

**CITY OF BURLINGTON  
TAX INCREMENTAL DISTRICT NO. 3**

---

**INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS**

---

**FROM THE DATE OF CREATION THROUGH  
MARCH 20, 2018**

## TABLE OF CONTENTS

	<u>PAGES</u>
<b><u>INDEPENDENT AUDITORS' REPORT</u></b>	1 - 2
<b><u>FINANCIAL STATEMENTS:</u></b>	
BALANCE SHEET	3
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES AND NETCOST TO BE RECOVERED THROUGH TAX INCREMENTS	4
HISTORICAL SUMMARY OF SOURCES, USES AND STATUS OF FUNDS	5
NOTES TO FINANCIAL STATEMENTS	6 - 10
<b><u>SUPPLEMENTARY INFORMATION:</u></b>	
DETAILED SUMMARY OF SOURCES, USES AND STATUS OF FUNDS	12 - 14
DETAILED SCHEDULE OF CAPITAL AND ADMINISTRATION EXPENDITURES	15
<b><u>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE</u></b>	16



CPAs and Business Advisors

[www.sitzbergercpas.com](http://www.sitzbergercpas.com)

## **INDEPENDENT AUDITORS' REPORT**

To the City Council  
City of Burlington  
Racine County, Wisconsin

We were engaged to audit the accompanying financial statements of the City of Burlington Tax Incremental District No. 3 ("District"), which comprise the Balance Sheet as of March 20, 2018, the related Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments, the Historical Summary of Sources, Uses and Status of Funds from the date the District was created through March 20, 2018, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Wisconsin Department of Revenue. Management is also responsible for 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 error or fraud.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **Basis for Disclaimer of Opinion**

Detailed project costs have not been maintained and certain prior-year records and supporting data were not available for our audit. Therefore, we were not able to obtain sufficient appropriate audit evidence about the amounts at which capital expenditures are recorded and classified in the accompanying historical summary of project costs, project revenues and net cost to be recovered through tax increments, and the historical summary of sources, uses and status of funds at March 20, 2018.

### **Disclaimer of Opinion**

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements referred to in the first paragraph.

## **Emphasis of Matter**

As discussed in Note A, the financial statements present only the City of Burlington Tax Incremental District No. 3 and do not purport to, and do not, present fairly the financial position of the City of Burlington, Wisconsin as of March 20, 2018, the changes in its financial position from the date of creation through March 20, 2018 in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

### *Other Information*

We were engaged for the purpose of forming an opinion on the financial statements of the Tax Incremental District No. 3 of the City of Burlington, Wisconsin. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

## **Other Reporting Required by Tax Incremental District Laws and Regulations**

In accordance with tax incremental district laws and regulation, we have also issued our report dated November 6, 2018 on our test of compliance with Wisconsin State Statutes Section 66.1105 and the project plan. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. That report is an integral part of an audit performed in accordance with tax incremental district laws and regulation in considering the City of Burlington, Wisconsin's compliance.

*Sitzberger & Company, S.C.*

Sitzberger & Company, S.C.  
Lake Geneva, Wisconsin  
November 6, 2018

CITY OF BURLINGTON  
TAX INCREMENTAL DISTRICT NO. 3  
BALANCE SHEET  
MARCH 20, 2018

	Tax Incremental District No. 3
<u>ASSETS</u>	
Restricted cash and investments	\$ 5,898,156
TOTAL ASSETS	5,898,156
 <u>LIABILITIES</u>	
Interest payable	155,375
Due to city general fund	505,675
Due to overlying districts	772,106
TOTAL LIABILITIES	1,433,156
 <u>FUND BALANCES</u>	
Restricted	4,465,000
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,898,156

See accompanying independent auditors' report.  
See notes to the financial statements.

CITY OF BURLINGTON  
TAX INCREMENTAL DISTRICT NO. 3  
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES  
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS  
For the Period of January 1 - March 20, 2018  
and From Date of Creation Through Termination Date of March 20, 2018

	Period of January 1 - March 20, 2018	From Date of Creation
<u>PROJECT COSTS</u>		
Capital expenditures	\$ -	\$ 35,998,915
Developer rebate	-	3,733,550
Administration	3,362	477,377
Contributions to other districts	1,599,333	3,386,354
Debt service		
Interest and fiscal charges	155,375	20,265,693
Debt issuance costs	-	201,844
Discount on debt	-	817,473
<b>TOTAL PROJECT COSTS</b>	<u>1,758,070</u>	<u>64,881,206</u>
<u>PROJECT REVENUES</u>		
Tax increments	4,573,829	60,667,402
Contributions from other districts	-	2,009,000
Intergovernmental	-	762,530
Interest and other	3,582	2,280,109
Sale of property	-	305,001
Rental earnings	-	2,794
Contributions and miscellaneous	-	63,000
Premium on debt	-	69,151
<b>TOTAL PROJECT REVENUES</b>	<u>4,577,411</u>	<u>66,158,987</u>
<b>NET COST RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS - MARCH 20, 2018</b>	<u>\$ (2,819,341)</u>	<u>(1,277,781)</u>
<u>RECONCILIATION OF RECOVERABLE COSTS</u>		
General obligation debt outstanding		4,465,000
Less: Fund balance		<u>(4,465,000)</u>
<b>NET COST RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS - MARCH 20, 2018</b>		(1,277,781)
<b>REFUND PAYABLE TO OVERLYING DISTRICTS</b>		<u>1,277,781</u>
<b>BALANCE</b>		<u>\$ -</u>

See accompanying independent auditors' report.

See notes to the financial statements.

CITY OF BURLINGTON  
TAX INCREMENTAL DISTRICT NO. 3  
HISTORICAL SUMMARY OF SOURCES, USES AND STATUS OF FUNDS  
For the Period of January 1 - March 20, 2018  
and From Date of Creation Through Termination Date of March 20, 2018

	Period of January 1 - March 20, 2018	From Date of Creation
<u>SOURCES OF FUNDS</u>		
Tax increments	\$ 4,573,829	\$ 60,667,402
Contributions from other districts	-	2,009,000
Intergovernmental	-	762,530
Interest and other	3,582	2,280,109
Sale of property	-	305,001
Rental earnings	-	2,794
Contributions and miscellaneous	-	63,000
Premium on debt	-	69,151
Proceeds from debt	-	63,041,775
TOTAL SOURCES	<u>4,577,411</u>	<u>129,200,762</u>
<u>USES OF FUNDS</u>		
Capital expenditures	-	35,998,915
Developer rebate	-	3,733,550
Administration	3,362	477,377
Contributions to other districts	1,599,333	3,386,354
Refunds to overlying districts	1,277,781	1,277,781
Debt service		
Interest and fiscal charges	155,375	20,265,693
Debt issuance costs	-	201,844
Discount on debt	-	817,473
Long-term principal retirement	-	58,576,775
TOTAL USES	<u>3,035,851</u>	<u>124,735,762</u>
EXCESS (DEFICIENCY) OR SOURCES OVER USES	1,541,560	4,465,000
FUND BALANCE - BEGINNING	<u>2,923,440</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 4,465,000</u>	<u>\$ 4,465,000</u>

See accompanying independent auditors' report.

See notes to the financial statements.

CITY OF BURLINGTON  
TAX INCREMENTAL DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 20, 2018

**Note A – Summary of Significant Accounting Policies**

The accounting policies of the City of Burlington’s Tax Incremental District No. 3 (“District”) conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Wisconsin Statutes Section 66.1105 establishes reporting requirements for the District. The significant accounting principles and policies utilized by the City of Burlington in preparing the financial statements of Tax Incremental District No. 3 are described below.

**a) Reporting Entity**

This report contains the financial information of the City of Burlington’s Tax Incremental District No. 3. The summary statements were prepared from data recorded in the TID No. 3 fund of the City of Burlington and are presented in a format prescribed by the Wisconsin Department of Revenue. The data was consolidated for the purposes of this report. Therefore, the amounts shown in the accompanying statements will not directly correlate with amounts shown in the basic/general purpose financial statements.

The District was created under the provisions of Wisconsin Statute Section 66.1105. The purpose of that section is to allow a municipality to recover development and improvement costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the District. The tax on the increased value is called a tax increment.

The statutes allow the City of Burlington to collect tax increments until the net project cost has been fully recovered, or until 27 years after the creation date, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the City of Burlington.

Listed below are the significant dates applicable to the City of Burlington Tax Incremental District No. 3:

Creation date:	September 29, 1992
Expenditure period:	September 29, 2014
Latest termination date:	September 29, 2019
Termination date:	March 20, 2018

**b) Measurement Focus and Basis of Accounting**

The District’s financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Project plan expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when a payment is due.

District increments are recognized as revenue in the fiscal year for which taxes have been levied. Grants, fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

CITY OF BURLINGTON  
TAX INCREMENTAL DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 20, 2018

**Note A – Summary of Significant Accounting Policies (continued)**

c) **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d) **Project Plan Budget**

The estimated revenues and expenditures of the District are adopted in the original project plan. Those estimates are for the entire life of the District, and may not be comparable to interim results presented in this report. There were two amendments made to the District's project plan.

e) **Assets, Liabilities and Fund Balance**

**Cash and Investments** - The District, as a fund of the City, maintains common cash and investment accounts. Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. 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.

**Property Taxes** - The District's tax increment is certified annually in November based on tax increment value, which represents the equalized value in excess of the 1992 TID base value of properties within the District. Tax increments are collected by the City of Burlington and Racine County. On or before January 15, and by the 20th of February, the District is paid by the City its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the Racine County treasurer makes full settlement to the District for any remaining balance.

Property taxes are recognized as revenue in the fiscal year levied as they are considered due as of January 1, the date from which interest and penalties accrue for non-payment of a scheduled installment, and full receipt of the entire levy is assured within sixty days of fiscal year end, meeting the availability criteria necessary for property tax revenue recognition by accounting principles generally accepted in the United States of America

**Fund Balance** - Fund balance is reported in various categories for TID funds based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the related strength of spending constraints placed on the purposes for which resources can be used:

- Restricted Fund Balance - includes amounts that have constraints placed upon the use of 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. 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.

See accompanying independent auditors' report.

CITY OF BURLINGTON  
TAX INCREMENTAL DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 20, 2018

**Note A – Summary of Significant Accounting Policies (continued)**

- Unassigned Fund Balance - only deficit amounts are shown in this category.

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.

**Note B – Cash and Investments**

The District invests in funds in accordance with the provisions of the Wisconsin Statutes 66.0603(lm) and 67.11(2). Investments are stated at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

Federal depository insurance and the State of Wisconsin Guarantee fund insurance apply to the City of Burlington as an individual municipality and, accordingly, the amount of insured funds is not determinable for the District.

The District’s cash and investments at March 20, 2018 consisted of the following:

	Carrying Amount
Checking accounts	\$ 5,538,491
Government agency securities	359,665
Total restricted cash and investments	\$ 5,898,156

**Fair Value Measurement of Investments**

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.  |

	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total
Government Agency Securities	\$ 359,665	\$ -	\$ -	\$ 359,665

See accompanying independent auditors’ report.

CITY OF BURLINGTON  
TAX INCREMENTAL DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 20, 2018

**Note C – Long-Term Debt**

The City of Burlington has allocated portions of general obligation debt issuances to the District to finance District project costs. The general obligation notes are backed by the full faith and credit of the City. The City anticipates the District will retire its share of the general obligation issues with tax increments generated from the development or other revenue sources of the District. If those revenues are not sufficient, payments will be made by future tax levies or other City revenues, as applicable.

The following is a summary of general obligation debt of the District outstanding as of March 20, 2018:

	Date of Issue	Due Date	Interest Rates	Original Principal	Outstanding 3/20/2018	Due Within One Year
General Obligation Notes						
2011 GO Refunding Bonds	11/15/11	04/01/20	2.0% - 3.0%	\$ 9,120,000	\$ 4,465,000	\$ 2,350,000

Annual principal and interest maturities of the outstanding general obligation debt on March 20, 2018 are shown below:

Year Ended December 31,	Principal	Interest	Total
2018	\$ 2,350,000	\$ 89,300	\$ 2,439,300
2019	970,000	48,900	1,018,900
2020	1,145,000	17,175	1,162,175
	<u>\$ 4,465,000</u>	<u>\$ 155,375</u>	<u>\$ 4,620,375</u>

**Note D – Increment Sharing**

As allowable under TIF statutes, the City may share positive TIF increments. In 2005, the City and joint review board approved sharing increments from the TIF District No. 4 (donor district) to TIF District No. 3 (donee district). Transfers of \$2,009,000 are reflected as recoverable costs in the donor district, and as project revenues in the donee district. The time period for the sharing of revenues was for the years 2006 through 2010.

In 2014, the City and joint review board approved sharing increments from the TIF District No. 3 (donor district) to Environmental TIF District No. 1 (donee district). Transfers of \$3,386,354 are reflected as recoverable costs in the donor district, and as project revenues in the donee district. Transfers were approved to begin in 2017. TIF increment sharing is valid for the life of the district and the life of the donor district and may not be extended. Transfers between districts are subject to various conditions in the statutes.

CITY OF BURLINGTON  
TAX INCREMENTAL DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 20, 2018

**Note E – Refund to Overlying Taxing Districts**

As of March 20, 2018, the District had recovered all of its project costs and has excess tax increments of \$1,277,781. Wisconsin Statutes require surplus funds available at the termination of a district to be refunded to the overlying taxing districts. The refund to overlying taxing districts is calculated based on increments collected in excess of project costs using the ratio of tax levies in the 2017 tax roll as follows:

	Advance	Refund yet to be paid	Total
Racine County	\$ -	\$ 189,962	\$ 189,962
City of Burlington	-	505,675	505,675
Burlington Area School District	-	540,006	540,006
Gateway Technical College	-	42,138	42,138
Total	\$ -	\$ 1,277,781	\$ 1,277,781

As of March 20, 2018, no advance payments were disbursed to overlying taxing districts. The remaining \$1,277,781 are to be refunded upon receipt of the final financial and compliance audit of the District.

**SUPPLEMENTARY INFORMATION**

CITY OF BURLINGTON  
TAX INCREMENTAL DISTRICT NO. 3  
DETAILED SUMMARY OF SOURCES, USES AND STATUS OF FUNDS  
From Date of Creation Through Termination Date of March 20, 2018

	Actual Costs				
	Audit				
	1992-1999	2000	2001	2002	2003
<b><u>SOURCES OF FUNDS</u></b>					
Tax increments	\$ 1,477,074	\$ 833,208	\$ 1,221,128	\$ 1,572,406	\$ 1,699,465
Contributions from other districts	-	-	-	-	-
Intergovernmental	-	31,484	48,967	358,282	30,616
Interest and other	574,375	593,544	168,865	77,009	22,812
Sale of property	125,050	20,495	17,705	68,501	-
Rental earnings	-	1,450	-	1,344	-
Contribution and miscellaneous	60,000	-	3,000	-	-
Premium on debt	-	-	-	-	-
Proceeds from debt	16,651,850	12,004,622	4,848,266	1,652,268	-
TOTAL SOURCES	18,888,349	13,484,803	6,307,931	3,729,810	1,752,893
 <b><u>USES OF FUNDS</u></b>					
Capital expenditures	9,494,638	13,651,321	2,736,398	7,898,137	-
Developer rebate	117,718	-	-	-	259,913
Administration	194,004	24,690	44,959	-	-
Contributions to other districts	-	-	-	-	-
Interest and fiscal charges	928,654	707,478	582,057	747,807	1,885,257
Debt issuance costs	-	-	-	-	5,126
Discount on debt	141,549	-	-	-	-
Long-term principal retirement	466,223	5,745,173	459,087	-	300,000
Refunds to overlying districts	-	-	-	-	-
Interest on advances	-	-	-	-	-
TOTAL USES	\$ 11,342,786	\$ 20,128,662	\$ 3,822,501	\$ 8,645,944	\$ 2,450,296

Actual Costs (continued)

2004	2005	2006	2007	2008	2009	2010	2011
\$ 2,066,026	\$ 2,433,864	\$ 2,644,363	\$ 2,852,307	\$ 3,519,155	\$ 3,436,688	\$ 3,435,431	\$ 3,676,125
-	-	430,000	232,664	485,291	453,669	407,376	-
20,337	26,001	31,958	27,885	22,269	19,675	19,601	20,699
19,479	69,630	92,664	135,660	132,055	76,704	82,643	69,179
-	-	-	-	-	73,250	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	11,810,000	-	-	-	-	4,489,769	7,370,000
2,105,842	14,339,495	3,198,985	3,248,516	4,158,770	4,059,986	8,434,820	11,136,003
-	-	-	-	-	965,533	1,165,733	24,481
261,116	133,265	147,000	77,000	103,520	109,019	288,029	387,586
1,395	4,746	4,478	4,256	6,034	15,118	29,958	13,215
-	-	-	-	-	-	-	-
1,564,607	2,606,939	1,844,593	1,170,280	1,159,343	1,097,799	994,260	1,773,481
-	103,190	-	-	-	-	37,005	56,523
-	245,305	-	-	-	-	430,619	-
450,000	11,199,683	425,425	1,230,000	813,838	1,623,313	4,910,041	8,723,079
-	-	-	-	-	-	-	-
-	108,750	107,170	93,450	79,146	64,235	48,690	32,484
\$ 2,277,118	\$ 14,401,878	\$ 2,528,666	\$ 2,574,986	\$ 2,161,881	\$ 3,875,017	\$ 7,904,335	\$ 11,010,849

Actual Costs (continued)

2012	2013	2014	2015	2016	2017	Through March 20, 2018	Total
\$ 4,382,416	\$ 4,161,342	\$ 4,565,495	\$ 4,150,561	\$ 3,943,300	\$ 4,023,219	\$ 4,573,829	\$ 60,667,402
-	-	-	-	-	-	-	2,009,000
16,852	16,630	20,583	18,451	17,743	14,497	-	762,530
62,601	36,735	66,703	12,669	9,901	(26,701)	3,582	2,280,109
-	-	-	-	-	-	-	305,001
-	-	-	-	-	-	-	2,794
-	-	-	-	-	-	-	63,000
-	-	-	69,151	-	-	-	69,151
-	-	-	4,215,000	-	-	-	63,041,775
4,461,869	4,214,707	4,652,781	8,465,832	3,970,944	4,011,015	4,577,411	129,200,762
6,764	55,910	-	-	-	-	-	35,998,915
392,418	349,948	388,613	316,475	288,064	113,866	-	3,733,550
14,623	19,215	34,028	23,454	18,408	21,434	3,362	477,377
-	-	-	-	-	1,787,021	1,599,333	3,386,354
651,365	614,588	524,743	377,354	204,655	141,133	155,375	19,731,768
-	-	-	-	-	-	-	201,844
-	-	-	-	-	-	-	817,473
2,265,913	2,610,000	2,815,000	8,620,000	3,245,000	2,675,000	-	58,576,775
-	-	-	-	-	-	1,277,781	1,277,781
-	-	-	-	-	-	-	533,925
\$ 3,331,083	\$ 3,649,661	\$ 3,762,384	\$ 9,337,283	\$ 3,756,127	\$ 4,738,454	\$ 3,035,851	124,735,762

FUND BALANCE - MARCH 20, 2018 \$ 4,465,000

CITY OF BURLINGTON  
TAX INCREMENTAL DISTRICT NO. 3  
DETAILED SCHEDULE OF CAPITAL EXPENDITURES AND ADMINISTRATION  
For the Period of January 1 - March 20, 2018  
and From Date of Creation Through Termination Date of March 20, 2018

	Project Plan Estimate	Actual	Project Costs (Over) Under Project Plan
<u>CAPITAL EXPENDITURES AND ADMINISTRATION</u>			
Manufacturing Expansion	\$ 743,585	\$ 1,469,408	\$ (725,823)
Central Business District Revitalization	26,987,312	27,758,182	(770,870)
North Side Conservation	3,603,110	4,924,520	(1,321,410)
East Side Conservation	2,346,867	1,846,805	500,062
Developer Rebate	750,000	3,733,550	(2,983,550)
Administration	418,052	477,377	(59,325)
TOTAL CAPITAL EXPENDITURES AND ADMINISTRATION	<u>\$ 34,848,926</u>	<u>\$ 40,209,842</u>	<u>\$ (5,360,916)</u>



CPAs and Business Advisors

[www.sitzbergercpas.com](http://www.sitzbergercpas.com)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE**

To the City Council  
City of Burlington  
Racine County, Wisconsin

We were engaged to audit the accompanying financial statements of the City of Burlington Tax Incremental District No. 3 ("District") which comprise of the Balance Sheet as of March 20, 2018, the related Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments, the Historical Summary of Sources, Uses and Status of Funds from the date the District was created through March 20, 2018, and the related notes to the financial statements, and have issued our report thereon dated November 6, 2018.

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 of material misstatement.

Compliance with tax increment financing district laws, regulations and the project plan is the responsibility of the City of Burlington, Wisconsin management. As part of obtaining reasonable assurance about whether the aforementioned financial statements are free of material misstatements, we performed tests of the District's compliance with Wisconsin State Statutes Section 66.1105 and the project plan. However, it should be noted that our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to items tested, the City of Burlington, Wisconsin complied, in all material respects, with the provisions referred to in the preceding paragraph, except for the following:

- Retention of TID related invoices
- Maintain comprehensive list of expenditures by category of permissible project costs
- Project costs incurred exceeded the total project costs included in the project plan

With respect to items not tested, nothing came to our attention that caused us to believe that the City of Burlington, Wisconsin had not complied, in all material respects, with those provisions.

This report is intended solely for the information and use of the City Council, management, and overlapping taxing districts and is not intended to be, and should not be, used by anyone other than those specified parties.

*Sitzberger & Company, S.C.*

Sitzberger & Company, S.C.  
Lake Geneva, Wisconsin  
November 6, 2018