OF BURLINGTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 9,694,826

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds as assets.		
Capital assets	87,789,700	
Accumulated depreciation	<u>(31,333,880)</u>	56,455,820
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the governmental funds.		
Deferred revenue		2,680,057
The City's proportionate share of the Wisconsin Retirement System pension plan is applicable to future periods, therefore it is not reported in the governmental funds.		
		(126,010)
Long-term debt and related items are not due and payable in the current period and therefore are not reported in the governmental funds.		
Long-term liabilities at year end consist of:		
Notes and bonds payable	(25,859,368)	
Compensated absences	<u>(249,229)</u>	(26,108,597)
Accrued interest payable on debt is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.		
		(197,214)
Internal service funds are used by management to charge the costs of health and dental insurance benefits to individual funds. The assets and liabilities of this fund are included in governmental activities in the statement of net position.		
		<u>(865,415)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 41,533,467</u>

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	General	TIF No. 3 Debt Service	Environmental TIF District	TIF No. 5 Capital Projects	General Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES							
General property taxes	\$ 5,216,208	\$ 4,023,219	\$ 42,692	\$ 140,255	\$ -	\$ 906,780	\$ 10,329,154
Payments in lieu of taxes	49,020	-	-	-	-	-	49,020
Room tax and other taxes	134,398	-	-	-	-	-	134,398
Intergovernmental	1,205,633	14,497	49	-	-	302,211	1,522,390
Licenses and permits	479,652	-	-	-	-	-	479,652
Fines and forfeitures	166,673	-	-	-	-	-	166,673
Charges for services	66,808	-	-	-	-	19,836	86,644
Special assessments	27,571	-	-	-	-	-	27,571
Investment income	27,688	(26,701)	21,108	3,613	42,674	55,464	123,846
Repayments of note receivable principal	-	-	57,694	-	-	56,598	114,292
Other	331,847	-	-	45,000	47,818	354,987	779,652
TOTAL REVENUES	7,705,498	4,011,015	121,543	188,868	90,492	1,695,876	13,813,292
EXPENDITURES							
Current:							
General government	960,023	16,032	11,684	1,756	-	-	989,495
Public safety	3,815,412	-	-	-	-	113,430	3,928,842
Public works	1,744,856	-	-	-	-	50,338	1,795,194
Health and human services	81,873	-	-	-	-	-	81,873
Culture, recreation and education	784,208	-	-	-	-	754,284	1,538,492
Conservation and development	255,437	5,402	-	100	-	382,771	643,710
Capital outlay	-	-	-	2,402	3,546,704	395,487	3,944,593
Debt service:							
Principal	-	2,788,866	95,000	700,000	-	1,520,830	5,104,696
Interest and fiscal charges	-	141,133	49,326	74,221	-	189,140	453,820
TOTAL EXPENDITURES	7,641,809	2,951,433	156,010	778,479	3,546,704	3,406,280	18,480,715
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 63,689	\$ 1,059,582	\$ (34,467)	\$ (589,611)	\$ (3,456,212)	\$ (1,710,404)	\$ (4,667,423)

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	General	TIF No. 3 Debt Service	Environmental TIF District	TIF No. 5 Capital Projects	General Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>OTHER FINANCING SOURCES (USES)</u>							
Transfers in	\$ 25,000	\$ -	\$ 1,787,021	\$ -	\$ -	\$ 355,750	\$ 2,167,771
Transfers out	(350,750)	(1,787,021)	-	-	-	(5,000)	(2,142,771)
Water utility tax equivalent	480,913	-	-	-	-	-	480,913
Bond proceeds	-	-	-	-	8,040,000	1,170,000	9,210,000
Sale of capital assets	-	-	15,200	-	-	24,179	39,379
TOTAL OTHER FINANCING SOURCES (USES)	<u>155,163</u>	<u>(1,787,021)</u>	<u>1,802,221</u>	<u>-</u>	<u>8,040,000</u>	<u>1,544,929</u>	<u>9,755,292</u>
NET CHANGE IN FUND BALANCES	218,852	(727,439)	1,767,754	(589,611)	4,583,788	(165,475)	5,087,869
FUND BALANCES - BEGINNING	<u>1,996,447</u>	<u>3,650,879</u>	<u>(1,842,069)</u>	<u>(160,729)</u>	<u>(61,915)</u>	<u>1,024,344</u>	<u>4,606,957</u>
FUND BALANCES - ENDING	<u>\$ 2,215,299</u>	<u>\$ 2,923,440</u>	<u>\$ (74,315)</u>	<u>\$ (750,340)</u>	<u>\$ 4,521,873</u>	<u>\$ 858,869</u>	<u>\$ 9,694,826</u>

See accompanying notes to financial statements.

CITY OF BURLINGTON
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 5,087,869

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

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 outlays exceeded depreciation in the current period.

Capital outlays	2,903,070
Depreciation expense	(1,767,896)

In the statement of activities, losses on the sale of capital assets are shown, whereas in the governmental funds only the proceeds on the sale (if any) are shown.

Loss on disposal of capital assets	(63,275)
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Changes in the net pension liability and related deferred inflows and outflows or resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the plan

(1,381,698)

Long-term receivables not available are reported as revenue in the fund financial statements when collected or currently available, but are recognized as revenue when earned in the government-wide financial statements.

Notes receivable transactions	784,547
Special assessments transactions	(17,216)

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, however, has any effect on net position.

Principal payments on long-term debt	5,104,696
Issuance of long-term debt	(9,210,000)

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.

Changes in interest accrued on long-term debt	(89,278)
Changes in compensated absences	55,124

The net revenue of internal service fund activity is reported with governmental activities.

124,390

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 1,530,333

See accompanying notes to financial statements.

CITY OF BURLINGTON
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>REVENUES</u>				
General property taxes	\$ 5,216,776	\$ 5,216,776	\$ 5,216,208	\$ (568)
Payments in lieu of taxes	38,500	38,500	49,020	10,520
Room tax	105,000	105,000	134,221	29,221
Other taxes	150	150	177	27
Intergovernmental	1,171,677	1,171,677	1,205,633	33,956
Licenses and permits	389,980	389,980	479,652	89,672
Fines and forfeitures	186,000	186,000	166,673	(19,327)
Charges for services	99,120	99,120	66,808	(32,312)
Special assessments	15,000	15,000	27,571	12,571
Investment income	12,500	12,500	27,688	15,188
Other	24,200	24,200	331,847	307,647
TOTAL REVENUES	<u>7,258,903</u>	<u>7,258,903</u>	<u>7,705,498</u>	<u>446,595</u>
<u>EXPENDITURES</u>				
Current:				
General government	1,016,403	1,016,403	960,023	56,380
Public safety	3,914,170	3,914,170	3,815,412	98,758
Public works	1,960,701	1,960,701	1,744,856	215,845
Health and human services	81,561	81,561	81,873	(312)
Culture, recreation and education	635,154	635,154	784,208	(149,054)
Conservation and development	186,667	186,667	255,437	(68,770)
TOTAL EXPENDITURES	<u>7,794,656</u>	<u>7,794,656</u>	<u>7,641,809</u>	<u>152,847</u>
EXCESS EXPENDITURES OVER REVENUES	<u>(535,753)</u>	<u>(535,753)</u>	<u>63,689</u>	<u>599,442</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	49,000	49,000	25,000	(24,000)
Transfers out	(67,490)	(67,490)	(350,750)	(283,260)
Water utility tax equivalent	474,000	474,000	480,913	6,913
TOTAL OTHER FINANCING SOURCES (USES)	<u>455,510</u>	<u>455,510</u>	<u>155,163</u>	<u>(300,347)</u>
CHANGES IN FUND BALANCES	(80,243)	(80,243)	218,852	299,095
FUND BALANCES - BEGINNING	<u>1,996,447</u>	<u>1,996,447</u>	<u>1,996,447</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,916,204</u>	<u>\$ 1,916,204</u>	<u>\$ 2,215,299</u>	<u>\$ 299,095</u>

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

<u>ASSETS</u>	Business-type Activities - Enterprise Funds				Governmental Activities -
	Water Utility	Sewer Utility	Airport	Totals	Internal Service Fund
Current assets:					
Cash and investments	\$ 558,320	\$ 1,444,484	\$ 420,730	\$ 2,423,534	\$ -
Customer accounts receivable	661,007	557,491	2,774	1,221,272	-
Special assessments receivable	43,696	133,528	-	177,224	-
Other receivables	96,676	93,268	5,696	195,640	-
Inventories	19,989	-	50,959	70,948	-
Total current assets	1,379,688	2,228,771	480,159	4,088,618	-
Noncurrent assets:					
Restricted assets:					
Restricted cash and investments	213,249	200,047	-	413,296	-
Other assets:					
Other deferred debits	-	654	-	654	-
Capital assets:					
Land	260,027	778,671	125,634	1,164,332	-
Construction in process	765,691	-	-	765,691	-
Other capital assets	25,577,098	51,144,740	2,983,427	79,705,265	-
Accumulated depreciation	(8,527,448)	(26,797,191)	(1,552,041)	(36,876,680)	-
Total capital assets, net	18,075,368	25,126,220	1,557,020	44,758,608	-
TOTAL ASSETS	19,668,305	27,555,692	2,037,179	49,261,176	-
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred outflows related to pension	30,075	41,460	-	71,535	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 19,698,380	\$ 27,597,152	\$ 2,037,179	\$ 49,332,711	\$ -

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility	Sewer Utility	Airport	Totals	Activities - Internal Service Fund
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 44,932	\$ 107,220	\$ 2,706	\$ 154,858	\$ 244,117
Accrued payroll	15,484	22,812	-	38,296	-
Accrued interest payable	2,360	3,717	-	6,077	-
Due to general fund	500,310	-	-	500,310	-
Current general obligation bonds	45,000	40,000	-	85,000	-
Current lease obligation payable	-	71,372	-	71,372	-
Deposits held	-	3,000	-	3,000	-
Total current liabilities	<u>608,086</u>	<u>248,121</u>	<u>2,706</u>	<u>858,913</u>	<u>244,117</u>
Current liabilities payable from restricted assets:					
Current revenue bonds payable	315,800	674,354	-	990,154	-
Accrued interest payable	14,016	48,704	-	62,720	-
Total current liabilities payable from restricted assets	<u>329,816</u>	<u>723,058</u>	<u>-</u>	<u>1,052,874</u>	<u>-</u>
Noncurrent liabilities:					
Revenue bonds payable	3,159,804	10,400,364	-	13,560,168	-
General obligation bonds payable	535,000	850,000	-	1,385,000	-
Net pension liability	20,210	27,860	-	48,070	-
Compensated absences	40,231	42,379	-	82,610	-
Total noncurrent liabilities	<u>3,755,245</u>	<u>11,320,603</u>	<u>-</u>	<u>15,075,848</u>	<u>-</u>
TOTAL LIABILITIES	<u>4,693,147</u>	<u>12,291,782</u>	<u>2,706</u>	<u>16,987,635</u>	<u>244,117</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	<u>19,926</u>	<u>27,469</u>	<u>-</u>	<u>47,395</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	14,019,764	13,090,130	1,557,020	28,666,914	-
Restricted for debt service	213,249	200,047	-	413,296	-
Unrestricted	752,294	1,987,724	477,453	3,217,471	(244,117)
TOTAL NET POSITION	<u>\$ 14,985,307</u>	<u>\$ 15,277,901</u>	<u>\$ 2,034,473</u>	<u>\$ 32,297,681</u>	<u>\$ (244,117)</u>

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities - Enterprise Funds				Governmental
	Water Utility	Sewer Utility	Airport	Totals	Activities - Internal Service Fund
<u>OPERATING REVENUES</u>					
Charges for service	\$ 2,400,930	3,195,536	\$ -	\$ 5,596,466	\$ -
Fuel sales	-	-	585,754	585,754	-
Billings to departments	-	-	-	-	1,476,890
Other	17,452	94,601	96,548	208,601	28,918
TOTAL OPERATING REVENUES	2,418,382	3,290,137	682,302	6,390,821	1,505,808
<u>OPERATING EXPENSES</u>					
Operation and maintenance	1,129,101	1,773,061	109,788	3,011,950	-
Fuel for resale	-	-	461,219	461,219	-
Depreciation	628,596	1,668,268	96,708	2,393,572	-
Taxes	29,116	43,280	10,424	82,820	-
Insurance claims and administration	-	-	-	-	1,635,916
TOTAL OPERATING EXPENSES	1,786,813	3,484,609	678,139	5,949,561	1,635,916
OPERATING INCOME (LOSS)	631,569	(194,472)	4,163	441,260	(130,108)
<u>NONOPERATING REVENUES (EXPENSES)</u>					
Investment income (loss)	12,266	14,523	-	26,789	4,749
Grant proceeds	108,255	-	-	108,255	-
Insurance proceeds	8,060	-	-	8,060	-
Interest expense	(87,665)	(303,192)	-	(390,857)	-
Bond issuance costs	(7,000)	(46,378)	-	(53,378)	-
TOTAL NONOPERATING REVENUE (EXPENSE)	33,916	(335,047)	-	(301,131)	4,749
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	665,485	(529,519)	4,163	140,129	(125,359)
Capital contributions - other	2,742	33,000	-	35,742	-
Transfers out	-	-	(25,000)	(25,000)	-
Tax equivalent to municipality	(480,913)	-	-	(480,913)	-
CHANGE IN NET POSITION	187,314	(496,519)	(20,837)	(330,042)	(125,359)
NET POSITION - BEGINNING OF YEAR	14,797,993	15,774,420	2,055,310	32,627,723	(118,758)
NET POSITION - END OF YEAR	\$ 14,985,307	\$ 15,277,901	\$ 2,034,473	32,297,681	\$ (244,117)
Adjustment to reflect consolidation of internal service fund activities.				621,377	
Net position of business-type activities				\$ 32,919,058	

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility	Sewer Utility	Airport	Totals	Activities - Internal Service Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Receipts from customers and users	\$ 2,396,913	\$ 3,141,278	\$ 680,657	\$ 6,218,848	\$ -
Receipts from interfund services provided	-	-	-	-	1,505,808
Payments to suppliers	(425,639)	(760,515)	(604,679)	(1,790,833)	-
Payments to employees	(610,917)	(883,057)	-	(1,493,974)	-
Payments for interfund services used	-	-	-	-	(1,510,557)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,360,357</u>	<u>1,497,706</u>	<u>75,978</u>	<u>2,934,041</u>	<u>(4,749)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>					
Transfers to other funds	(480,913)	-	(25,000)	(505,913)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(480,913)</u>	<u>-</u>	<u>(25,000)</u>	<u>(505,913)</u>	<u>-</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Capital contributions	2,742	33,000	-	35,742	-
Acquisition and construction of capital assets	(1,074,230)	(957,758)	-	(2,031,988)	-
Proceeds of debt	890,145	1,610,000	-	2,500,145	-
Grant and insurance proceeds	116,315	-	-	116,315	-
Principal paid on bonds / leases	(308,105)	(703,873)	-	(1,011,978)	-
Bond issuance costs	(7,000)	(46,378)	-	(53,378)	-
Interest paid	(86,226)	(298,136)	-	(384,362)	-
Special assessment collections (additions)	8,649	(59,182)	-	(50,533)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(457,710)</u>	<u>(422,327)</u>	<u>-</u>	<u>(880,037)</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Investment income (loss)	12,266	14,523	-	26,789	4,749
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>12,266</u>	<u>14,523</u>	<u>-</u>	<u>26,789</u>	<u>4,749</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	434,000	1,089,902	50,978	1,574,880	-
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>337,569</u>	<u>554,629</u>	<u>369,752</u>	<u>1,261,950</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 771,569</u>	<u>\$ 1,644,531</u>	<u>\$ 420,730</u>	<u>\$ 2,836,830</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</u>	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Airport	Totals	
Operating income (loss)	\$ 631,569	\$ (194,472)	\$ 4,163	\$ 441,260	\$ (130,108)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	628,596	1,668,268	96,708	2,393,572	-
Depreciation charged to clearing account	22,063	-	-	22,063	-
(Increase) decrease in customer and other receivables	(21,469)	(148,859)	(1,645)	(171,973)	-
(Increase) decrease in inventories	735	-	(25,701)	(24,966)	-
(Increase) decrease in net pension and deferred items	110,309	152,062	-	262,371	-
Increase (decrease) in accounts payable	(20,326)	9,595	2,453	(8,278)	125,359
Increase (decrease) in accrued payroll	(7,125)	6,750	-	(375)	-
Increase (decrease) in due to other funds	19,397	-	-	19,397	-
Increase (decrease) in compensated absences payable	(3,392)	4,362	-	970	-
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	1,360,357	1,497,706	75,978	2,934,041	(4,749)
 <u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION - PROPRIETARY FUNDS</u>					
Cash and investments reported as current assets	558,320	1,444,484	420,730	2,423,534	-
Cash and investments reported as restricted assets	213,249	200,047	-	413,296	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 771,569	\$ 1,644,531	\$ 420,730	\$ 2,836,830	\$ -

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

Capital additions of \$2,742 and \$33,000 were contributed to the water and sewer utilities, respectively, by developers.

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2017

	Tax Roll	Municipal Court	Developers' Reimbursement Fund	Totals
<u>ASSETS</u>				
Cash and cash equivalents	\$ 8,893,202	\$ 10,850	\$ 7,791	\$ 8,911,843
Taxes receivable	1,650,012	-	-	1,650,012
TOTAL ASSETS	10,543,214	10,850	7,791	10,561,855
<u>LIABILITIES</u>				
Accounts payable	205,489	10,850	-	216,339
Due to county and state	2,543,443	-	-	2,543,443
Due to school and VTAE districts	7,794,282	-	-	7,794,282
Deposits held	-	-	7,791	7,791
TOTAL LIABILITIES	10,543,214	10,850	7,791	10,561,855
NET POSITION	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note A - Summary of Significant Accounting Policies

The basic financial statements of the City of Burlington, Wisconsin have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below.

a) Reporting Entity

The City of Burlington (the City) is a municipal corporation governed by an elected mayor and eight-member council. The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. Although it is a legally separate entity, standards set forth in Statement No. 61 of the Governmental Accounting Standards Board require that the financial statements of the Housing Authority of the City of Burlington be reported as a component unit of the City due to the appointment of its board of commissioners by the City's mayor. The Housing Authority of the City of Burlington is reported as a discretely presented component unit to emphasize that it is an entity that is legally separate from the City. The financial information included in the statement of net position is as of the Housing Authority's fiscal year end of August 31, 2017. Complete financial statements for the component unit may be obtained at its administrative offices.

Riverview Manor
580 Madison Street
Burlington, Wisconsin 53105

b) Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees and charges for goods or services. Eliminations have been made to avoid double counting of internal activities of the City.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

See accompanying independent auditors' report.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note A - Summary of Significant Accounting Policies (continued)

b) Basis of Presentation (continued)

Fund Financial Statements

Financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the City believes is particularly important to financial statement users may be reported as a major fund.

Major Governmental Funds

The City reports the following major governmental funds:

General Fund – accounts for the City’s primary operating activities. It is used to account for and report all financial resources of the City except those required to be accounted for in another fund.

General Capital Projects Fund - accounts for the financial resources for the acquisition and construction of general capital projects for the City.

TIF No. 3 Debt Service Fund - accounts for the resources accumulated and payments made for principal and interest on long-term obligation debt of the City’s Tax Incremental Financing District No. 3.

TIF No. 5 Capital Projects Fund - accounts for the financial resources segregated for the acquisition and construction of major capital facilities for the City’s Tax Incremental Financing District No. 5.

Environmental TIF District Fund - accounts for remediation and other capital costs as authorized by the Wisconsin statutes.

The City reports the following major proprietary funds:

Sewer Utility Enterprise Fund - accounts for the activities of operating the sewage treatment plant, sewage pumping stations and collections systems.

See accompanying independent auditors’ report.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note A - Summary of Significant Accounting Policies (continued)

b) Basis of Presentation (continued)

Water Utility Enterprise Fund - accounts for the activities of operating the water distribution system.

Airport Enterprise Fund - accounts for the activities of the City's airport operations.

Non-Major Funds

The City reports the following non-major governmental funds:

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

- Library Operations
- Community Development Block Grant
- TIF No. 3 Revolving Loan
- Park Development
- Library Trust
- Police Donations
- Wehmhoff

Debt Service Fund - Debt service funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

General Debt Service

Capital Projects Funds - Capital projects funds are used to account for financial resources segregated for the acquisition and construction of major capital facilities.

- Revolving Capital Projects
- Infrastructure
- Downtown Redevelopment
- Facade Grants

Additionally, the City reports the following fund types:

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost reimbursement basis. The City's internal service fund accounts for the City's risk financing activities related to its employee health insurance medical claims.

Agency Funds - Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. For the City, the agency funds are:

- Tax Roll Fund
- Municipal Court Bond Fund
- Developers' Reimbursement Fund

See accompanying independent auditors' report.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note A - Summary of Significant Accounting Policies (continued)

c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's Water and Sewer Utilities, and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available, are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows of resources.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note A - Summary of Significant Accounting Policies (continued)

c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Financial Statements (continued)

The City reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the deferred inflows of resources is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results could differ from those estimates.

d) Cash and Investments

The City's cash and investments are considered to be cash on hand, demand deposits, savings deposits, certificates of deposit, the Wisconsin Local Government Investment Pool and government agency securities. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows for the enterprise funds, cash equivalents are temporary cash investments with a maturity of three months or less at the date of purchase. Pooled bank accounts that are shared between its various accounting funds are maintained.

Investment of City funds are restricted by state statutes. Permitted investments for the City include any of the following:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association which is authorized to transact business in Wisconsin maturing in three years or less.
- Bonds or securities issued or guaranteed by the federal government and its agencies.
- Bonds or securities of any county, city, drainage district, vocational, technical and adult education district, village, town or school district of the state.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- The local government investment pool and the Wisconsin Investment Trust.

See accompanying independent auditors' report.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note A - Summary of Significant Accounting Policies (continued)

d) Cash and Investments (continued)

- Bonds issued by a local exposition district, local professional baseball park district, professional football stadium district, the University of Wisconsin Hospitals and Clinics Authority, a local cultural arts district, or the Wisconsin Aerospace Authority.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

e) Receivables

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectable amounts.

Property taxes are levied in December on the assessed value as of the prior January 1. Property taxes are recorded as a receivable and deferred revenue in the appropriate fund in the year levied because the taxes are restricted to funding the succeeding year's budget appropriations. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school districts and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as deferred revenues and due to other governments on the statement of net position. Property tax payments received prior to year-end are reflected in the agency fund. Interest on delinquent property taxes is recognized as revenue when received.

Details of the City's property tax calendar for the 2017 tax levy follows:

Lien and levy dates	December 2017
Real estate collection due dates:	
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property tax due in full	January 31, 2018
Final settlement with county	August 2018
Tax sale of 2018 delinquent real estate taxes	October 2020

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds and due to other funds on the balance sheet as appropriate. See Note H for additional information. For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

f) Inventories

Inventories of the utility enterprise fund are generally used in the operation and maintenance of the water utility. The inventories are valued at cost (first-in, first-out method), which is not in excess of market value. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

See accompanying independent auditors' report.

CITY OF BURLINGTON
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2017

Note A - Summary Of Significant Accounting Policies (continued)

g) Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

h) Restricted Assets

Cash and equivalents of the City's utilities have been restricted by bond resolution for the following purposes:

	Water Utility	Sewer Utility	Total
Bond reserve account	\$ 213,249	\$ -	\$ 213,249
Bond debt service fund		200,047	200,047
Total Utility Restricted Assets	\$ 213,249	\$ 200,047	\$ 413,296

The TIF #3 Debt Service Fund had a restricted cash balance of \$2,939,722 at December 31, 2017.

i) Capital Assets

Government Wide Statements – In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years, except for certain assets of the Water and Sewer Utilities which may be capitalized at a lower cost. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation. The costs of maintenance and repairs that do not add to the value of the asset or extend the asset life are not capitalized. No interest was capitalized during the current year.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	50 – 75 Years
Land improvements	30 Years
Roads	30 Years
Other infrastructure	30 – 50 Years
Vehicles	5 – 10 Years
Office equipment	6 – 10 Years
Computer equipment	5 Years

Fund Financial Statements – In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

See accompanying independent auditors' report.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note A - Summary Of Significant Accounting Policies (continued)

j) Compensated Absences

City employees earn vacation time in varying amounts in accordance with City policy. All full-time employees are eligible for paid vacation annually on the anniversary of their date of hire. Payments for vacation will be made at rates in effect when the benefits are used. At December 31, 2017, the total vacation benefits accrued were \$120,834 for the governmental activities and \$44,504 for the business-type activities.

All regular full-time employees who have completed 30 calendar days of employment are eligible to earn sick leave at the rate of one day per month. Employees may accumulate sick leave to a maximum number of days ranging from 150 to 252. It is the City's policy to pay for unused sick leave upon retirement or death at a rate of \$25 per day or apply it to future retiree health insurance premiums at a rate of \$50 per day. The City determined its liability for accumulated sick pay benefits payable based on the option of applying \$50 per day toward health insurance premiums. The total sick leave benefits payable upon termination or retirement were approximately \$128,395 for the governmental activities and \$38,106 for the business-type activities.

All vested vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

k) Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time. The City has one item that qualifies for reporting in this category. The City's proportionate share of the Wisconsin Retirement System pension plan is deferred and amortized over the expected remaining service lives of the pension plan participants.

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. The first item, property taxes, will be recognized as an inflow of resources in the subsequent year for which it was levied. The second item, deferred inflows related to pension, is deferred and recognized as an inflow of resources in the period the amount becomes available. The City also has an additional type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental fund reports unavailable revenues from special assessments. This amount is deferred and recognized as an inflow of resources in the period the amount become available.

l) Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the 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.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note A - Summary Of Significant Accounting Policies (continued)

m) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

n) Net Position and Fund Balances

Equity is classified as Net Position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation, and any capital related deferred outflows of resources and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

Restricted Net Position – Consists of Net Position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – Consists of Net Position which are available for appropriation and expenditure in future periods and are neither classified as restricted or as net investment in capital assets.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental Fund Financial Statements

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental fund balance is classified as nonspendable, restricted, committed, assigned, or unassigned. Following are descriptions of fund balance classifications.

Restricted Fund Balance – includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Assigned Fund Balance – includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the City Council.

Committed Fund Balance – includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the City Council, the City's highest level of decision-making authority. This formal action is a City Council resolution.

Nonspendable Fund Balance – includes amounts that cannot be spent because they are not in a spendable form and cannot be converted to cash or because they are legally or contractually required to remain intact.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note A - Summary Of Significant Accounting Policies (continued)

n) Net Position and Fund Balances

Unassigned Fund Balance – is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports an unassigned fund balance amount.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the City’s general policy to use restricted resources first.

When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

n) Utility User Rates

Water utility user rates currently in place were established by the Wisconsin Public Service Commission effective January 27, 2016. Sewer utility rates currently in place were approved by the City Council effective January 1, 2017.

Note B - Stewardship, Compliance, and Accountability

a) Budgetary Information

The City reviews and adopts its annual budget by December or earlier of the preceding year. The budgetary information included in the accompanying financial statements is comprised of the originally approved budget plus or minus approved revisions of budgeted revenues and expenditures. These budgets are adopted on a basis consistent with GAAP. Management control of the budgetary process has been established at the departmental level of expenditure. A department can be a fund, cost center, program or other activity for which control of expenditures is considered desirable. Budget appropriations for certain capital projects funds are project oriented, often possessing multi-year lives; consequently, budgeted capital projects expenditures are controlled through fund balances.

The budget may be amended for supplemental appropriations periodically during the year. Budget changes require a two-thirds approval by the City Council. The 2017 general fund budget was not amended.

b) General Fund Nonspendable Fund Balances

The fund balance of the general fund at December 31, 2017 was nonspendable for the following:

	<u>Amount</u>
Prepaid expenditures	\$ 62,636
Advances to other funds	1,481,628
Total Nonspendable Fund Balance	<u>\$ 1,544,264</u>

See accompanying independent auditors’ report.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note B - Stewardship, Compliance, and Accountability (continued)

c) Deficit Fund Equity

The following individual funds had deficit fund balances as of December 31, 2017.

	<u>Deficit</u>
Environmental TIF District Fund	\$ (74,315)
TIF No. 5 Capital Projects Fund	(750,340)
Infrastructure Capital Projects Fund	<u>(1,051,735)</u>
	<u>\$ (1,876,390)</u>

The deficit fund balance in the environmental TIF district capital projects funds will be eliminated in loan receivable repayments and tax increments. The deficit fund balance in the infrastructure and TIF No. 5 funds will be eliminated by future borrowing or general fund transfers.

d) Utility Bond Covenant Compliance

The 2011 Waterworks System Revenue Refunding Bonds, Series 2011A require the maintenance of a bond reserve account in the amount of \$205,000. This account was properly funded at December 31, 2017.

Resolutions for water and sewer revenue bonds also specify that a debt service fund be established for monthly deposits of principal and interest payments coming due. Monthly deposits to fund the calculated balances required at year end were not made; however, bond resolutions additionally stipulate that amounts transferred to the debt service fund be sufficient to pay principal and interest on bonds as the payments become due. All principal and interest payments on outstanding debt were made timely.

CITY OF BURLINGTON
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2017

Note C - Cash and Investments

The City's cash and investments at December 31, 2017 consisted of the following:

	Carrying Amount	Bank Balance	Uncollateralized Uninsured Deposits	Associated Risks
Checking and savings accounts	\$ 14,476,813	\$ 14,566,543	\$ 3,191,250	Custodial
Local Government Investment Pool	7,366,608	7,366,608	-	Credit
Certificates of deposit	70,885	70,885	-	Custodial
Government agency securities	875,378	875,378	-	Credit
Petty cash	1,158	-	-	N/A
Total cash and investments	<u>\$ 22,790,842</u>	<u>\$ 22,879,414</u>	<u>\$ 3,191,250</u>	

The City's cash and investments are reported in the financial statements as follows:

Per Statement of Net Position

Cash and investments	\$ 10,525,981
Restricted cash and investments	3,353,018

Per Statement of Fiduciary Net Position

Tax Collection Fund	8,893,202
Municipal Court	10,850
Developer's Reimbursement Fund	7,791
Total cash and investments	<u>\$ 22,790,842</u>

The City addresses the following risks related to its cash and investments:

Credit Risk

The City has policies to minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities listed in the policy resolution.
- The common council shall by resolution each year approve the public depositories within the City that are deemed appropriate for use under the state and federal law.
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
- Maintain balances with its banking financial institutions that do not exceed the combined amount FDIC insurance and State Deposit Guarantee Fund insurance, along with the amount of collateralized deposits per an agreement with its primary banking institution. However, deposits may temporarily exceed the insured and collateralized amounts during periods when property taxes are collected.

Interest Rate Risk

The City has policies to minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

See accompanying independent auditors' report.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note C - Cash and Investments (continued)

Custodial Risk

The City has policies to minimize custodial risk, which is the risk that in the event of a financial institution failure, the City's deposits may not be returned to it, by:

- Maintaining a list of financial institutions, public depositories and broker/dealers authorized by resolution to provide deposit and investment services.
- All financial institutions, public depositories and broker/dealers authorized by resolution to provide deposit and investment services must supply as appropriate audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.

The Federal Depositor's Insurance Corporation FDIC insures the deposits of the City in the amount of \$250,000 for demand deposits (interest-bearing and noninterest bearing) and \$250,000 in time and savings deposits (including NOW accounts). Deposits may exceed the amount of FDIC insurance available at certain times during the year due primarily to the collection of property taxes. In addition, the Wisconsin State Deposit Guarantee Fund provides coverage under state law of \$400,000 per public depositor and per public depository above the amount provided by the FDIC. This amount may not be realized given the size of the Guarantee Fund in relation to the pool of deposits it insures.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board and administered by the State of Wisconsin Department of the Treasury. Investments in the LGIP are not rated. The SIF is not registered and has no plans to register with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25.50. The SIF reports the fair value of its underlying assets annually. The City has the right to withdraw its funds in total on one day's notice. At December 31, 2017, the fair value of the City's share of the LGIP assets was substantially equal to the amount reported above.

For purposes of the statement of cash flows for the enterprise funds, cash equivalents are temporary cash investments with a maturity of three months or less at the date of purchase.

Fair Value Measurements of Investments

The City implemented GASB Statement No. 72, *Fair Value Measurement and Application*, for the year ending December 31, 2017. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and is described as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that a government can access at the measurement date.
Level 2	Significant inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3	Significant unobservable inputs for an asset or liability.

See accompanying independent auditors' report.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note C - Cash and Investments (continued)

	Fair Value Measurement Using			Total
	Level 1	Level 2	Level 3	
Government Agency Securities	\$ 875,378	\$ -	\$ -	\$ 875,378

Note D - Receivables

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report *deferred inflows of resources* in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *deferred inflows of resources* reported in the governmental funds were as follows:

	Unavailable	Unearned
Property and other taxes receivable	\$ -	\$ 11,761,689
Water utility property tax equivalent	-	500,310
Special assessments not yet due (general fund)	16,317	-
Notes and accounts receivable	1,921,435	-
Total deferred / unearned revenue for governmental funds	\$ 1,937,752	\$ 12,261,999

The City has issued notes receivable which are due for the following purposes:

Purpose	Date of Issue	Interest Rate	Original Principal	Balance 12/31/2017
Environmental TIF Capital Projects	9/1/2010	7.00%	\$ 1,160,000	\$ 928,542
Community Development Block Grant	7/6/2010	2.00%	340,000	249,248
Community Development Block Grant	12/31/2011	2.00%	400,000	160,000
Community Development Block Grant	7/2/2013	0.00%	202,500	202,500
Community Development Block Grant	6/1/2015	Varies	28,410	14,994
TIF No. 3 Revolving Loan	1/24/2013	1.625%	175,000	168,530
TIF No. 3 Revolving Loan	7/1/2016	1.75%	70,000	57,621
TIF No. 3 Revolving Loan	12/31/2017	1.75%	140,000	140,000
Total				\$ 1,921,435

* - Contains forgiveness provisions for full time employees added.

See accompanying independent auditors' report.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note E - Capital Assets

Governmental Activities

Governmental capital asset activity for the year ended December 31, 2017 was as follows:

Governmental Activities:	Balance 1/1/2017	Prior Period Adjustment	Additions	Deletions	Balance 12/31/2017
Capital assets not being depreciated					
Land	\$ 24,083,170	\$ -	\$ -	\$ -	\$ 24,083,170
Construction in progress	65,915	-	1,142,539	-	1,208,454
Total capital assets not being depreciated	<u>24,149,085</u>	<u>-</u>	<u>1,142,539</u>	<u>-</u>	<u>25,291,624</u>
Capital assets being depreciated:					
Building and improvements	9,896,104	643	290,761	(58,277)	10,129,231
Land improvements & structures	3,667,133	(265,777)	68,489	-	3,469,845
Machinery and equipment	7,566,917	74,288	628,236	(248,761)	8,020,680
Infrastructure	39,841,855	263,420	773,045	-	40,878,320
Total capital assets being depreciated	<u>60,972,009</u>	<u>72,574</u>	<u>1,760,531</u>	<u>(307,038)</u>	<u>62,498,076</u>
Less: accumulated depreciation	<u>(31,456,012)</u>	<u>1,646,265</u>	<u>(1,767,896)</u>	<u>243,763</u>	<u>(31,333,880)</u>
Net capital assets being depreciated	<u>29,515,997</u>	<u>\$ 1,718,839</u>	<u>\$ (7,365)</u>	<u>\$ (63,275)</u>	<u>31,164,196</u>
Net governmental activities capital assets	<u>\$ 53,665,082</u>				<u>\$ 56,455,820</u>

Depreciation expense was charged to governmental activities of the City as follows:

General government	\$ 51,740
Public safety	289,410
Public works (includes depreciation of infrastructure)	1,206,773
Culture and recreation	219,973
Total governmental activities depreciation expense	<u>\$ 1,767,896</u>

See accompanying independent auditors' report.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note E - Capital Assets (continued)

Business Type Activities

Capital asset activity in the business type activities for the year ended December 31, 2017 was as follows:

<u>Water Utility</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 260,027	\$ -	\$ -	\$ 260,027
Construction in process	104,833	660,858		765,691
Total capital assets not being depreciated	<u>364,860</u>	<u>660,858</u>	<u>-</u>	<u>1,025,718</u>
Capital assets being depreciated				
Buildings and improvements	3,055,811	13,751	-	3,069,562
Machinery and equipment	3,370,130	53,090	-	3,423,220
Infrastructure	18,810,140	346,531	(72,355)	19,084,316
Total capital assets being depreciated	<u>25,236,081</u>	<u>413,372</u>	<u>(72,355)</u>	<u>25,577,098</u>
Total capital assets	<u>25,600,941</u>	<u>1,074,230</u>	<u>(72,355)</u>	<u>26,602,816</u>
Less: accumulated depreciation	<u>(7,949,144)</u>	<u>(650,659)</u>	<u>72,355</u>	<u>(8,527,448)</u>
Capital assets net of depreciation	<u>\$ 17,651,797</u>			<u>\$ 18,075,368</u>

<u>Sewer Utility</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 778,671	\$ -	\$ -	\$ 778,671
Total capital assets not being depreciated	<u>778,671</u>	<u>-</u>	<u>-</u>	<u>778,671</u>
Capital assets being depreciated				
Buildings and system	27,156,174	-	-	27,156,174
Machinery and equipment	7,024,912	14,252	-	7,039,164
Infrastructure	16,005,896	943,506	-	16,949,402
Total capital assets being depreciated	<u>50,186,982</u>	<u>957,758</u>	<u>-</u>	<u>51,144,740</u>
Total capital assets	<u>50,965,653</u>	<u>957,758</u>	<u>-</u>	<u>51,923,411</u>
Less: accumulated depreciation	<u>(25,128,923)</u>	<u>(1,668,268)</u>	<u>-</u>	<u>(26,797,191)</u>
Sewer capital assets net of depreciation	<u>\$ 25,836,730</u>			<u>\$ 25,126,220</u>

See accompanying independent auditors' report.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note E - Capital Assets (continued)

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
<u>Airport</u>				
Capital assets not being depreciated				
Land	\$ 125,634	\$ -	\$ -	\$ 125,634
Total capital assets not being depreciated	<u>125,634</u>	<u>-</u>	<u>-</u>	<u>125,634</u>
Capital assets being depreciated:				
Buildings	627,810	-	-	627,810
Land improvements	2,054,267	-	-	2,054,267
Machinery and equipment	301,350	-	-	301,350
Total capital assets being depreciated	<u>2,983,427</u>	<u>-</u>	<u>-</u>	<u>2,983,427</u>
Total capital assets	<u>3,109,061</u>	<u>-</u>	<u>-</u>	<u>3,109,061</u>
Less: accumulated depreciation	<u>(1,455,333)</u>	<u>(96,708)</u>	<u>-</u>	<u>(1,552,041)</u>
Airport capital assets net of depreciation	<u>\$ 1,653,728</u>			<u>\$ 1,557,020</u>

Depreciation expense was charged to business-type activities of the City as follows:

Water Utility	\$ 650,659
Sewer Utility	1,668,268
Airport	96,708
Total business-type activities depreciation expense	<u>\$ 2,415,635</u>

Discretely Presented Component Unit

Capital asset activity for the Housing Authority for the year ended August 31, 2017 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 87,236	\$ -	\$ -	\$ 87,236
Total capital assets not being depreciated	<u>87,236</u>	<u>-</u>	<u>-</u>	<u>87,236</u>
Capital assets being depreciated:				
Buildings and improvements	3,195,953	32,316	-	3,228,269
Furniture and equipment	652,831	19,602	(2,011)	670,422
Landscaping	137,904	135,214	(14,848)	258,270
Total capital assets being depreciated	<u>3,986,688</u>	<u>187,132</u>	<u>(16,859)</u>	<u>4,156,961</u>
Less: accumulated depreciation	<u>(1,866,665)</u>	<u>(116,137)</u>	<u>9,903</u>	<u>(1,972,899)</u>
Net capital assets being depreciated	<u>2,120,023</u>	<u>70,995</u>	<u>(6,956)</u>	<u>2,184,062</u>
Net governmental activities capital assets	<u>\$ 2,207,259</u>			<u>\$ 2,271,298</u>

Accumulated depreciation by capital asset category for the housing authority is not available.

See accompanying independent auditors' report.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note F - Interfund Receivables, Payables and Transfers

The following is a schedule of interfund receivables and payables at December 31, 2017:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water Utility (tax equivalent)	\$ 500,310
General	Environmental TIF District	89,440
General	TIF No. 5	908,703
		<u>\$ 1,498,453</u>

Advances to and from other funds consist of the following:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
General	Infrastructure Capital Projects	\$ 1,481,628
		<u>\$ 1,481,628</u>

The City is establishing a five-year financing plan that is expected to include settling the General Fund advance to the Infrastructure Fund by a combination of budgetary allotments and borrowed money.

Interfund transfers consist of the following:

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
General Fund	TIF No.3 Revolving Loan	\$ 163,452
TIF No. 3 Debt Service	Environmental TIF District	1,787,021
General Fund	Park Development	30,000
General Fund	Debt Service	107,298
Library Fund	Revolving Capital Projects	5,000
General Fund	Facade Grants	50,000
Airport	General Fund	25,000
		<u>\$ 2,167,771</u>

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note G - Long-Term Obligations

Outstanding debt and other long-term obligations were comprised of the following at December 31, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General obligation debt	\$ 20,560,000	\$ 9,210,000	\$ 4,895,000	\$ 24,875,000	\$ 3,960,000
Compensated absences	304,353	-	55,124	249,229	-
Total governmental activities	<u>20,864,353</u>	<u>9,210,000</u>	<u>4,950,124</u>	<u>25,124,229</u>	<u>3,960,000</u>
<u>Business-Type Activities:</u>					
General obligation debt	1,535,000	275,000	65,000	1,745,000	85,000
Revenue bonds	12,927,286	2,225,145	877,109	14,275,322	990,154
Compensated absences	81,640	970	-	82,610	-
Total business-type activities	<u>14,543,926</u>	<u>2,501,115</u>	<u>942,109</u>	<u>16,102,932</u>	<u>1,075,154</u>
<u>Other Long-Term Obligations</u>					
Leases payable	1,221,438	-	165,698	1,055,740	169,777
Developer revenue agreement	113,866	-	113,866	-	-
	<u>1,335,304</u>	<u>-</u>	<u>279,564</u>	<u>1,055,740</u>	<u>169,777</u>
Total Long-Term Obligations	<u>\$ 36,743,583</u>	<u>\$ 11,711,115</u>	<u>\$ 6,171,797</u>	<u>\$ 42,282,901</u>	<u>\$ 5,204,931</u>

General Obligation Debt

General obligation notes and bonds payable are backed by the full faith and credit of the City. Governmental funds general obligation debt will be retired by future property tax levies and tax increments accumulated in the Debt Service Fund. Business-type activities general obligation debt will be retired by revenues from user fees or, if the revenues are not sufficient to cover debt, by future tax levies.

General obligation debt of the City currently outstanding is as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Principal	Balance 12/31/2017
<u>Governmental Activities</u>					
2007 refunding bonds	09/20/07	04/01/19	4.1% - 4.375%	\$ 1,500,000	\$ 230,000
2011 refunding bonds	11/15/11	04/01/20	2.0% - 3.0%	9,120,000	3,055,000
2012A street bonds	05/23/12	04/01/32	2.0% - 2.8%	3,155,000	3,005,000
2012B refunding bonds	06/12/12	04/01/22	2.0% - 3.0%	1,460,000	565,000
2014A refunding bonds	06/10/14	05/01/30	0.4% - 3.2%	4,539,000	3,300,000
2015A refunding bonds	05/13/15	04/01/18	2.0% - 3.0%	4,215,000	1,410,000
2015B promissory notes	05/13/15	04/01/22	0.7% - 2.25%	4,500,000	3,800,000
2015 bank note	12/02/15	04/01/22	2.25% - 3.25%	300,000	300,000
2017A refunding bonds	05/25/17	04/01/37	2.0% - 3.375%	7,715,000	7,715,000
2017D promissory notes	12/06/17	04/01/27	2.0% - 3.0%	1,495,000	1,495,000
Total general obligation debt - governmental activities					<u>24,875,000</u>
<u>Business-Type Activities</u>					
2014A refunding bonds	06/10/14	05/01/30	0.4% - 3.2%	1,661,000	1,470,000
2017A refunding bonds	05/25/17	04/01/37	2.0% - 3.375%	275,000	275,000
Total general obligation debt - business-type activities					<u>1,745,000</u>
Total all general obligation debt					<u>\$ 26,620,000</u>

See accompanying independent auditors' report.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note G - Long-Term Obligations (continued)

The annual debt service requirements to maturity for general obligation long term debt as of December 31, 2017, are as follows:

Year Ending December 31,	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
	2018	\$ 3,960,000	\$ 624,360	\$ 85,000
2019	2,925,000	489,904	90,000	40,341
2020	3,150,000	420,078	90,000	38,948
2021	1,875,000	365,465	125,000	37,109
2022	1,910,000	325,917	135,000	34,714
2023-2027	5,340,000	1,206,564	770,000	123,215
2028-2032	4,140,000	545,835	450,000	21,550
2033-2037	1,575,000	127,515	-	-
	<u>\$ 24,875,000</u>	<u>\$ 4,105,638</u>	<u>\$ 1,745,000</u>	<u>\$ 339,665</u>

Revenue Bonds

Revenue bonds are pledged by the assets and revenues of the issuing utility.

Revenue bond debt outstanding at December 31, 2017 is as follows:

Business-Type Activities	Date of Issue	Final Maturity	Interest Rates	Original Principal	Balance 12/31/2017
2008 CWF bonds (1)	7/23/2008	5/1/2028	2.569%	\$ 4,465,837	\$ 2,756,584
2008 CWF bonds (2)	2/27/2008	5/1/2027	2.365%	926,948	538,776
2011 refunding bonds	11/15/2011	4/1/2020	2.0% - 3.5%	2,050,000	1,045,000
2012 CWF sewer bonds	10/10/2012	5/1/2032	2.625%	7,439,911	6,169,357
2012 CWF water bonds	2/22/2012	5/1/2031	2.20%	2,044,276	1,540,460
2017 Sewer revenue bonds	5/25/2017	11/1/2037	1.3% - 4.0%	1,610,000	1,610,000
2017 Water revenue bonds	6/28/2017	5/1/2037	1.870%	615,145	615,145
Total Business-Type Activity Revenue Debt					<u>\$ 14,275,322</u>

Debt service requirements to maturity for revenue bond debt as of December 31, 2017, are as follows:

Year Ending December 31,	Business-Type Activities Revenue Bonds	
	Principal	Interest
2018	\$ 990,154	\$ 358,561
2019	1,013,474	333,433
2020	1,042,255	307,079
2021	1,071,510	279,472
2022	1,101,252	250,610
2023-2027	4,715,268	890,315
2028-2032	3,675,642	333,875
2033-2037	665,767	57,532
	<u>\$ 14,275,322</u>	<u>\$ 2,810,877</u>

See accompanying independent auditors' report.

CITY OF BURLINGTON
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2017

Note G - Long-Term Obligations (continued)

Tax increment project revenue bonds

Tax increment indebtedness is represented by revenue bonds that were issued for the various developer and construction incentive agreements. The remaining balance on these bonds of \$113,865 was paid in full during December 31, 2017.

Lease purchase agreements

Annual debt service requirements to maturity of lease purchase agreements are as follows:

Year Ending December 31,	Lease agreements	
	Principal	Interest
2018	\$ 169,777	\$ 27,410
2019	70,082	23,234
2020	71,997	21,319
2021	73,964	19,352
2022	75,984	17,332
2023-2027	412,213	54,367
2028-2032	181,723	5,551
	<u>\$ 1,055,740</u>	<u>\$ 168,565</u>

Margin of Indebtedness

The Wisconsin Statutes restrict the City's general obligation debt to 5% of the equalized value of all property in the City. This amount is compared below with the outstanding debt on December 31, 2017.

Equalized Value - 2017	\$ 903,995,500
Debt limit (5% of 903,995,500)	45,199,775
Deduct general obligation debt	<u>26,620,000</u>
Margin of indebtedness	<u>\$ 18,579,775</u>

CITY OF BURLINGTON
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2017

Note H - Risk Management

The City has purchased commercial insurance policies for various risks of loss related to litigation, theft, damage or destruction of assets, errors or omissions, injuries to employees, or acts of God. Payments of premiums for these policies are recorded as expenditures or expenses in the various funds of the City.

The City is also exposed to various risks of loss related to medical claims. The City's risk management fund (an internal service fund) is used to account for and finance its uninsured health risks of loss. Under this program the risk management fund provides coverage for up to a maximum of \$50,000 for each individual's total claims with group claims limited to 125% of expected claims. The City purchases commercial insurance for health claims in excess of coverage provided by the fund. Settled claims have not exceeded this commercial insurance coverage since inception of the fund.

All funds of the City participate in the health program and are charged amounts needed to pay prior and current year claims and to establish a reserve for future insurance costs. That reserve had a deficit balance of \$244,117 at December 31, 2017 and is reported as the internal service fund net position. The deficit balance is expected to be eliminated by future year interdepartmental charges. The accounts payable of \$102,155 reported in the fund at December 31, 2017 is based on the amount of the loss that can be reasonably estimated at year end. Changes in the fund's reported liability amount for the year ended December 31, 2017 is as follows:

Beginning of Year Liability	Incurred Claims	Claim Payments	End of Year Liability
\$ 88,945	\$ 1,635,916	\$ 1,622,706	\$ 102,155

Note I - WRS Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

CITY OF BURLINGTON
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2017

Note I - WRS Pension Plan (continued)

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$343,934 in contributions from the employer.

CITY OF BURLINGTON
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2017

Note I - WRS Pension Plan (continued)

Contribution rates as of December 31, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.8%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2017, the City of Burlington reported a liability of \$301,188 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City of Burlington's proportion of the net pension liability was based on the City of Burlington's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the City of Burlington's proportion was 0.03654138%, which was an decrease of 0.00069296% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City of Burlington recognized pension expense of \$1,644,069.

At December 31, 2017, the City of Burlington reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 44,056	\$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	-	296,964
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,989	-
Employer contributions subsequent to measurement date	391,166	-
	<u>\$ 448,211</u>	<u>\$ 296,964</u>

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

\$391,166 reported as deferred outflows related to pension resulting from the City of Burlington's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note I - WRS Pension Plan (continued)

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

Year Ended December 31,	Deferred Outflow of Resources	Deferred Inflow of Resources
2017	\$ 784,200	\$ 376,652
2018	784,200	376,652
2019	656,680	376,652
2020	27,907	114,220
Thereafter	678	-

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

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.20%
Discount Rate:	7.20%
Salary Increases:	
Inflation	3.20%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

Long-term expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note I - WRS Pension Plan (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Retirement Funds

Asset Allocation Targets and Expected Returns

As of December 31, 2016

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Nominal Rate of Return %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5%	37%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	20%	4.3%	1.5%
Real Estate	8%	7%	6.5%	3.6%
Private Equity/Debt	8%	7%	9.4%	6.5%
Multi-Asset	4%	4%	6.6%	3.7%
Total Core Fund	110%	120%	7.4%	4.5%
Variable Fund Asset Class				
US Equities	70%	70%	7.6%	4.7%
International Equities	30%	30%	8.5%	5.6%
Total Variable Fund	100%	100%	7.9%	5.0%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate.

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension liability (asset)	\$ 3,962,324	\$ 301,188	\$ (2,518,052)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Payable to the pension plan. At December 31, 2017 the City reported a payable of \$70,555 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2017.

See accompanying independent auditors' report.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note J - Tax Incremental Financing Districts

The City has established tax incremental financing (TIF) District No. 3 pursuant to a law enacted to provide a process by which local units of government could finance public works or improvements in blighted areas from taxes levied by county, city, schools and other local jurisdictions based on the increase in property values within a designated geographic area. When a tax incremental district is established, the state determines the aggregate value of taxable property located within the district (the base value). Taxes derived from levies by all local jurisdictions on property values exceeding the base value determined by the state are allocated to the City for financing improvements within the district.

During November 2014, the City adopted a resolution amending Tax Incremental District No. 3 to allow for the sharing of revenues with Tax Incremental E.R. District No. 1 for a five year period as provided for in section 66.1105(6) of the Wisconsin statutes. Positive tax increments in excess of District No. 3's (the donor) project costs are to be allocated to E. R. District No. 1 (the recipient) beginning in 2017.

Summary information on TIF district no. 3 follows:

Date of creation	9/29/1992
End of statutory construction period	9/29/2014
Maximum statutory life of district	9/29/2019

The following summarizes the transactions to date of TIF district no. 3.

<u>Project costs:</u>	<u>Year Ended</u>	<u>From Date of Creation</u>
Accumulated project expenditures (including interest costs)	\$ 162,567	\$ 61,270,090
 <u>Less: Project Revenues</u>		
Tax increments	4,023,219	56,093,573
Intergovernmental revenues	14,497	762,530
Special assessments / property sales	-	231,751
Rental income	-	2,794
Investment income	(26,701)	2,283,753
City contribution for Wehmhoff Park	-	60,000
Increment allocations from TIF District No. 4	-	2,009,000
Premium on bonds issued	-	69,151
All other	-	3,000
Total Project Revenues	<u>4,011,015</u>	<u>61,515,552</u>
 Net Costs Recoverable (Recovered) Through TIF Increments - December 31, 2017	 <u>\$ (3,848,448)</u>	 <u>\$ (245,462)</u>

The recovery of the above costs is subject to sufficient increments being generated in the district before the end of its life. The above costs have been primarily financed by the issuance of general obligation and lease revenue bonds and notes.

CITY OF BURLINGTON
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2017

Note J - Tax Incremental Financing Districts (continued)

The City created an Environmental Remediation Tax Incremental Financing District in 2009 pursuant to the Wisconsin Statutes. The following summarizes the transactions to date of the Environmental Remediation Tax Incremental Financing District.

<u>Project costs:</u>	<u>Year Ended</u>	<u>From Date of Creation</u>
Accumulated project expenditures (including interest costs)	\$ 61,010	\$ 5,365,323
 <u>Less: Project Revenues</u>		
Tax increments	42,692	275,018
Intergovernmental revenues	49	332,325
Interest earned on note receivable	21,108	476,700
Loan repayments	57,694	229,743
Sale of property	15,200	15,200
Total Project Revenues	<u>136,743</u>	<u>1,328,986</u>
 Net Costs Recoverable (Recovered) Through TIF Increments - December 31, 2017	 <u>\$ (75,733)</u>	 <u>\$ 4,036,337</u>

The Tax Incremental Financing District No. 5 was created under the provisions of Wisconsin Statute Section 66.1105 as a "Mixed Use District". The purpose of that section is to allow a municipality to recover development and improvement costs in a designated area that the property taxes generated on the increased value of property after the creation date of the district. That tax on the increased value is referred to as a tax increment.

Summary information on TIF District No. 5 follows:

<u>Creation Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Final Dissolution Date</u>
December 2, 2014	October 1, 2017	October 1, 2022

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note J - Tax Incremental Financing Districts (continued)

The following summarizes the transactions to date of TIF district no. 5.

<u>Project costs:</u>	<u>Year Ended</u>	<u>From Date of Creation</u>
Accumulated project expenditures (including interest costs)	\$ 78,479	\$ 5,156,375
 <u>Less: Project Revenues</u>		
Tax increments	140,255	140,255
Intergovernmental revenues	45,000	45,000
Developer reimbursements	-	113,622
Investment income	3,613	7,158
Total Project Revenues	<u>188,868</u>	<u>306,035</u>
 Net Costs Recoverable (Recovered) Through TIF Increments - December 31, 2017	 <u>\$ (110,389)</u>	 <u>\$ 4,850,340</u>

Note K - Litigation and Contingencies

The City incurred severe flood damage in July of 2017 resulting in damages of approximately \$1,500,000.

Note L - Subsequent Events

Management has evaluated the need for disclosure or recording of transactions resulting from subsequent events through July 10, 2018, the date the financial statements were available to be issued; and concluded there were no matters required to be disclosed.

Note M - Housing Authority Component Unit

The Housing Authority of the City of Burlington is a component unit of the City. The fiscal year end of the housing authority is August 31, 2017. The following is a summary of significant disclosures of the housing authority.

a) Summary of significant accounting policies

The housing authority was formed under the applicable sections of the Wisconsin Statutes to provide an economically designed and constructed low-rent housing facility for senior citizens in the City of Burlington. The housing authority is governed by a five-member board of commissioners appointed by the City's mayor.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note M - Housing Authority Component Unit (continued)

The housing authority uses the accrual basis of accounting.

Property and equipment are stated at cost. Depreciation is provided on the straight line method over the estimated useful lives of the assets.

b) Cash and investments

The housing authority's cash and investments consist of deposits at local banks. At August 31, 2017, the housing authority's deposits totaled \$245,270. The carrying value of those deposits on the housing authority's financial statements was \$239,362. All of the housing authority's deposits at August 31, 2017 were covered by FDIC insurance.

c) Restricted cash

The housing authority is required to maintain separate restricted accounts for debt service, security deposits, and capital improvements and replacements. Restricted cash at August 31, 2017 consisted of the following:

Reserve account	\$	121,297
Security deposits		36,216
Total Restricted Assets	\$	157,513

d) Long-term debt

The Housing Authority's long-term debt as of August 31, 2017 consisted of the following:

1977 USDA Rural Development loan. This loan was reamortized on July 1, 2014 at a stated interest rate of 3.625%, however, a Rural Development interest subsidy reduces the rate paid to 1%. The loan has been deferred for 20 years and will be due for refinancing on July 1, 2034.	\$ 430,812
1984 USDA Rural Development loan. This loan was reamortized on July 1, 2014 at a stated interest rate of 3.625%, however, a Rural Development interest subsidy reduces the rate paid to 1.0%. The loan has been deferred for 20 years and will be due for refinancing on July 1, 2034.	340,578
2014 USDA Rural Development loan. This loan was authorized on July 10, 2014 for \$1,475,978 with principal payments to commence September 2015. Interest is not charged on the loan. Monthly principal payments for the loan will be \$2,464 based on a 50 year amortization.	1,416,839
Total Notes Payable	2,188,229
Add: Net pension liability	2,491
Less: Current maturities	(29,568)
Total Long-Term Debt	\$ 2,161,152

See accompanying independent auditors' report.

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note M - Housing Authority Component Unit (continued)

Interest payments of the scheduled payments below are reported at the subsidized rate of 1%.

Annual principal and interest payments to maturity are as follows:

Year	Principal	Interest	Totals
2018	\$ 29,568	\$ -	\$ 29,568
2019	29,568	-	29,568
2020	29,568	-	29,568
2021	29,568	-	29,568
2022	29,568	-	29,568
2023-2027	147,840	-	147,840
2028-2032	147,840	-	147,840
2033-2037	919,228	140,688	1,059,916
2038-2042	147,840	-	147,840
2043-2047	147,840	-	147,840
2048-2052	147,840	-	147,840
2053-2057	147,840	-	147,840
2058-2062	147,840	-	147,840
2063-2067	86,281	-	86,281
	<u>\$ 2,188,229</u>	<u>\$ 140,688</u>	<u>\$ 2,328,917</u>

* The 1977 and 1984 USDA Rural Development loans are due for refinancing on July 1, 2034 including accrued interest of \$140,688.

Note N – Prior Period Adjustment

A prior period adjustment was made to increase net position of the governmental activities and to adjust governmental capital assets as of December 31, 2016. The adjustment was made to adjust prior year capital asset balances and accumulated depreciation to agree to capital asset schedule. The adjustment was as follows:

The change in net position of the governmental activities was as follows:

Net position of governmental activities as of December 31, 2016	\$ 38,284,295
Prior period adjustment	<u>1,718,839</u>
Net position of governmental activities as of December 31, 2016 as restated	<u>40,003,134</u>

The change in capital assets was as follows:

Capital assets as of December 31, 2016	85,121,094
Prior period adjustment	<u>72,574</u>
Capital assets as of December 31, 2016 as restated	<u>85,193,668</u>
Accumulated depreciation as of December 31, 2016	(31,456,012)
Prior period adjustment	<u>1,646,265</u>
Accumulated depreciation as of December 31, 2016 as restated	<u>(29,809,747)</u>
Net capital assets as restated	<u>\$ 55,383,921</u>

See accompanying independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BURLINGTON
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION (ASSET) LIABILITY

Wisconsin Retirement System
Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of net pension asset / liability	0.03654138%	0.03723434%	0.03809625%
Proportionate share of the			
net pension (asset) liability	\$ 301,188	\$ 605,052	\$ (935,748)
Covered-employee payroll	\$ 4,325,346	\$ 4,234,746	\$ 4,351,295
Net pension asset / liability as a percentage			
of employee-covered payroll	6.96%	14.29%	21.51%
Plan fiduciary net position as a percentage			
of total pension asset / liability	99.12%	98.20%	102.74%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

*GASB Pronouncements 67 and 68 require the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented for this schedule.

See independent auditors' report.
See notes to required supplementary information.

CITY OF BURLINGTON
SCHEDULE OF CONTRIBUTIONS

Wisconsin Retirement System
Last 10 Fiscal Years*

	2016	2015	2014
Contractually required contributions	\$ 343,934	\$ 346,167	\$ 369,564
Contributions in relation to the			
contractually required contributions	\$ 343,934	\$ 346,167	\$ 369,564
Contributions deficiency (excess)	\$ -	\$ -	\$ -
covered-employee payroll	\$ 4,325,346	\$ 4,234,746	\$ 4,351,295
Contributions as a percentage of covered-employee payroll	7.95%	8.17%	8.49%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

*GASB Pronouncements 67 and 68 require the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented for this schedule.

See independent auditors' report.
See notes to required supplementary information.

CITY OF BURLINGTON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017

NOTE 1 - PENSIONS

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions. There were no changes in the assumptions.

SUPPLEMENTARY INFORMATION

CITY OF BURLINGTON
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2017

Special Revenue Funds

	Library Operations	Community Development Block Grant	TIF No. 3 Revolving Loan	Park Develop- ment	Library Trust	Police Donations	Wehmhoff
<u>ASSETS</u>							
Cash and investments	\$ 134,984	\$ 119,922	\$ -	\$ 110,156	\$ 114,161	\$ 55,075	\$ 57,442
Taxes receivable	405,500	-	-	-	-	-	-
Prepaid expenditures	-	-	-	1,264	-	-	-
Notes receivable	-	626,742	366,151	-	-	-	-
TOTAL ASSETS	540,484	746,664	366,151	111,420	114,161	55,075	57,442
<u>LIABILITIES</u>							
Accounts payable	35,545	-	-	-	-	23,594	-
Advances from other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	35,545	-	-	-	-	23,594	-
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred revenue	405,500	626,742	366,151	-	-	-	-
<u>FUND BALANCES</u>							
Permanent	-	-	-	-	-	-	50,000
Assigned	99,439	119,922	-	111,420	114,161	31,481	7,442
TOTAL FUND BALANCES	99,439	119,922	-	111,420	114,161	31,481	57,442
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 540,484	\$ 746,664	\$ 366,151	\$ 111,420	\$ 114,161	\$ 55,075	\$ 57,442

Capital Projects Funds

General Debt Service Fund	Revolving Capital Projects	Infrastructure	Downtown Redevelopment	Facade Grants	Total Nonmajor Funds
\$ -	\$ 1,399,610	\$ 429,893	\$ -	\$ 8,060	\$ 2,429,303
874,469	-	-	-	-	1,279,969
-	-	-	-	-	1,264
-	-	-	-	-	992,893
<u>874,469</u>	<u>1,399,610</u>	<u>429,893</u>	<u>-</u>	<u>8,060</u>	<u>4,703,429</u>
-	30,931	-	-	-	90,070
-	-	1,481,628	-	-	1,481,628
-	30,931	1,481,628	-	-	1,571,698
<u>874,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,272,862</u>
-	-	-	-	-	50,000
-	1,368,679	(1,051,735)	-	8,060	808,869
-	1,368,679	(1,051,735)	-	8,060	858,869
<u>\$ 874,469</u>	<u>\$ 1,399,610</u>	<u>\$ 429,893</u>	<u>\$ -</u>	<u>\$ 8,060</u>	<u>\$ 4,703,429</u>

CITY BURLINGTON
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2017

	Special Revenue Funds						
	Library	Community	TIF No. 3	Park	Library	Police	
	Operations	Development	Revolving	Develop-	Trust	Donations	Wehmhoff
	Block Grant	Loan	ment				
REVENUES							
Taxes	\$ 405,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	302,211	-	-	-	-	-	-
Charges for services	19,836	-	-	-	-	-	-
Investment income	1,076	9,633	4,206	-	451	-	2,668
Repayment of note receivable	-	40,957	15,641	-	-	-	-
All other	3,291	-	-	19,380	20,953	124,630	-
TOTAL REVENUES	<u>731,914</u>	<u>50,590</u>	<u>19,847</u>	<u>19,380</u>	<u>21,404</u>	<u>124,630</u>	<u>2,668</u>
EXPENDITURES							
Public safety	-	-	-	-	-	113,430	-
Public works	-	-	-	-	-	-	-
Culture, recreation & education	740,069	-	-	-	14,215	-	-
Conservation and development	-	6,180	183,299	-	-	-	-
Capital outlay	-	-	-	73,605	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>740,069</u>	<u>6,180</u>	<u>183,299</u>	<u>73,605</u>	<u>14,215</u>	<u>113,430</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,155)</u>	<u>44,410</u>	<u>(163,452)</u>	<u>(54,225)</u>	<u>7,189</u>	<u>11,200</u>	<u>2,668</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	163,452	30,000	-	-	-
Transfers out	(5,000)	-	-	-	-	-	-
Proceeds of bonds	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,000)</u>	<u>-</u>	<u>163,452</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(13,155)	44,410	-	(24,225)	7,189	11,200	2,668
FUND BALANCES - BEGINNING	<u>112,594</u>	<u>75,512</u>	<u>-</u>	<u>135,645</u>	<u>106,972</u>	<u>20,281</u>	<u>54,774</u>
FUND BALANCES - ENDING	<u>\$ 99,439</u>	<u>\$ 119,922</u>	<u>\$ -</u>	<u>\$ 111,420</u>	<u>\$ 114,161</u>	<u>\$ 31,481</u>	<u>\$ 57,442</u>

General Debt Service Fund	Capital Projects Funds				Total Nonmajor Funds
	Revolving Capital Projects	Infrastructure	Downtown Redevelopment	Facade Grants	
\$ 431,280	\$ 70,000	\$ -	\$ -	\$ -	\$ 906,780
-	-	-	-	-	302,211
-	-	-	-	-	19,836
1,392	(85)	35,947	-	176	55,464
-	-	-	-	-	56,598
-	29,713	-	157,020	-	354,987
<u>432,672</u>	<u>99,628</u>	<u>35,947</u>	<u>157,020</u>	<u>176</u>	<u>1,695,876</u>
-	-	-	-	-	113,430
-	-	50,338	-	-	50,338
-	-	-	-	-	754,284
-	-	-	157,020	36,272	382,771
-	321,882	-	-	-	395,487
1,520,830	-	-	-	-	1,520,830
189,140	-	-	-	-	189,140
<u>1,709,970</u>	<u>321,882</u>	<u>50,338</u>	<u>157,020</u>	<u>36,272</u>	<u>3,406,280</u>
<u>(1,277,298)</u>	<u>(222,254)</u>	<u>(14,391)</u>	<u>-</u>	<u>(36,096)</u>	<u>(1,710,404)</u>
107,298	5,000	-	-	50,000	355,750
-	-	-	-	-	(5,000)
1,170,000	-	-	-	-	1,170,000
-	24,179	-	-	-	24,179
<u>1,277,298</u>	<u>29,179</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>1,544,929</u>
-	(193,075)	(14,391)	-	13,904	(165,475)
<u>-</u>	<u>1,561,754</u>	<u>(1,037,344)</u>	<u>-</u>	<u>(5,844)</u>	<u>1,024,344</u>
<u>\$ -</u>	<u>\$ 1,368,679</u>	<u>\$ (1,051,735)</u>	<u>\$ -</u>	<u>\$ 8,060</u>	<u>\$ 858,869</u>

CITY OF BURLINGTON
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>TAXES</u>				
General property taxes	\$ 5,216,776	\$ 5,216,776	\$ 5,216,208	\$ (568)
Payments in lieu of taxes	38,500	38,500	49,020	10,520
Room tax	105,000	105,000	134,221	29,221
Interest on personal property taxes	150	150	177	27
TOTAL TAXES	<u>5,360,426</u>	<u>5,360,426</u>	<u>5,399,626</u>	<u>39,200</u>
<u>INTERGOVERNMENTAL</u>				
Shared taxes from state	453,997	453,997	455,631	1,634
Exempt computer aid	17,534	17,534	25,739	8,205
Fire insurance from state	36,000	36,000	39,517	3,517
Municipal services	1,913	1,913	1,497	(416)
General transportation aid	589,312	589,312	588,038	(1,274)
Connecting streets	2,840	2,840	2,840	-
Recycling grants	24,000	24,000	29,683	5,683
Clean sweep grant	13,000	13,000	17,220	4,220
State aid for police training	1,000	1,000	2,560	1,560
Safety aid	2,500	2,500	1,286	(1,214)
Forestry grant	25,000	25,000	27,792	2,792
DNR aid in lieu of tax	681	681	600	(81)
Miscellaneous Grants	3,900	3,900	13,230	9,330
TOTAL INTERGOVERNMENTAL	<u>1,171,677</u>	<u>1,171,677</u>	<u>1,205,633</u>	<u>33,956</u>
<u>LICENSES AND PERMITS</u>				
Business and occupational licenses	36,380	36,380	49,408	13,028
Weights and measures	7,400	7,400	7,025	(375)
Wisconsin cable TV licenses	135,000	135,000	144,625	9,625
Parking permits	700	700	350	(350)
Cell tower permit	55,000	55,000	58,234	3,234
Building and electrical permits	105,500	105,500	210,112	104,612
Right of way and zoning permits	10,000	10,000	9,898	(102)
Developer Reimbursement	40,000	40,000	-	(40,000)
TOTAL LICENSES AND PERMITS	<u>389,980</u>	<u>389,980</u>	<u>479,652</u>	<u>89,672</u>
<u>FINES AND FORFEITURES</u>				
Court penalty costs	131,000	131,000	133,032	2,032
Parking violations	55,000	55,000	33,641	(21,359)
TOTAL FINES AND FORFEITURES	<u>\$ 186,000</u>	<u>\$ 186,000</u>	<u>\$ 166,673</u>	<u>\$ (19,327)</u>

CITY OF BURLINGTON
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original and Final Budget	Original and Final Budget	Actual	Variance Positive (Negative)
<u>CHARGES FOR SERVICES</u>				
Clerk's revenue	\$ 6,850	\$ 6,850	\$ 11,524	\$ 4,674
Police department	8,770	8,770	6,432	(2,338)
Fire department	42,000	42,000	22,924	(19,076)
Street department	9,000	9,000	544	(8,456)
Zoning and developer fees	25,000	25,000	20,525	(4,475)
Parks fees	7,500	7,500	4,859	(2,641)
TOTAL CHARGES FOR SERVICES	<u>99,120</u>	<u>99,120</u>	<u>66,808</u>	<u>(32,312)</u>
<u>SPECIAL ASSESSMENTS</u>				
Sidewalks and all other	<u>15,000</u>	<u>15,000</u>	<u>27,571</u>	<u>12,571</u>
<u>INTEREST</u>				
Investment earnings	10,000	10,000	27,403	17,403
Interest on special assessments	2,500	2,500	285	(2,215)
TOTAL INTEREST	<u>12,500</u>	<u>12,500</u>	<u>27,688</u>	<u>15,188</u>
<u>OTHER</u>				
Lease of city property	11,600	11,600	-	(11,600)
Insurance recoveries	10,000	10,000	128,584	118,584
Police donations	-	-	495	495
Miscellaneous donation (senior citizens)	-	-	200,120	200,120
All other	2,600	2,600	2,648	48
TOTAL OTHER	<u>24,200</u>	<u>24,200</u>	<u>331,847</u>	<u>307,647</u>
TOTAL REVENUES	<u>\$ 7,258,903</u>	<u>\$ 7,258,903</u>	<u>\$ 7,705,498</u>	<u>\$ 446,595</u>

CITY OF BURLINGTON
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original and Final Budget	Original and Final Budget	Actual	Variance Positive (Negative)
<u>GENERAL GOVERNMENT</u>				
Mayor and city council	\$ 129,950	\$ 129,950	\$ 62,051	\$ 67,899
Municipal court	79,788	79,788	71,195	8,593
Administration	358,865	358,865	382,552	(23,687)
Finance - treasurer	209,350	209,350	205,519	3,831
City clerk	56,394	56,394	54,306	2,088
Elections	20,148	20,148	15,151	4,997
Assessor and board of review	51,908	51,908	49,413	2,495
City attorney	110,000	110,000	119,836	(9,836)
TOTAL GENERAL GOVERNMENT	<u>1,016,403</u>	<u>1,016,403</u>	<u>960,023</u>	<u>56,380</u>
<u>PUBLIC SAFETY</u>				
Police department	2,965,420	2,965,420	2,871,528	93,892
Fire department	799,723	799,723	832,659	(32,936)
Building inspector	149,027	149,027	111,225	37,802
TOTAL PUBLIC SAFETY	<u>3,914,170</u>	<u>3,914,170</u>	<u>3,815,412</u>	<u>98,758</u>
<u>PUBLIC WORKS</u>				
Street administration and maintenance	1,131,201	1,131,201	894,117	237,084
Street lighting	260,000	260,000	267,882	(7,882)
Sidewalks, curb and gutters	35,000	35,000	44,448	(9,448)
Storm sewers	6,500	6,500	3,482	3,018
Parking structure	12,000	12,000	13,324	(1,324)
Garbage collection	365,000	365,000	365,602	(602)
Recycling	104,000	104,000	104,887	(887)
Landfill	25,000	25,000	26,926	(1,926)
Clean sweep	22,000	22,000	24,188	(2,188)
TOTAL PUBLIC WORKS	<u>1,960,701</u>	<u>1,960,701</u>	<u>1,744,856</u>	<u>215,845</u>
<u>HEALTH AND HUMAN SERVICES</u>				
Health officer	74,561	74,561	74,561	-
Cemetery	-	-	3,863	(3,863)
Animal shelter	7,000	7,000	3,449	3,551
TOTAL HEALTH AND HUMAN SERVICES	<u>\$ 81,561</u>	<u>\$ 81,561</u>	<u>\$ 81,873</u>	<u>\$ (312)</u>

CITY OF BURLINGTON
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original and Final Budget	Original and Final Budget	Actual	Variance Positive (Negative)
<u>CULTURE, RECREATION AND EDUCATION</u>				
Historical society	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Senior citizens	2,500	2,500	213,016	(210,516)
Celebrations and festivals	-	-	12,110	(12,110)
Parks and forestry	631,654	631,654	558,082	73,572
TOTAL CULTURE, RECREATION AND EDUCATION	<u>635,154</u>	<u>635,154</u>	<u>784,208</u>	<u>(149,054)</u>
<u>CONSERVATION AND DEVELOPMENT</u>				
Economic development	80,000	80,000	161,640	(81,640)
Plan commission	95,500	95,500	82,520	12,980
Town annexation revenue sharing	11,167	11,167	11,277	(110)
TOTAL CONSERVATION AND DEVELOPMENT	<u>186,667</u>	<u>186,667</u>	<u>255,437</u>	<u>(68,770)</u>
 TOTAL EXPENDITURES	 <u><u>\$ 7,794,656</u></u>	 <u><u>\$ 7,794,656</u></u>	 <u><u>\$ 7,641,809</u></u>	 <u><u>\$ 152,847</u></u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2017

The following is a summary of the bonds and notes payable of the city as of December 31, 2017.

<u>General Obligation Debt</u>	<u>Original Principal</u>	<u>Outstanding Principal 12/31/2017</u>
2007 refunding bonds	\$ 1,500,000	\$ 230,000
2011 refunding bonds	9,120,000	3,055,000
2012 street bonds	3,155,000	3,005,000
2012 refunding bonds	1,460,000	565,000
2014A refunding bonds	6,200,000	4,770,000
2015A refunding bonds	4,215,000	1,410,000
2015B promissory notes	4,500,000	3,800,000
2015 Fox River Bank loan	300,000	300,000
2017A refunding bonds	7,990,000	7,990,000
2017D promissory notes	1,495,000	1,495,000
		<u>\$ 26,620,000</u>

2007 General Obligation Refunding Bonds

The proceeds from this issue were used to refund a short-term note and to finance various infrastructure improvements. Interest is charged at rates of 4.10% to 4.375%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 1, 2018	\$ 110,000	\$ 4,745	\$ 114,745
October 1, 2018	-	4,290	4,290
April 1, 2019	120,000	4,290	124,290
	<u>\$ 230,000</u>	<u>\$ 13,325</u>	<u>\$ 243,325</u>

2011 General Obligation Refunding Bonds

The proceeds from this issue were used to refund 2001 bonds issued for TIF No. 3 purposes. Interest is charged at rates of 2.0% to 3.0%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 1, 2018	\$ 940,000	\$ 43,475	\$ 983,475
October 1, 2018	-	31,725	31,725
April 1, 2019	970,000	31,725	1,001,725
October 1, 2019	-	17,175	17,175
April 1, 2020	1,145,000	17,175	1,162,175
	<u>\$ 3,055,000</u>	<u>\$ 141,275</u>	<u>\$ 3,196,275</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2017

2012 General Obligation Street Bonds

The proceeds from this issue were used to finance various infrastructure improvements.

Interest is charged at rates of 2.0% to 2.8%.

	Principal	Interest	Total
April 1, 2018	\$ 50,000	\$ 36,917	\$ 86,917
October 1, 2018	-	36,418	36,418
April 1, 2019	165,000	36,418	201,418
October 1, 2019	-	34,768	34,768
April 1, 2020	170,000	34,768	204,768
October 1, 2020	-	33,067	33,067
April 1, 2021	120,000	33,067	153,067
October 1, 2021	-	31,718	31,718
April 1, 2022	125,000	31,718	156,718
October 1, 2022	-	30,311	30,311
April 1, 2023	165,000	30,311	195,311
October 1, 2023	-	28,455	28,455
April 1, 2024	200,000	28,455	228,455
October 1, 2024	-	26,205	26,205
April 1, 2025	190,000	26,205	216,205
October 1, 2025	-	24,068	24,068
April 1, 2026	195,000	24,068	219,068
October 1, 2026	-	21,776	21,776
April 1, 2027	200,000	21,776	221,776
October 1, 2027	-	19,326	19,326
April 1, 2028	205,000	19,326	224,326
October 1, 2028	-	16,713	16,713
April 1, 2029	215,000	16,713	231,713
October 1, 2029	-	13,864	13,864
April 1, 2030	220,000	13,864	233,864
October 1, 2030	-	10,894	10,894
April 1, 2031	385,000	10,894	395,894
October 1, 2031	-	5,600	5,600
April 1, 2032	400,000	5,600	405,600
	<u>\$ 3,005,000</u>	<u>\$ 703,283</u>	<u>\$ 3,708,283</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2017

2012 General Obligation Refunding Bonds

The proceeds from this issue were used to refund state trust fund loans issued in 2004, 2009 and 2011 for various purposes. Interest is charged at rates of 0.5% to 2.5%.

	Principal	Interest	Total
April 1, 2018	\$ 150,000	\$ 5,401	\$ 155,401
October 1, 2018	-	4,276	4,276
April 1, 2019	145,000	4,276	149,276
October 1, 2019	-	2,972	2,972
April 1, 2020	155,000	2,972	157,972
October 1, 2020	-	1,383	1,383
April 1, 2021	55,000	1,383	56,383
October 1, 2021	-	750	750
April 1, 2022	60,000	750	60,750
	\$ 565,000	\$ 24,163	\$ 589,163

2014A General Obligation Refunding Bonds

The proceeds from this issue were used to refund the 2010A general obligation bonds. The proceeds from that issue were used to finance capital projects in the TIF No. 3 capital projects, environmental TIF, water utility and sewer utility funds. Interest is charged on the new debt at rates of 0.4% to 3.2%.

	Principal	Interest	Total
May 1, 2018	\$ 245,000	\$ 56,640	\$ 301,640
November 1, 2018	-	55,415	55,415
May 1, 2019	245,000	55,415	300,415
November 1, 2019	-	53,884	53,884
May 1, 2020	255,000	53,884	308,884
November 1, 2020	-	51,971	51,971
May 1, 2021	340,000	51,971	391,971
November 1, 2021	-	49,081	49,081
May 1, 2022	360,000	49,081	409,081
November 1, 2022	-	45,661	45,661
May 1, 2023	370,000	45,661	415,661
November 1, 2023	-	41,776	41,776
May 1, 2024	380,000	41,776	421,776
November 1, 2024	-	37,406	37,406
May 1, 2025	390,000	37,406	427,406
November 1, 2025	-	32,531	32,531
May 1, 2026	410,000	32,531	442,531
November 1, 2026	-	26,996	26,996
May 1, 2027	425,000	26,996	451,996
November 1, 2027	-	20,940	20,940
May 1, 2028	435,000	20,940	455,940
November 1, 2028	-	14,415	14,415
May 1, 2029	450,000	14,415	464,415
November 1, 2029	-	7,440	7,440
May 1, 2030	465,000	7,440	472,440
	\$ 4,770,000	\$ 931,672	\$ 5,701,672

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2017

2015A General Obligation Refunding Bonds

The proceeds from this issue were used to refund the 2005 TIF District No. 3 lease revenue bonds. Interest is charged at rates of 2.0% to 3.0%.

	Principal	Interest	Total
April 1, 2018	\$ 1,410,000	\$ 14,100	\$ 1,424,100
	<u>\$ 1,410,000</u>	<u>\$ 14,100</u>	<u>\$ 1,424,100</u>

2015B General Obligation Promissory Notes

The proceeds from this issue were used to finance infrastructure improvements related to TIF District No. 5. Interest is charged at rates of 0.7% to 2.25%.

	Principal	Interest	Total
April 1, 2018	\$ 715,000	\$ 32,464	\$ 747,464
October 1, 2018	-	28,531	28,531
April 1, 2019	735,000	28,531	763,531
October 1, 2019	-	23,386	23,386
April 1, 2020	755,000	23,386	778,386
October 1, 2020	-	16,968	16,968
April 1, 2021	780,000	16,969	796,969
October 1, 2021	-	9,169	9,169
April 1, 2022	815,000	9,169	824,169
	<u>\$ 3,800,000</u>	<u>\$ 188,573</u>	<u>\$ 3,988,573</u>

2015 Fox River Bank Loan

The proceeds from this issue were used to finance infrastructure improvements related to TIF District No. 5. Interest is charged at rates of 2.25% to 3.25%.

	Principal	Interest	Total
April 1, 2018	\$ 60,000	\$ 3,413	\$ 63,413
October 1, 2018	-	3,050	3,050
April 1, 2019	60,000	3,033	63,033
October 1, 2019	-	2,516	2,516
April 1, 2020	60,000	2,516	62,516
October 1, 2020	-	1,830	1,830
April 1, 2021	60,000	1,820	61,820
October 1, 2021	-	991	991
April 1, 2022	60,000	986	60,986
	<u>\$ 300,000</u>	<u>\$ 20,155</u>	<u>\$ 320,155</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2017

2017A General Obligation Refunding Bonds

The proceeds from this issue were used to partially refund the 2007 general obligation refunding bonds and to finance various infrastructure improvements including street improvement projects and a community swimming pool. Interest is charged at rates of 2.00% to 3.375%.

	Principal	Interest	Total
April 1, 2018	\$ 220,000	\$ 179,515	\$ 399,515
October 1, 2018	-	103,397	103,397
April 1, 2019	435,000	103,397	538,397
October 1, 2019	-	99,047	99,047
April 1, 2020	560,000	99,047	659,047
October 1, 2020	-	93,447	93,447
April 1, 2021	500,000	93,447	593,447
October 1, 2021	-	88,447	88,447
April 1, 2022	480,000	88,447	568,447
October 1, 2022	-	83,647	83,647
April 1, 2023	510,000	83,647	593,647
October 1, 2023	-	78,547	78,547
April 1, 2024	500,000	78,547	578,547
October 1, 2024	-	72,297	72,297
April 1, 2025	485,000	72,297	557,297
October 1, 2025	-	66,234	66,234
April 1, 2026	460,000	66,234	526,234
October 1, 2026	-	59,334	59,334
April 1, 2027	450,000	59,334	509,334
October 1, 2027	-	52,584	52,584
April 1, 2028	375,000	52,584	427,584
October 1, 2028	-	46,959	46,959
April 1, 2029	340,000	46,959	386,959
October 1, 2029	-	41,859	41,859
April 1, 2030	375,000	41,859	416,859
October 1, 2030	-	36,234	36,234
April 1, 2031	375,000	36,234	411,234
October 1, 2031	-	30,609	30,609
April 1, 2032	350,000	30,609	380,609
October 1, 2032	-	25,359	25,359
April 1, 2033	325,000	25,359	350,359
October 1, 2033	-	20,484	20,484
April 1, 2034	325,000	20,484	345,484
October 1, 2034	-	15,406	15,406
April 1, 2035	325,000	15,406	340,406
October 1, 2035	-	10,125	10,125
April 1, 2036	300,000	10,125	310,125
October 1, 2036	-	5,063	5,063
April 1, 2037	300,000	5,063	305,063
	<u>\$ 7,990,000</u>	<u>\$ 2,237,673</u>	<u>\$ 10,227,673</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2017

2017D General Obligation Promissory Notes

The proceeds from this issue were used to finance capital projects related to flood recovery. Interest is charged at rates of 2.00% to 3.00%.

	Principal	Interest	Total
April 1, 2018	\$ 145,000	\$ 10,769	\$ 155,769
October 1, 2018	-	15,406	15,406
April 1, 2019	140,000	15,406	155,406
October 1, 2019	-	14,006	14,006
April 1, 2020	140,000	14,006	154,006
October 1, 2020	-	12,606	12,606
April 1, 2021	145,000	12,606	157,606
October 1, 2021	-	11,156	11,156
April 1, 2022	145,000	11,156	156,156
October 1, 2022	-	9,706	9,706
April 1, 2023	150,000	9,706	159,706
October 1, 2023	-	7,456	7,456
April 1, 2024	150,000	7,456	157,456
October 1, 2024	-	5,206	5,206
April 1, 2025	155,000	5,206	160,206
October 1, 2025	-	3,656	3,656
April 1, 2026	160,000	3,656	163,656
October 1, 2026	-	1,856	1,856
April 1, 2027	165,000	1,856	166,856
	<u>\$ 1,495,000</u>	<u>\$ 172,877</u>	<u>\$ 1,667,877</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Other Long-Term Obligations</u>	<u>Original Principal</u>	<u>Outstanding Principal 12/31/2017</u>
2013 vactor lease/purchase - U.S. Bancorp	\$ 342,149	\$ 71,372
2013 energy conservation program lease purchase - U.S. Bancorp	1,147,507	954,183
2014 DPW chipper lease purchase	147,220	30,185
		<u>\$ 1,055,740</u>

2013 Vactor Lease Purchase

The proceeds from this issue were used to purchase a new sewer vactor truck and chassis. Lease payments are for 5 years at an interest rate of 2.15%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 5, 2018	71,372	1,535	72,907
	<u>\$ 71,372</u>	<u>\$ 1,535</u>	<u>\$ 72,907</u>

2013 Energy Conservation Program Lease/Purchase

The proceeds from this issue were used for various energy conservation facilities improvements. The total amount of proceeds available is \$1,147,507. Lease payments are for 15 years at an interest rate of 2.698%

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
February 15, 2018	16,883	6,446	23,329
May 15, 2018	16,997	6,332	23,329
August 15, 2018	17,112	6,217	23,329
November 15, 2018	17,228	6,101	23,329
February 15, 2019	17,344	5,985	23,329
May 15, 2019	17,461	5,868	23,329
August 15, 2019	17,579	5,750	23,329
November 15, 2019	17,698	5,631	23,329
February 15, 2020	17,818	5,511	23,329
May 15, 2020	17,938	5,391	23,329
August 15, 2020	18,059	5,270	23,329
November 15, 2020	18,182	5,147	23,329
February 15, 2021	18,305	5,024	23,329
May 15, 2021	18,428	4,901	23,329
August 15, 2021	18,553	4,776	23,329
November 15, 2021	18,678	4,651	23,329
February 15, 2022	18,804	4,525	23,329
May 15, 2022	18,932	4,397	23,329
August 15, 2022	19,060	4,269	23,329
November 15, 2022	19,188	4,141	23,329
February 15, 2023	19,318	4,011	23,329
May 15, 2023	19,449	3,880	23,329
August 15, 2023	19,580	3,749	23,329
November 15, 2023	19,713	3,616	23,329
Balance carried forward	<u>\$ 438,307</u>	<u>\$ 121,589</u>	<u>\$ 559,896</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2017

2013 Energy Conservation Program Lease/Purchase - Continued

	Principal	Interest	Total
Balance brought forward	\$ 438,307	\$ 121,589	\$ 559,896
February 15, 2024	19,846	3,483	23,329
May 15, 2024	19,980	3,349	23,329
August 15, 2024	20,115	3,214	23,329
November 15, 2024	20,251	3,078	23,329
February 15, 2025	20,388	2,941	23,329
May 15, 2025	20,526	2,803	23,329
August 15, 2025	20,665	2,664	23,329
November 15, 2025	20,804	2,525	23,329
February 15, 2026	20,945	2,384	23,329
May 15, 2026	21,086	2,243	23,329
August 15, 2026	21,229	2,100	23,329
November 15, 2026	21,373	1,956	23,329
February 15, 2027	21,517	1,812	23,329
May 15, 2027	21,663	1,666	23,329
August 15, 2027	21,809	1,520	23,329
November 15, 2027	21,956	1,373	23,329
February 15, 2028	22,105	1,224	23,329
May 15, 2028	22,254	1,075	23,329
August 15, 2028	22,405	924	23,329
November 15, 2028	22,556	773	23,329
February 15, 2029	22,709	620	23,329
May 15, 2029	22,862	467	23,329
August 15, 2029	23,017	312	23,329
November 15, 2029	23,815	156	23,971
	<u>\$ 954,183</u>	<u>\$ 166,251</u>	<u>\$ 1,120,434</u>

2014 DPW Chipper Lease Purchase

The proceeds from this issue were used to purchase a new single axle chipper truck. Lease payments are for 5 years at an interest rate of 2.581%.

	Principal	Interest	Total
October 1, 2018	\$ 30,185	\$ 779	\$ 30,964
	<u>\$ 30,185</u>	<u>\$ 779</u>	<u>\$ 30,964</u>

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<u>Utility Revenue Debt</u>	Original Principal	Outstanding Principal 12/31/2017
2008 sewer revenue bonds - Clean Water Fund (No. 5096-02)	\$ 4,465,837	\$ 2,756,584
2008 sewer revenue bonds - Clean Water Fund (No. 5096-04)	926,948	538,776
2011 water revenue refunding bonds	2,050,000	1,045,000
2012 water revenue bonds - Clean Water Fund (No. 5475-01)	2,044,276	1,540,460
2012 sewer revenue bonds - Clean Water Fund (No. 5096-09)	7,439,911	6,169,357
2017B sewer system revenue bonds	1,610,000	1,610,000
2017C water revenue bonds - Clean Water Fund (No. 5475-03)	615,145	615,145
		<u>\$ 14,275,322</u>

2008 Clean Water Fund Loan (No. 5096-02)

The proceeds from this issue were used for various sewer utility improvements. Interest is charged at the rate of 2.569%.

	Principal	Interest	Total
May 1, 2018	220,040	35,408	255,448
November 1, 2018	-	32,582	32,582
May 1, 2019	225,693	32,582	258,275
November 1, 2019	-	29,683	29,683
May 1, 2020	231,491	29,683	261,174
November 1, 2020	-	26,709	26,709
May 1, 2021	237,438	26,709	264,147
November 1, 2021	-	23,660	23,660
May 1, 2022	243,538	23,660	267,198
November 1, 2022	-	20,531	20,531
May 1, 2023	249,794	20,531	270,325
November 1, 2023	-	17,323	17,323
May 1, 2024	256,211	17,323	273,534
November 1, 2024	-	14,032	14,032
May 1, 2025	262,794	14,032	276,826
November 1, 2025	-	10,656	10,656
May 1, 2026	269,545	10,656	280,201
November 1, 2026	-	7,193	7,193
May 1, 2027	276,469	7,193	283,662
November 1, 2027	-	3,642	3,642
May 1, 2028	283,571	3,642	287,213
	<u>\$ 2,756,584</u>	<u>\$ 407,430</u>	<u>\$ 3,164,014</u>

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2008 Clean Water Fund Loan (No. 5096-04)

The proceeds from this issue were used for various sewer utility improvements. Interest is charged at the rate of 2.365%.

	Principal	Interest	Total
May 1, 2018	\$ 48,389	\$ 6,371	\$ 54,760
November 1, 2018	-	5,799	5,799
May 1, 2019	49,534	5,799	55,333
November 1, 2019	-	5,213	5,213
May 1, 2020	50,705	5,213	55,918
November 1, 2020	-	4,614	4,614
May 1, 2021	51,904	4,614	56,518
November 1, 2021	-	4,000	4,000
May 1, 2022	53,132	4,000	57,132
November 1, 2022	-	3,371	3,371
May 1, 2023	54,388	3,371	57,759
November 1, 2023	-	2,728	2,728
May 1, 2024	55,675	2,728	58,403
November 1, 2024	-	2,070	2,070
May 1, 2025	56,991	2,070	59,061
November 1, 2025	-	1,396	1,396
May 1, 2026	58,339	1,396	59,735
November 1, 2026	-	706	706
May 1, 2027	59,719	706	60,425
	<u>\$ 538,776</u>	<u>\$ 66,165</u>	<u>\$ 604,941</u>

2011 Water Revenue Refunding Bonds

The proceeds from this issue were used to refund the 2002 water revenue bonds that were issued to finance various water utility improvements. Interest is charged at rates of 2.0% to 3.5%.

	Principal	Interest	Total
May 1, 2018	\$ 195,000	\$ 16,823	\$ 211,823
November 1, 2018	-	13,898	13,898
May 1, 2019	200,000	13,898	213,898
November 1, 2019	-	10,899	10,899
May 1, 2020	210,000	10,899	220,899
November 1, 2020	-	7,539	7,539
May 1, 2021	215,000	7,539	222,539
November 1, 2021	-	3,938	3,938
May 1, 2022	225,000	3,938	228,938
	<u>\$ 1,045,000</u>	<u>\$ 89,371</u>	<u>\$ 1,134,371</u>

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2012 Clean Water Fund Loan (No. 5475-01)

The proceeds from this issue were used for various water utility improvements. Interest is charged at the rate of 2.2%.

	Principal	Interest	Total
May 1, 2018	\$ 95,153	\$ 16,945	\$ 112,098
November 1, 2018	-	15,898	15,898
May 1, 2019	97,246	15,898	113,144
November 1, 2019	-	14,829	14,829
May 1, 2020	99,386	14,829	114,215
November 1, 2020	-	13,735	13,735
May 1, 2021	101,572	13,735	115,307
November 1, 2021	-	12,618	12,618
May 1, 2022	103,807	12,618	116,425
November 1, 2022	-	11,476	11,476
May 1, 2023	106,090	11,476	117,566
November 1, 2023	-	10,309	10,309
May 1, 2024	108,424	10,309	118,733
November 1, 2024	-	9,117	9,117
May 1, 2025	110,810	9,117	119,927
November 1, 2025	-	7,898	7,898
May 1, 2026	113,248	7,898	121,146
November 1, 2026	-	6,652	6,652
May 1, 2027	115,739	6,652	122,391
November 1, 2027	-	5,379	5,379
May 1, 2028	118,285	5,379	123,664
November 1, 2028	-	4,078	4,078
May 1, 2029	120,888	4,078	124,966
November 1, 2029	-	2,748	2,748
May 1, 2030	123,547	2,748	126,295
November 1, 2030	-	1,389	1,389
May 1, 2031	126,265	1,389	127,654
	<u>\$ 1,540,460</u>	<u>\$ 249,197</u>	<u>\$ 1,789,657</u>

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2012 Clean Water Fund Loan (No. 5096-09)

The proceeds from this issue were used for various sewer utility improvements. Interest is charged at the rate of 2.625%.

	Principal	Interest	Total
May 1, 2018	\$ 340,925	\$ 80,973	\$ 421,898
November 1, 2018	-	76,498	76,498
May 1, 2019	349,874	76,498	426,372
November 1, 2019	-	71,906	71,906
May 1, 2020	359,058	71,906	430,964
November 1, 2020	-	67,193	67,193
May 1, 2021	368,483	67,193	435,676
November 1, 2021	-	62,357	62,357
May 1, 2022	378,156	62,357	440,513
November 1, 2022	-	57,394	57,394
May 1, 2023	388,083	57,394	445,477
November 1, 2023	-	52,300	52,300
May 1, 2024	398,270	52,300	450,570
November 1, 2024	-	47,073	47,073
May 1, 2025	408,724	47,073	455,797
November 1, 2025	-	41,709	41,709
May 1, 2026	419,453	41,709	461,162
November 1, 2026	-	36,203	36,203
May 1, 2027	430,464	36,203	466,667
November 1, 2027	-	30,553	30,553
May 1, 2028	441,764	30,553	472,317
November 1, 2028	-	24,755	24,755
May 1, 2029	453,360	24,755	478,115
November 1, 2029	-	18,805	18,805
May 1, 2030	465,261	18,805	484,066
November 1, 2030	-	12,698	12,698
May 1, 2031	477,474	12,698	490,172
November 1, 2031	-	6,431	6,431
May 1, 2032	490,008	6,431	496,439
	<u>\$ 6,169,357</u>	<u>\$ 1,292,723</u>	<u>\$ 7,462,080</u>

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2017B Sewer System Revenue Bonds

The proceeds from this issue were used to finance collection system improvements. Interest is charged at rates of 1.30% to 4.00%.

	Principal	Interest	Total
April 1, 2018	\$ 65,000	\$ 23,358	\$ 88,358
October 1, 2018	-	22,935	22,935
April 1, 2019	65,000	22,935	87,935
October 1, 2019	-	22,513	22,513
April 1, 2020	65,000	22,513	87,513
October 1, 2020	-	21,960	21,960
April 1, 2021	70,000	21,960	91,960
October 1, 2021	-	21,365	21,365
April 1, 2022	70,000	21,365	91,365
October 1, 2022	-	20,630	20,630
April 1, 2023	70,000	20,630	90,630
October 1, 2023	-	19,895	19,895
April 1, 2024	70,000	19,895	89,895
October 1, 2024	-	19,038	19,038
April 1, 2025	75,000	19,038	94,038
October 1, 2025	-	18,119	18,119
April 1, 2026	75,000	18,119	93,119
October 1, 2026	-	17,088	17,088
April 1, 2027	80,000	17,088	97,088
October 1, 2027	-	15,988	15,988
April 1, 2028	80,000	15,988	95,988
October 1, 2028	-	14,788	14,788
April 1, 2029	80,000	14,788	94,788
October 1, 2029	-	13,588	13,588
April 1, 2030	80,000	13,588	93,588
October 1, 2030	-	12,288	12,288
April 1, 2031	85,000	12,288	97,288
October 1, 2031	-	10,906	10,906
April 1, 2032	90,000	10,906	100,906
October 1, 2032	-	9,331	9,331
April 1, 2033	90,000	9,331	99,331
October 1, 2033	-	7,756	7,756
April 1, 2034	95,000	7,756	102,756
October 1, 2034	-	5,975	5,975
April 1, 2035	100,000	5,975	105,975
October 1, 2035	-	4,100	4,100
April 1, 2036	100,000	4,100	104,100
October 1, 2036	-	2,100	2,100
April 1, 2037	105,000	2,100	107,100
	<u>\$ 1,610,000</u>	<u>\$ 584,084</u>	<u>\$ 2,194,084</u>

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2017C Clean Water Fund (No. 5475-03)

The proceeds from this issue were used to finance various water utility improvements. Interest is charged at a rate of 1.80%.

	Principal	Interest	Total
April 1, 2018	\$ 25,647	\$ 5,560	\$ 31,207
October 1, 2018	-	5,512	5,512
April 1, 2019	26,126	5,512	31,638
October 1, 2019	-	5,268	5,268
April 1, 2020	26,615	5,268	31,883
October 1, 2020	-	5,019	5,019
April 1, 2021	27,113	5,019	32,132
October 1, 2021	-	4,765	4,765
April 1, 2022	27,620	4,765	32,385
October 1, 2022	-	4,507	4,507
April 1, 2023	28,136	4,507	32,643
October 1, 2023	-	4,244	4,244
April 1, 2024	28,662	4,244	32,906
October 1, 2024	-	3,976	3,976
April 1, 2025	29,198	3,976	33,174
October 1, 2025	-	3,703	3,703
April 1, 2026	29,744	3,703	33,447
October 1, 2026	-	3,425	3,425
April 1, 2027	30,300	3,425	33,725
October 1, 2027	-	3,141	3,141
April 1, 2028	30,867	3,141	34,008
October 1, 2028	-	2,853	2,853
April 1, 2029	31,444	2,853	34,297
October 1, 2029	-	2,559	2,559
April 1, 2030	32,032	2,559	34,591
October 1, 2030	-	2,259	2,259
April 1, 2031	32,631	2,259	34,890
October 1, 2031	-	1,954	1,954
April 1, 2032	33,242	1,954	35,196
October 1, 2032	-	1,643	1,643
April 1, 2033	33,863	1,643	35,506
October 1, 2033	-	1,327	1,327
April 1, 2034	34,496	1,327	35,823
October 1, 2034	-	1,004	1,004
April 1, 2035	35,142	1,004	36,146
October 1, 2035	-	676	676
April 1, 2036	35,799	676	36,475
October 1, 2036	-	341	341
April 1, 2037	36,468	341	36,809
	<u>\$ 615,145</u>	<u>\$ 121,912</u>	<u>\$ 737,057</u>