

**CITY OF BURLINGTON**

---

**INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS**

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**YEAR ENDED DECEMBER 31, 2019**

**CITY OF BURLINGTON**

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**CITY OF BURLINGTON**

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## **INDEPENDENT AUDITORS' REPORT**

To the City Council  
City of Burlington, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burlington, as of and for the year ended December 31, 2019, 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.

### **Auditors' 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burlington as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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To the City Council  
City of Burlington, Wisconsin

### **Change in Accounting Principle**

As discussed in Note A to the financial statements, in 2019 the City adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

#### *Adjustment Due to Change in Accounting Principle*

As described in Notes A, K and Q to the financial statements, in 2019 the City adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### **Emphasis of a Matter**

As described in Note Q to the financial statements, the December 31, 2019 financial statement have been restated to correct misstatements: Prior period adjustments were made to correct amounts recorded as internal service fund activity. A prior period adjustment was made to correct an error relating to deferred revenues from special assessments paid in prior year. A prior period adjustment was made to bring the liability for the County-wide radio system into the government-wide statements. Our opinion is not modified with respect to these matters.

### **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.

To the City Council  
City of Burlington, Wisconsin

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.

*Sitzberger & Company, S.C.*

Sitzberger & Company, S.C.  
Lake Geneva, Wisconsin  
September 4, 2020

**CITY OF BURLINGTON**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

|  | <u>Primary Government</u> |                      | <u>Totals</u>        | <u>Component</u>  |
|--|---------------------------|----------------------|----------------------|-------------------|
|  | <u>Governmental</u>       | <u>Business-type</u> |                      | <u>Unit</u>       |
|  | <u>Activities</u>         | <u>Activities</u>    |                      | <u>Housing</u>    |
|  |                           |                      |                      | <u>Authority</u>  |
| <b><u>ASSETS</u></b>                             |                           |                      |                      |                   |
| Cash and investments                             | \$ 8,302,644              | \$ 5,943,145         | \$ 14,245,789        | \$ 42,934         |
| Receivables:                                     |                           |                      |                      |                   |
| Tax levy   | 4,677,416                 | -                    | 4,677,416            | -                 |
| Accounts and other                               | 706,506                   | 1,284,136            | 1,990,642            | 65                |
| Special assessments                              | -                         | 103,223              | 103,223              | -                 |
| Internal balances                                | 264,179                   | (264,179)            | -                    | -                 |
| Inventories                                      | -                         | 59,961               | 59,961               | -                 |
| Prepayments                                      | 62,972                    | -                    | 62,972               | 18,340            |
| Restricted Assets - cash and investments         | 3,216,765                 | 430,912              | 3,647,677            | 224,383           |
| Notes receivable                                 | 1,662,835                 | -                    | 1,662,835            | -                 |
| Other deferred debits                            | -                         | 654                  | 654                  | -                 |
| Capital Assets:                                  |                           |                      |                      |                   |
| Land   | 24,089,365                | 1,164,332            | 25,253,697           | 87,236            |
| Construction in process                          | 178,292                   | -                    | 178,292              | -                 |
| Other capital assets, net of depreciation        | 34,276,318                | 40,178,041           | 74,454,359           | 2,004,270         |
| <b>TOTAL ASSETS</b>                              | <b>77,437,292</b>         | <b>48,900,225</b>    | <b>126,337,517</b>   | <b>2,377,228</b>  |
| <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>     |                           |                      |                      |                   |
| Deferred outflows related to pension             | 3,028,893                 | 596,857              | 3,625,750            | 21,575            |
| Deferred outflows related to OPEB                | 24,836                    | 4,894                | 29,730               | -                 |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>      | <b>3,053,729</b>          | <b>601,751</b>       | <b>3,655,480</b>     | <b>21,575</b>     |
| <b><u>LIABILITIES</u></b>                        |                           |                      |                      |                   |
| Accounts payable and other accrued expenses      | 765,280                   | 183,910              | 949,190              | 21,855            |
| Accrued interest payable                         | 123,040                   | 30,795               | 153,835              | 1,089             |
| Deposits held                                    | 83,625                    | -                    | 83,625               | -                 |
| Long-term obligations, due in one year           | 3,253,331                 | 1,148,755            | 4,402,086            | 29,568            |
| Liabilities Payable from Restricted Assets:      |                           |                      |                      |                   |
| Accrued interest payable                         | -                         | 43,118               | 43,118               | -                 |
| Security deposits                                | -                         | -                    | -                    | 37,084            |
| Non-current Liabilities:                         |                           |                      |                      |                   |
| Long-term obligations, due in more than one year | 16,568,375                | 14,830,692           | 31,399,067           | 2,154,615         |
| Unamortized premium on debt issuance             | 31,423                    | 67,672               | 99,095               | -                 |
| Net pension liability                            | 1,111,756                 | 219,077              | 1,330,833            | 11,070            |
| Net OPEB Liability                               | 187,225                   | 36,893               | 224,118              | -                 |
| Compensated absences                             | 235,915                   | 56,991               | 292,906              | -                 |
| <b>TOTAL LIABILITIES</b>                         | <b>22,359,970</b>         | <b>16,617,903</b>    | <b>38,977,873</b>    | <b>2,255,281</b>  |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>      |                           |                      |                      |                   |
| Unearned property tax revenue                    | 8,791,014                 | -                    | 8,791,014            | -                 |
| Deferred notes receivable                        | 1,512,599                 | -                    | 1,512,599            | -                 |
| Deferred inflows related to pension              | 1,534,052                 | 302,292              | 1,836,344            | 6,620             |
| Deferred inflows related to OPEB                 | 65,852                    | 12,976               | 78,828               | -                 |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>       | <b>11,903,517</b>         | <b>315,268</b>       | <b>12,218,785</b>    | <b>6,620</b>      |
| <b><u>NET POSITION</u></b>                       |                           |                      |                      |                   |
| Net investment in capital assets                 | 38,690,846                | 25,362,926           | 64,053,772           | 4,717             |
| Restricted                                       | 3,599,506                 | 430,912              | 4,030,418            | -                 |
| Restricted for Housing Authority                 | -                         | -                    | -                    | 191,184           |
| Unrestricted                                     | 3,937,182                 | 6,774,967            | 10,712,149           | (58,999)          |
| <b>TOTAL NET POSITION</b>                        | <b>\$ 46,227,534</b>      | <b>\$ 32,568,805</b> | <b>\$ 78,796,339</b> | <b>\$ 136,902</b> |

See accompanying notes.

**CITY OF BURLINGTON**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

| Functions/Programs   | Expenses          | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                      | Component Unit<br>Housing Authority |
|--|-------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|-------------------------------------|
|  |                   | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                           | Primary Government       |                      |                                     |
|  |                   |                      |                                    |                                  |   | Business-type Activities | Totals               |                                     |
| <b><u>PRIMARY GOVERNMENT</u></b>                               |                   |                      |                                    |                                  |   |                          |                      |                                     |
| <b><u>GOVERNMENTAL ACTIVITIES</u></b>                          |                   |                      |                                    |                                  |   |                          |                      |                                     |
| General government   | \$ 1,496,863      | \$ 60,160            | \$ -                               | \$ -                             | \$ (1,436,703)                                    | \$ -                     | \$ (1,436,703)       | \$ -                                |
| Public safety  | 4,840,066         | 799,599              | 78,913                             | -                                | (3,961,554)                                       | -                        | (3,961,554)          | -                                   |
| Public works   | 3,053,441         | 2,763                | 650,118                            | 317                              | (2,400,243)                                       | -                        | (2,400,243)          | -                                   |
| Health and human services                                      | 92,290            | -                    | -                                  | -                                | (92,290)  | -                        | (92,290)             | -                                   |
| Culture, recreation, and education                             | 1,772,618         | 19,508               | 319,723                            | 15,000                           | (1,418,387)                                       | -                        | (1,418,387)          | -                                   |
| Conservation and development                                   | 302,938           | 69,543               | -                                  | -                                | (233,395)   | -                        | (233,395)            | -                                   |
| Interest and fiscal charges                                    | 511,765           | -                    | -                                  | -                                | (511,765)   | -                        | (511,765)            | -                                   |
| Other  | 43,803            | 710,066              | -                                  | -                                | 666,263   | -                        | 666,263              | -                                   |
| <b>TOTAL GOVERNMENTAL</b>                                      | <b>12,113,784</b> | <b>1,661,639</b>     | <b>1,048,754</b>                   | <b>15,317</b>                    | <b>(9,388,074)</b>                                | <b>-</b>                 | <b>(9,388,074)</b>   | <b>-</b>                            |
| <b><u>BUSINESS-TYPE ACTIVITIES</u></b>                         |                   |                      |                                    |                                  |   |                          |                      |                                     |
| Water  | 2,068,661         | 2,637,755            | -                                  | 22,925                           | -   | 592,019                  | 592,019              | -                                   |
| Sewer  | 3,826,318         | 3,996,076            | -                                  | 52,800                           | -   | 222,558                  | 222,558              | -                                   |
| Airport  | 849,992           | 810,662              | -                                  | -                                | -   | (39,330)                 | (39,330)             | -                                   |
| <b>TOTAL BUSINESS-TYPE</b>                                     | <b>6,744,971</b>  | <b>7,444,493</b>     | <b>-</b>                           | <b>75,725</b>                    | <b>-</b>  | <b>775,247</b>           | <b>775,247</b>       | <b>-</b>                            |
| <b>TOTAL PRIMARY GOVERNMENT</b>                                | <b>18,858,755</b> | <b>9,106,132</b>     | <b>1,048,754</b>                   | <b>91,042</b>                    | <b>(9,388,074)</b>                                | <b>775,247</b>           | <b>(8,612,827)</b>   | <b>-</b>                            |
| <b><u>COMPONENT UNIT</u></b>                                   |                   |                      |                                    |                                  |   |                          |                      |                                     |
| Housing Authority  | \$ 481,536        | \$ 340,845           | \$ 74,039                          | \$ -                             |   |                          |                      | (66,652)                            |
| <b><u>GENERAL REVENUES AND TRANSFERS</u></b>                   |                   |                      |                                    |                                  |   |                          |                      |                                     |
| Property taxes levied for general purposes                     |                   |                      |                                    |                                  | 8,165,114   | -                        | 8,165,114            | -                                   |
| Payments in lieu of taxes                                      |                   |                      |                                    |                                  | 38,134  | -                        | 38,134               | -                                   |
| Intergovernmental revenues not restricted to specific programs |                   |                      |                                    |                                  | 825,825   | -                        | 825,825              | -                                   |
| Gain on sale of capital assets                                 |                   |                      |                                    |                                  | 16,346  | -                        | 16,346               | (8,259)                             |
| Insurance recoveries   |                   |                      |                                    |                                  | 25,693  | -                        | 25,693               | -                                   |
| Reimbursement of prior year expenses                           |                   |                      |                                    |                                  | 318,005   | -                        | 318,005              | -                                   |
| Unrestricted interest earnings                                 |                   |                      |                                    |                                  | 299,607   | 103,341                  | 402,948              | 379                                 |
| Transfers  |                   |                      |                                    |                                  | 463,886   | (483,510)                | (19,624)             | -                                   |
| <b>TOTAL GENERAL REVENUES AND TRANSFERS</b>                    |                   |                      |                                    |                                  | <b>10,152,610</b>                                 | <b>(380,169)</b>         | <b>9,772,441</b>     | <b>(7,880)</b>                      |
| <b>CHANGE IN NET POSITION</b>                                  |                   |                      |                                    |                                  | <b>764,536</b>                                    | <b>395,078</b>           | <b>1,159,614</b>     | <b>(74,532)</b>                     |
| <b>NET POSITION - BEGINNING OF YEAR</b>                        |                   |                      |                                    |                                  | <b>46,678,336</b>                                 | <b>33,012,498</b>        | <b>79,690,834</b>    | <b>211,434</b>                      |
| Prior Period Adjustment - Change in accounting principle       |                   |                      |                                    |                                  | (214,906)   | (42,348)                 | (257,254)            | -                                   |
| Prior Period Adjustment - Correction of errors                 |                   |                      |                                    |                                  | (1,000,432)                                       | (796,423)                | (1,796,855)          | -                                   |
| <b>NET POSITION - BEGINNING OF YEAR, AS RESTATED</b>           |                   |                      |                                    |                                  | <b>45,462,998</b>                                 | <b>32,173,727</b>        | <b>77,636,725</b>    | <b>211,434</b>                      |
| <b>NET POSITION - END OF YEAR</b>                              |                   |                      |                                    |                                  | <b>\$ 46,227,534</b>                              | <b>\$ 32,568,805</b>     | <b>\$ 78,796,339</b> | <b>\$ 136,902</b>                   |

See accompanying notes.



**CITY OF BURLINGTON  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

|  | <u>General</u>      | <u>Debt Service</u> |                                      | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|---------------------|--------------------------------------|--|---|
|  |                     | <u>Debt</u>         | <u>Environmental<br/>Remediation</u> |  |   |
| <b><u>ASSETS</u></b>                           |                     |                     |                                      |  |   |
| Cash and investments                           | \$ 5,746,099        | \$ 49,111           | 1,964,459                            | \$ 2,470,281                               | \$ 10,229,950                           |
| Receivables:                                   |                     |                     |                                      |  |   |
| Tax levy                                       | 3,095,039           | 1,334,134           | -                                    | 248,243                                    | 4,677,416                               |
| Accounts and other                             | 47,106              | -                   | -                                    | 659,400                                    | 706,506                                 |
| Due from other funds                           | 463,582             | -                   | -                                    | -  | 463,582                                 |
| Prepayments                                    | 62,972              | -                   | -                                    | -  | 62,972                                  |
| Restricted Assets:                             |                     |                     |                                      |  |   |
| Cash and investments                           | 28,809              | -                   | -                                    | 1,223,497                                  | 1,252,306                               |
| Advances to other funds                        | 1,035,282           | -                   | -                                    | -  | 1,035,282                               |
| Notes receivable                               | 809,636             | -                   | -                                    | 853,199                                    | 1,662,835                               |
| <b>TOTAL ASSETS</b>                            | <b>11,288,525</b>   | <b>1,383,245</b>    | <b>1,964,459</b>                     | <b>5,454,620</b>                           | <b>20,090,849</b>                       |
| <b><u>LIABILITIES</u></b>                      |                     |                     |                                      |  |   |
| Accounts payable and accrued expenses          | 477,342             | -                   | -                                    | 145,506                                    | 622,848                                 |
| Deposits held                                  | 75,801              | -                   | -                                    | -  | 75,801                                  |
| Developer deposits                             | 7,824               | -                   | -                                    | -  | 7,824                                   |
| Due to utilities                               | 199,403             | -                   | -                                    | -  | 199,403                                 |
| Advances from other funds                      | -                   | -                   | -                                    | 1,035,282                                  | 1,035,282                               |
| <b>TOTAL LIABILITIES</b>                       | <b>760,370</b>      | <b>-</b>            | <b>-</b>                             | <b>1,180,788</b>                           | <b>1,941,158</b>                        |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>    |                     |                     |                                      |  |   |
| Deferred revenue - taxes                       | 7,208,637           | 1,334,134           | -                                    | 248,243                                    | 8,791,014                               |
| Deferred revenue - notes                       | -                   | -                   | -                                    | 1,512,599                                  | 1,512,599                               |
| <b>TOTAL DEFERRED<br/>INFLOWS OF RESOURCES</b> | <b>\$ 7,208,637</b> | <b>\$ 1,334,134</b> | <b>\$ -</b>                          | <b>\$ 1,760,842</b>                        | <b>\$ 10,303,613</b>                    |
| <b><u>FUND BALANCES</u></b>                    |                     |                     |                                      |  |   |
| Nonspendable for:                              |                     |                     |                                      |  |   |
| Prepayments                                    | \$ 62,972           | \$ -                | \$ -                                 | \$ -                                       | \$ 62,972                               |
| Net advances to other funds                    | 1,035,282           | -                   | -                                    | -  | 1,035,282                               |
| Restricted                                     | 28,809              | 49,111              | 1,964,459                            | 1,557,127                                  | 3,599,506                               |
| Assigned                                       | -                   | -                   | -                                    | 1,609,805                                  | 1,609,805                               |
| Unassigned                                     | 2,192,455           | -                   | -                                    | (653,942)                                  | 1,538,513                               |
| <b>TOTAL FUND BALANCES</b>                     | <b>\$ 3,319,518</b> | <b>\$ 49,111</b>    | <b>\$ 1,964,459</b>                  | <b>\$ 2,512,990</b>                        | <b>\$ 7,846,078</b>                     |

See accompanying notes.

**CITY OF BURLINGTON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** \$ 7,846,078

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           | 93,415,019        |            |
| Accumulated depreciation | (34,871,044)      |            |
|                          | <u>58,543,975</u> | 58,543,975 |

The City's proportionate share of the net pension liability at the WRS is reported on the statement of net position, but is not reported in the governmental funds. (1,111,756)

The City's proportionate share of the net OPEB liability for the Local Retiree Life Insurance Fund ("LRLIF") is reported on the statement of net position, but is not reported in the governmental funds. (187,225)

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods, and therefore, are not reported in the governmental funds.

|                                       |                  |           |
|---------------------------------------|------------------|-----------|
| Deferred outflows related to pensions | 3,028,893        |           |
| Deferred inflows related to pensions  | (1,534,052)      |           |
| Deferred outflows related to OPEB     | 24,836           |           |
| Deferred inflows related to OPEB      | (65,852)         |           |
|                                       | <u>1,453,825</u> | 1,453,825 |

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 debt and related items at year end consist of:

|                              |                     |              |
|------------------------------|---------------------|--------------|
| Notes and bonds payable      | (19,821,706)        |              |
| Unamortized premium          | (31,423)            |              |
| Accrued interest payable     | (123,041)           |              |
| Compensated absences payable | (235,915)           |              |
|                              | <u>(20,212,085)</u> | (20,212,085) |

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. (105,278)

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** \$ 46,227,534

See accompanying notes.

**CITY OF BURLINGTON**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

|  | General             | Debt Service     |                                  | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|------------------|----------------------------------|-----------------------------------|--------------------------------|
|  |                     | Debt             | Environmental<br>Remediation TIF |                                   |                                |
| <b>REVENUES</b>  |                     |                  |                                  |                                   |                                |
| General property taxes                                       | \$ 6,685,061        | \$ 1,278,353     | \$ -                             | \$ 201,700                        | \$ 8,165,114                   |
| Payments in lieu of taxes                                    | 36,944              | -                | -                                | -                                 | 36,944                         |
| Room tax and other taxes                                     | 129,050             | -                | -                                | -                                 | 129,050                        |
| Special assessments  | 4,492               | -                | -                                | -                                 | 4,492                          |
| Intergovernmental  | 1,541,149           | -                | -                                | 320,040                           | 1,861,189                      |
| Licenses and permits   | 462,410             | -                | -                                | -                                 | 462,410                        |
| Fines and forfeitures  | 229,676             | -                | -                                | -                                 | 229,676                        |
| Charges for services   | 112,323             | -                | -                                | 27,510                            | 139,833                        |
| Interest income  | 158,345             | 26,013           | -                                | 114,277                           | 298,635                        |
| Repayments of note receivable principal                      | -                   | -                | -                                | 59,634                            | 59,634                         |
| Developers agreements  | -                   | -                | -                                | 643,000                           | 643,000                        |
| Other  | 31,970              | -                | -                                | 18,136                            | 50,106                         |
| <b>TOTAL REVENUES</b>  | <b>9,391,420</b>    | <b>1,304,366</b> | <b>-</b>                         | <b>1,384,297</b>                  | <b>12,080,083</b>              |
| <b>EXPENDITURES</b>  |                     |                  |                                  |                                   |                                |
| Current:   |                     |                  |                                  |                                   |                                |
| General government   | 1,387,682           | -                | -                                | 33,701                            | 1,421,383                      |
| Public safety  | 4,187,837           | -                | -                                | 37,490                            | 4,225,327                      |
| Public works   | 1,780,678           | -                | -                                | 31,157                            | 1,811,835                      |
| Health and human services                                    | 92,290              | -                | -                                | -                                 | 92,290                         |
| Culture, recreation, and education                           | 520,238             | -                | -                                | 842,690                           | 1,362,928                      |
| Conservation and development                                 | 289,161             | -                | -                                | 13,777                            | 302,938                        |
| Capital outlay   | -                   | -                | -                                | 1,518,308                         | 1,518,308                      |
| Debt Service:  |                     |                  |                                  |                                   |                                |
| Principal  | -                   | 1,010,083        | 220,000                          | 1,778,395                         | 3,008,478                      |
| Interest and fiscal charges                                  | -                   | 360,636          | 44,332                           | 106,400                           | 511,368                        |
| Debt issuance costs  | -                   | 18,986           | -                                | 24,817                            | 43,803                         |
| <b>TOTAL EXPENDITURES</b>                                    | <b>8,257,886</b>    | <b>1,389,705</b> | <b>264,332</b>                   | <b>4,386,735</b>                  | <b>14,298,658</b>              |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> |                     |                  |                                  |                                   |                                |
|  | \$ 1,133,534        | \$ (85,339)      | \$ (264,332)                     | \$ (3,002,438)                    | \$ (2,218,575)                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |                  |                                  |                                   |                                |
| Proceeds from sale of capital assets                         | \$ -                | \$ -             | \$ -                             | \$ 25,945                         | \$ 25,945                      |
| Reimbursement of prior year costs                            | 134,439             | -                | -                                | 183,566                           | 318,005                        |
| Face value of debt issued                                    | -                   | -                | -                                | 922,061                           | 922,061                        |
| Premium on issuance of debt                                  | -                   | 31,554           | -                                | -                                 | 31,554                         |
| Transfers in   | 53,809              | 102,896          | -                                | 1,337,656                         | 1,494,361                      |
| Transfers in - tax equivalent                                | 438,886             | -                | -                                | -                                 | 438,886                        |
| Transfers out  | (970,561)           | -                | -                                | (498,800)                         | (1,469,361)                    |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>              | <b>(343,427)</b>    | <b>134,450</b>   | <b>-</b>                         | <b>1,970,428</b>                  | <b>1,761,451</b>               |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b>790,107</b>      | <b>49,111</b>    | <b>(264,332)</b>                 | <b>(1,032,010)</b>                | <b>(457,124)</b>               |
| <b>FUND BALANCES -<br/>BEGINNING OF YEAR</b>                 |                     |                  |                                  |                                   |                                |
|  | 2,529,411           | -                | 2,228,791                        | 3,545,000                         | 8,303,202                      |
| <b>FUND BALANCES - END OF YEAR</b>                           | <b>\$ 3,319,518</b> | <b>\$ 49,111</b> | <b>\$ 1,964,459</b>              | <b>\$ 2,512,990</b>               | <b>\$ 7,846,078</b>            |

See accompanying notes.

**CITY OF BURLINGTON**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ (457,124)

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.

|                      |             |           |
|----------------------|-------------|-----------|
| Capital outlays      | 1,518,308   |           |
| Depreciation expense | (1,932,966) | (414,658) |
|                      |             |           |

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

|                        |             |         |
|------------------------|-------------|---------|
| Sale proceeds          | \$ (25,945) |         |
| Gain on asset disposal | 16,346      | (9,599) |
|                        |             |         |

In the statement of activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as an expense. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.

|                            |           |           |
|----------------------------|-----------|-----------|
| Pension expense            | (749,029) |           |
| City pension contributions | 320,199   |           |
| OPEB expense               | (14,731)  |           |
| City OPEB contributions    | 1,398     | (442,163) |
|                            |           |           |

Bond premiums are recorded as an other financing source in the governmental funds, but these are amortized over the life of the bonds in the statements of activities. (31,554)

Amortization of premium from the issuance of debt reduces the balances of the respective item in the statement of net position. The amortization is an expenditure in the statement of net position, but is not shown in the governmental funds. 131

Governmental funds report proceeds from the issuance of long-term debt as other financing sources, but issuing debt increases long-term liabilities in the statement of net position. Repayments of long-term debt principal are expenditures in the governmental funds but the repayments reduce long-term liabilities in the statement of net position.

|   |           |           |
|---|-----------|-----------|
| Proceeds from the issuance of debt                    | (922,061) |           |
| Principal payments on bonds, notes and capital leases | 3,008,478 | 2,086,417 |
|   |           |           |

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 | (529)   |         |
| Changes in compensated absences               | (6,272) | (6,801) |
|   |         |         |

Internal service funds are used by management to charge the cost of various insurance coverages to individual funds. The change in net position of these internal service funds is reported in the governmental activities. 39,887

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 764,536

See accompanying notes.

**CITY OF BURLINGTON**  
**STATEMENTS OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2019**

|   | Business-type Activities - Enterprise Funds |                      |                     |                      | Governmental        |
|---|---|----------------------|---------------------|----------------------|---------------------|
|   | Water                                       | Sewer                | Airport             | Totals               | Activities -        |
|   | Utility                                     | Utility              |                     |                      | Internal            |
|   |   |                      |                     |                      | Service Fund        |
| <b><u>ASSETS</u></b>  |   |                      |                     |                      |                     |
| <b>Current Assets:</b>  |   |                      |                     |                      |                     |
| Cash and investments  | \$ 2,572,534                                | \$ 2,849,898         | \$ 520,713          | \$ 5,943,145         | \$ 37,153           |
| Customer accounts receivable                                    | 660,936                                     | 622,473              | 727                 | 1,284,136            | -                   |
| Special assessments receivable                                  | 21,706                                      | 81,517               | -                   | 103,223              | -                   |
| Other receivables   | 97,209                                      | 102,194              | -                   | 199,403              | -                   |
| Inventories   | 17,714                                      | -                    | 42,247              | 59,961               | -                   |
| <b>Total Current Assets</b>                                     | <b>3,370,099</b>                            | <b>3,656,082</b>     | <b>563,687</b>      | <b>7,589,868</b>     | <b>37,153</b>       |
| <b>Non-current Assets:</b>                                      |   |                      |                     |                      |                     |
| <b>Restricted Assets:</b>                                       |   |                      |                     |                      |                     |
| Cash and investments  | 222,338                                     | 208,574              | -                   | 430,912              | -                   |
| <b>Other Assets:</b>  |   |                      |                     |                      |                     |
| Other deferred debits   | -   | 654                  | -                   | 654                  | -                   |
| <b>Capital Assets:</b>  |   |                      |                     |                      |                     |
| Land  | 260,027                                     | 778,671              | 125,634             | 1,164,332            | -                   |
| Other capital assets, net of depreciation                       | 17,233,230                                  | 21,678,570           | 1,266,241           | 40,178,041           | -                   |
| <b>Total Capital Assets</b>                                     | <b>17,493,257</b>                           | <b>22,457,241</b>    | <b>1,391,875</b>    | <b>41,342,373</b>    | <b>-</b>            |
| <b>TOTAL ASSETS</b>   | <b>21,085,694</b>                           | <b>26,322,551</b>    | <b>1,955,562</b>    | <b>49,363,807</b>    | <b>37,153</b>       |
| <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>                    |   |                      |                     |                      |                     |
| Deferred outflows related to pension                            | 234,114                                     | 362,743              | -                   | 596,857              | -                   |
| Deferred outflows related to OPEB                               | 2,974                                       | 1,920                | -                   | 4,894                | -                   |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                     | <b>237,088</b>                              | <b>364,663</b>       | <b>-</b>            | <b>601,751</b>       | <b>-</b>            |
| <b><u>LIABILITIES</u></b>                                       |   |                      |                     |                      |                     |
| <b>Current Liabilities:</b>                                     |   |                      |                     |                      |                     |
| Accounts payable  | \$ 52,528                                   | \$ 86,066            | \$ 5,469            | \$ 144,063           | \$ 142,431          |
| Accrued payroll   | 16,901                                      | 22,946               | -                   | 39,847               | -                   |
| Accrued interest payable  | 22,804                                      | 7,991                | -                   | 30,795               | -                   |
| Due to general fund   | 463,582                                     | -                    | -                   | 463,582              | -                   |
| Current general obligation bonds                                | 50,000                                      | 47,061               | -                   | 97,061               | -                   |
| <b>Total Current Liabilities</b>                                | <b>605,815</b>                              | <b>164,064</b>       | <b>5,469</b>        | <b>775,348</b>       | <b>142,431</b>      |
| <b>Current Liabilities Payable from Restricted Assets:</b>      |   |                      |                     |                      |                     |
| Current revenue bonds payable                                   | 345,440                                     | 706,254              | -                   | 1,051,694            | -                   |
| Accrued interest payable  | -   | 43,118               | -                   | 43,118               | -                   |
| <b>Total Current Liabilities Payable from Restricted Assets</b> | <b>345,440</b>                              | <b>749,372</b>       | <b>-</b>            | <b>1,094,812</b>     | <b>-</b>            |
| <b>Non-current Liabilities:</b>                                 |   |                      |                     |                      |                     |
| Revenue bonds payable   | 2,415,805                                   | 9,004,009            | -                   | 11,419,814           | -                   |
| General obligation bonds payable                                | 2,285,000                                   | 1,125,878            | -                   | 3,410,878            | -                   |
| Net pension liability   | 85,932                                      | 133,145              | -                   | 219,077              | -                   |
| Net OPEB liability  | 22,422                                      | 14,471               | -                   | 36,893               | -                   |
| Unamortized debt premium  | 67,672                                      | -                    | -                   | 67,672               | -                   |
| Compensated absences  | 27,373                                      | 29,618               | -                   | 56,991               | -                   |
| <b>Total Non-current Liabilities</b>                            | <b>4,904,204</b>                            | <b>10,307,121</b>    | <b>-</b>            | <b>15,211,325</b>    | <b>-</b>            |
| <b>TOTAL LIABILITIES</b>  | <b>5,855,459</b>                            | <b>11,220,557</b>    | <b>5,469</b>        | <b>17,081,485</b>    | <b>142,431</b>      |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                     |   |                      |                     |                      |                     |
| Deferred inflows related to pension                             | 118,573                                     | 183,719              | -                   | 302,292              | -                   |
| Deferred inflows related to OPEB                                | 7,886                                       | 5,090                | -                   | 12,976               | -                   |
| <b>TOTAL DEFERRED INFLOWS</b>                                   | <b>126,459</b>                              | <b>188,809</b>       | <b>-</b>            | <b>315,268</b>       | <b>-</b>            |
| <b><u>NET POSITION</u></b>                                      |   |                      |                     |                      |                     |
| Net investment in capital assets                                | 12,397,012                                  | 11,574,039           | 1,391,875           | 25,362,926           | -                   |
| Restricted for debt service                                     | 222,338                                     | 208,574              | -                   | 430,912              | -                   |
| Unrestricted  | 2,721,514                                   | 3,495,235            | 558,218             | 6,774,967            | (105,278)           |
| <b>TOTAL NET POSITION</b>                                       | <b>\$ 15,340,864</b>                        | <b>\$ 15,277,848</b> | <b>\$ 1,950,093</b> | <b>\$ 32,568,805</b> | <b>\$ (105,278)</b> |

See accompanying notes.

**CITY OF BURLINGTON**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

|  | <b>Business-type Activities - Enterprise Funds</b> |                      |                     |                      | <b>Governmental</b> |
|--|--|----------------------|---------------------|----------------------|---------------------|
|  | <b>Water</b>                                       | <b>Sewer</b>         | <b>Airport</b>      | <b>Totals</b>        | <b>Activities -</b> |
|  | <b>Utility</b>                                     | <b>Utility</b>       |                     |                      | <b>Internal</b>     |
|  | <b>Utility</b>                                     | <b>Utility</b>       | <b>Airport</b>      | <b>Totals</b>        | <b>Service Fund</b> |
| <b><u>OPERATING REVENUES</u></b>                     |  |                      |                     |                      |                     |
| Charges for service                                  | \$ 2,611,309                                       | \$ 3,993,316         | \$ -                | \$ 6,604,625         | \$ -                |
| Fuel sales   | -  | -                    | 707,305             | 707,305              | -                   |
| Billings to departments                              | -  | -                    | -                   | -                    | 1,536,930           |
| Other  | 18,352   | 2,760                | 103,357             | 124,469              | 20,566              |
| <b>TOTAL OPERATING REVENUES</b>                      | <b>2,629,661</b>                                   | <b>3,996,076</b>     | <b>810,662</b>      | <b>7,436,399</b>     | <b>1,557,496</b>    |
| <b><u>OPERATING EXPENSES</u></b>                     |  |                      |                     |                      |                     |
| Operation and maintenance                            | 1,198,672  | 1,855,286            | 168,423             | 3,222,381            | -                   |
| Fuel for resale                                      | -  | -                    | 598,996             | 598,996              | -                   |
| Depreciation   | 670,868  | 1,671,598            | 82,573              | 2,425,039            | -                   |
| Insurance claims and administration                  | -  | -                    | -                   | -                    | 1,531,153           |
| <b>TOTAL OPERATING EXPENSES</b>                      | <b>1,869,540</b>                                   | <b>3,526,884</b>     | <b>849,992</b>      | <b>6,246,416</b>     | <b>1,531,153</b>    |
| <b>OPERATING INCOME (LOSS)</b>                       | <b>760,121</b>                                     | <b>469,192</b>       | <b>(39,330)</b>     | <b>1,189,983</b>     | <b>26,343</b>       |
| <b><u>NONOPERATING REVENUES (EXPENSES)</u></b>       |  |                      |                     |                      |                     |
| Interest income                                      | 48,955   | 47,145               | 7,241               | 103,341              | 13,544              |
| Grant proceeds                                       | 20,712   | -                    | -                   | 20,712               | -                   |
| Debt issuance costs                                  | (81,491)   | (9,769)              | -                   | (91,260)             | -                   |
| Insurance proceeds                                   | 8,094  | -                    | -                   | 8,094                | -                   |
| Interest expense                                     | (117,630)  | (289,665)            | -                   | (407,295)            | -                   |
| <b>TOTAL NONOPERATING REVENUE (EXPENSE)</b>          | <b>(121,360)</b>                                   | <b>(252,289)</b>     | <b>7,241</b>        | <b>(366,408)</b>     | <b>13,544</b>       |
| <b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>     | <b>638,761</b>                                     | <b>216,903</b>       | <b>(32,089)</b>     | <b>823,575</b>       | <b>39,887</b>       |
| Capital contributions - other                        | 2,213  | 52,800               | -                   | 55,013               | -                   |
| Transfers out  | -  | -                    | (25,000)            | (25,000)             | -                   |
| Transfers out - tax equivalent                       | (458,510)  | -                    | -                   | (458,510)            | -                   |
| <b>CHANGE IN NET POSITION</b>                        | <b>182,464</b>                                     | <b>269,703</b>       | <b>(57,089)</b>     | <b>395,078</b>       | <b>39,887</b>       |
| <b>NET POSITION -</b>                                |  |                      |                     |                      |                     |
| <b>BEGINNING OF YEAR</b>                             | <b>15,184,137</b>                                  | <b>15,024,756</b>    | <b>2,007,182</b>    | <b>32,216,075</b>    | <b>(145,165)</b>    |
| Change in Accounting Principle                       | (25,737)   | (16,611)             | -                   | (42,348)             | -                   |
| <b>NET POSITION - BEGINNING OF YEAR, AS RESTATED</b> | <b>15,158,400</b>                                  | <b>15,008,145</b>    | <b>2,007,182</b>    | <b>32,173,727</b>    | <b>(145,165)</b>    |
| <b>NET POSITION - END OF YEAR</b>                    | <b>\$ 15,340,864</b>                               | <b>\$ 15,277,848</b> | <b>\$ 1,950,093</b> | <b>\$ 32,568,805</b> | <b>\$ (105,278)</b> |

See accompanying notes.

**CITY OF BURLINGTON**  
**STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

|  | <b>Business-type Activities - Enterprise Funds</b> |                          |                   |                     | <b>Governmental</b>                               |
|--|--|--------------------------|-------------------|---------------------|---|
|  | <b>Water<br/>Utility</b>                           | <b>Sewer<br/>Utility</b> | <b>Airport</b>    | <b>Totals</b>       | <b>Activities -<br/>Internal<br/>Service Fund</b> |
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                     |  |                          |                   |                     |   |
| Receipts from customers and users                                      | \$ 2,605,369                                       | \$ 3,894,182             | \$ 812,753        | \$ 7,312,304        | \$ -  |
| Receipts from interfund services provided                              | -  | -                        | -                 | -                   | 1,561,564   |
| Payments to suppliers  | (823,946)  | (1,175,037)              | (801,820)         | (2,800,803)         | -   |
| Payments to employees  | (436,545)  | (685,172)                | -                 | (1,121,717)         | -   |
| Payments for interfund services used                                   | -  | -                        | -                 | -                   | (1,537,955)                                       |
| <b>NET CASH PROVIDED (USED)</b>  |  |                          |                   |                     |   |
| <b>BY OPERATING ACTIVITIES</b>   | <u>1,344,878</u>                                   | <u>2,033,973</u>         | <u>10,933</u>     | <u>3,389,784</u>    | <u>23,609</u>                                     |
| <b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>          |  |                          |                   |                     |   |
| Transfers to other funds   | (458,510)  | -                        | (25,000)          | (483,510)           | -   |
| <b>NET CASH (USED) BY NONCAPITAL</b>                                   |  |                          |                   |                     |   |
| <b>FINANCING ACTIVITIES</b>  | <u>(458,510)</u>                                   | <u>-</u>                 | <u>(25,000)</u>   | <u>(483,510)</u>    | <u>-</u>  |
| <b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b> |  |                          |                   |                     |   |
| Capital contributions  | 2,213  | 52,800                   | -                 | 55,013              | -   |
| Acquisition and construction of capital assets                         | (193,472)  | (326,465)                | -                 | (519,937)           | -   |
| Proceeds of debt   | 1,692,367  | 362,939                  | -                 | 2,055,306           | -   |
| Debt issuance cost   | (81,491)   | (9,769)                  | -                 | (91,260)            | -   |
| Unamortized debt premium   | 67,672   | -                        | -                 | 67,672              | -   |
| Grant and insurance proceeds   | 28,806   | -                        | -                 | 28,806              | -   |
| Principal paid on bonds / leases                                       | (379,106)  | (730,100)                | -                 | (1,109,206)         | -   |
| Interest paid  | (110,180)  | (288,017)                | -                 | (398,197)           | -   |
| Special assessment collections   | 11,833   | 27,912                   | -                 | 39,745              | -   |
| <b>NET CASH (USED) BY CAPITAL AND</b>                                  |  |                          |                   |                     |   |
| <b>RELATED FINANCING ACTIVITIES</b>                                    | <u>1,038,642</u>                                   | <u>(910,700)</u>         | <u>-</u>          | <u>127,942</u>      | <u>-</u>  |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                     |  |                          |                   |                     |   |
| Interest income  | 48,955   | 47,145                   | 7,241             | 103,341             | 13,544  |
| <b>NET CASH PROVIDED BY</b>  |  |                          |                   |                     |   |
| <b>INVESTING ACTIVITIES</b>  | <u>48,955</u>                                      | <u>47,145</u>            | <u>7,241</u>      | <u>103,341</u>      | <u>13,544</u>                                     |
| <b>NET CHANGE IN CASH AND INVESTMENT:</b>                              | 1,973,965  | 1,170,418                | (6,826)           | 3,137,557           | 37,153  |
| <b>CASH AND INVESTMENTS -</b>  |  |                          |                   |                     |   |
| <b>BEGINNING OF YEAR</b>   | <u>820,907</u>                                     | <u>1,888,054</u>         | <u>527,539</u>    | <u>3,236,500</u>    | <u>-</u>  |
| <b>CASH AND INVESTMENTS - END OF YEAR</b>                              | <u>\$ 2,794,872</u>                                | <u>\$ 3,058,472</u>      | <u>\$ 520,713</u> | <u>\$ 6,374,057</u> | <u>\$ 37,153</u>                                  |

See accompanying notes.

**CITY OF BURLINGTON**  
**STATEMENTS OF CASH FLOWS - CONTINUED**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

|   | <b>Business-type Activities - Enterprise Funds</b> |                          |                   |                     | <b>Governmental</b>                               |
|---|--|--------------------------|-------------------|---------------------|---|
|   | <b>Water<br/>Utility</b>                           | <b>Sewer<br/>Utility</b> | <b>Airport</b>    | <b>Totals</b>       | <b>Activities -<br/>Internal<br/>Service Fund</b> |
| <b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</u></b>  |  |                          |                   |                     |   |
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>  |  |                          |                   |                     |   |
| Operating income (loss)   | \$ 760,121   | \$ 469,192               | \$ (39,330)       | \$ 1,189,983        | \$ 26,343   |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |  |                          |                   |                     |   |
| Depreciation  | 670,868  | 1,671,598                | 82,573            | 2,425,039           | -   |
| Depreciation charged to clearing account  | 25,340   | (25,340)                 | -                 | -                   | -   |
| (Increase) decrease in customer and other receivables   | (48,988)   | (101,894)                | 2,091             | (148,791)           | 4,068   |
| (Increase) decrease in inventories  | (1,034)  | -                        | 10,287            | 9,253               | -   |
| (Increase) decrease in prepaid expenditures   | 1,870  | -                        | -                 | 1,870               | -   |
| (Increase) decrease in net pension and deferred items   | 36,814   | 44,516                   | -                 | 81,330              | -   |
| Increase (decrease) in accounts payable   | (126,249)  | (23,214)                 | (44,688)          | (194,151)           | 31,997  |
| Increase (decrease) in accrued payroll  | 1,440  | (885)                    | -                 | 555                 | -   |
| Increase (decrease) in due to other funds   | 24,696   | -                        | -                 | 24,696              | (38,799)  |
| <b>NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>   | <b>1,344,878</b>                                   | <b>2,033,973</b>         | <b>10,933</b>     | <b>3,389,784</b>    | <b>23,609</b>                                     |
| <b><u>RECONCILIATION OF CASH AND INVESTMENTS TO STATEMENT OF NET POSITION - PROPRIETARY FUNDS</u></b> |  |                          |                   |                     |   |
| Cash and investments reported as current assets   | 2,572,534  | 2,849,898                | 520,713           | 5,943,145           | 37,153  |
| Cash and investments reported as restricted assets  | 222,338  | 208,574                  | -                 | 430,912             | -   |
| <b>CASH AND INVESTMENTS - END OF YEAR</b>   | <b>\$ 2,794,872</b>                                | <b>\$ 3,058,472</b>      | <b>\$ 520,713</b> | <b>\$ 6,374,057</b> | <b>\$ 37,153</b>                                  |

**NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES**

Capital additions of \$2,213 and \$52,800 were contributed to the Water and Sewer utilities, respectively, by developers.

See accompanying notes.



**CITY OF BURLINGTON**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2019**

|                                  | <u>Tax Roll</u>   | <u>Municipal<br/>Court</u> | <u>Library<br/>Trust</u> | <u>Totals</u>     |
|----------------------------------|-------------------|----------------------------|--------------------------|-------------------|
| <b><u>ASSETS</u></b>             |                   |                            |                          |                   |
| Cash and investments             | \$ 5,915,691      | \$ 17,028                  | \$ 136,990               | \$ 6,069,709      |
| Taxes receivable                 | 6,954,102         | -                          | -                        | 6,954,102         |
| <b>TOTAL ASSETS</b>              | <u>12,869,793</u> | <u>17,028</u>              | <u>136,990</u>           | <u>13,023,811</u> |
| <b><u>LIABILITIES</u></b>        |                   |                            |                          |                   |
| Accounts payable                 | -                 | 17,028                     | -                        | 17,028            |
| Due to county and state          | 3,297,028         | -                          | -                        | 3,297,028         |
| Due to school and VTAE districts | 9,572,765         | -                          | -                        | 9,572,765         |
| Deposits held                    | -                 | -                          | -                        | -                 |
| <b>TOTAL LIABILITIES</b>         | <u>12,869,793</u> | <u>17,028</u>              | <u>-</u>                 | <u>12,886,821</u> |
| <b>NET POSITION</b>              | <u>\$ -</u>       | <u>\$ -</u>                | <u>\$ 136,990</u>        | <u>\$ 136,990</u> |

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2019**

|   | <u>Tax Roll</u>   | <u>Municipal<br/>Court</u> | <u>Library<br/>Trust</u> | <u>Totals</u>     |
|---|-------------------|----------------------------|--------------------------|-------------------|
| <b><u>ADDITIONS</u></b>                   |                   |                            |                          |                   |
| Collection of property tax                | \$ 12,714,251     | \$ -                       | \$ -                     | \$ 12,714,251     |
| Court fees                                | -                 | 13,123                     | -                        | 13,123            |
| Donations                                 | -                 | -                          | 10,922                   | 10,922            |
| Intest Income                             | -                 | -                          | 1,329                    | 1,329             |
| Miscellaneous Income                      | -                 | -                          | 7,165                    | 7,165             |
| <b>TOTAL ADDITIONS</b>                    | <u>12,714,251</u> | <u>13,123</u>              | <u>19,416</u>            | <u>12,746,790</u> |
| <b><u>DEDUCTIONS</u></b>                  |                   |                            |                          |                   |
| Distributions to other governmental units | 12,714,251        | -                          | -                        | 12,714,251        |
| Court payments                            | -                 | 13,123                     | -                        | 13,123            |
| Miscellaneous expense                     | -                 | -                          | 3,030                    | 3,030             |
| Outlay                                    | -                 | -                          | 3,495                    | 3,495             |
| <b>TOTAL DEDUCTIONS</b>                   | <u>12,714,251</u> | <u>13,123</u>              | <u>6,525</u>             | <u>12,733,899</u> |
| <b>NET POSITION, January 1</b>            | <u>-</u>          | <u>-</u>                   | <u>124,099</u>           | <u>124,099</u>    |
| <b>NET POSITION, December 31</b>          | <u>\$ -</u>       | <u>\$ -</u>                | <u>\$ 136,990</u>        | <u>\$ 136,990</u> |

See accompanying notes.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019

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

The basic financial statements of the City of Burlington (the “City”) 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.

**Financial Reporting Entity**

The City of Burlington 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, 2019. Complete financial statements for the component unit may be obtained at its administrative offices:

Riverview Manor  
580 Madison Street  
Burlington, Wisconsin 53105

**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, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods and 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. Internally dedicated resources are reported as general revenues rather than as program revenues.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

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

**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, 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* – The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all financial transactions except those legally and administratively required to be accounted for in another fund.

*Environmental TIF District Debt Service Fund* – This fund accounts for the resources accumulated and payments made for principal and interest on long-term obligation debt of the City's Environmental Tax Increment Financing District No. 1.

*General Debt Service Fund* – This fund accounts for the accumulation of resources for, and the payment of, general long-term obligations principal, interest and related costs (other than debt accounted for in the Proprietary Funds).

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

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

**Basis of Presentation (continued)**

Major Proprietary Funds

The City reports the following major proprietary funds:

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

*Water Utility Enterprise Fund* – This fund accounts for the activities of operating the water distribution system.

*Airport Enterprise Fund* – This fund accounts for the activities of the City’s airport operations. The City chose to classify this fund as major although it did not meet the criteria indicated above.

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. The City reports the following non-major special revenue funds:

- Library Operations
- Community Development Block Grant
- Revolving Loan
- Park Development
- Police Donations
- Wehmhoff
- DeRoziert

Remaining balances in the Wehmhoff Fund was transferred to the Parks Fund and the DeRoziert fund was transferred to the general fund during the year ended December 31, 2019. Management has determined that these funds no longer meet the specific criteria to be recorded as special revenue funds.

*Capital Projects Funds* – Capital projects funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure of funds for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The City reports the following non-major special revenue funds:

- TIF #5
- General Capital Projects
- Revolving Capital Projects
- General Infrastructure
- Façade Grants

*Debt Service Funds* – Debt service funds are used for the accumulation of resources for, and the payment of, long-term obligations principal, interest and related costs. The City reports the following non-major debt service fund:

- TIF #3

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

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

**Basis of Presentation (continued)**

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.

*Fiduciary Funds* – Fiduciary funds are used to account for assets held by the City in a trustee capacity or as a custodian for individuals, private organizations, and/or other governmental units:

Tax Roll Fund  
Municipal Court Bond Fund  
Library Trust

**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. 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 of resources. 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 inter-fund 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, pension and OPEB 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.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

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

**Fund Financial Statements (continued)**

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. Amounts received prior to meeting eligibility requirements are recorded as unearned revenue.

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.

The City reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year which are for subsequent years' operations. For governmental fund financial statements, deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred inflows of resources is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds allow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from non-operating 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 proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**All Financial Statements**

The preparation of the City's financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**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 measured at fair value on a recurring basis. *Recurring* fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

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

**Cash and Investments (continued)**

The City categorizes fair value measurements of its investments based on the hierarchy established by GAAP. The Asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The local government investment pool ("LGIP") is valued at amortized cost, and the certificates of deposit ("CD's") are valued at cost plus accrued interest.

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.
- Bonds or securities of any county, drainage district, technical college district, city, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or by the Wisconsin Aerospace Authority.
- Bonds or securities issued or guaranteed by the federal government and its agencies.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- 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.

The City has adopted an investment policy. That policy follows the state statutes for allowable investments.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned or to which the City is otherwise entitled and has not yet received.

In the fund financial statements, material receivables in the governmental funds include revenue accruals such as intergovernmental grants and aids and other similar revenues since they are usually both measurable and available. Receivables collectible, but not available, are deferred in the fund financial statements in accordance with the modified accrual basis of accounting but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Interest earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

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

**Receivables (continued)**

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. No provision for uncollectible accounts receivable has been made for the proprietary funds because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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 provided. In addition to property taxes for the municipality, taxes are collected for and remitted to the state and county governments as well as the local and vocational school districts. Taxes for all state and other local governmental units billed in the current year for the succeeding year are reflected as receivables and as due to other governmental units on the statement of net position – fiduciary (agency) fund. Taxes are levied in December on the assessed value as of the prior January 1.

Details of the City’s property tax calendar for the 2019 tax levy follows:

|   |                  |
|---|------------------|
| Lien and levy dates                           | December 2019    |
| Real estate collection due dates:             |                  |
| First installment due                         | January 31, 2020 |
| Second installment due                        | July 31, 2020    |
| Personal property tax due in full             | January 31, 2020 |
| Final settlement with county                  | August 2020      |
| Tax sale of 2019 delinquent real estate taxes | October 2022     |

Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection. Therefore, management has determined that no allowance is considered necessary.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term inter-fund loans are reported as “due to and from other funds”. Long-term inter-fund loans (noncurrent portion) are reported as “advances from and to other funds”. Inter-fund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

**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 using the first-in/first-out method (FIFO), which approximates market value. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

**Prepaid Items**

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



**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 DECEMBER 31, 2019  
 (Continued)

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

**Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements or other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

Cash and equivalents of the City's governmental and proprietary funds have been restricted for the following purposes:

|  | <b>Governmental<br/>Funds</b> | <b>Proprietary<br/>Funds</b> | <b>Total</b>        |
|--|-------------------------------|------------------------------|---------------------|
| Bond reserve account                   | \$ -                          | \$ 222,338                   | \$ 222,338          |
| Bond debt service fund                 | -                             | 208,574                      | 208,574             |
| TIF No. 3 debt service                 | 1,162,174                     | -                            | 1,162,174           |
| TIF No. 3 revolving loan               | 61,323                        | -                            | 61,323              |
| General fund - DeRozier, Senior Center | 28,809                        | -                            | 28,809              |
| Environmental TIF debt service         | 1,964,459                     | -                            | 1,964,459           |
| <b>Total Restricted Assets</b>         | <b>\$ 3,216,765</b>           | <b>\$ 430,912</b>            | <b>\$ 3,647,677</b> |

**Capital Assets**

**Government Wide Statements**

Capital assets, which include property, plant and equipment and intangible assets, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 for general capital assets and infrastructure assets, and an estimated useful life in excess of 2 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 costs if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but GASB No. 34 does not require the City to retroactively report all major infrastructure assets. The City has not retroactively reported all infrastructure acquired by its governmental fund types prior to implementation of GASB 34.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed funds proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

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

**Capital Assets (continued)**

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.

*Government Wide Statements (continued)*

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.

**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, 2019, the total vacation benefits accrued were \$32,958 for the governmental activities and \$7,125 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 of 150 days. It is the City's policy to pay for unused sick leave upon retirement or death at a rate of \$50 per day or apply it to future retiree health insurance premiums at a rate of \$75 per day. The City determined its liability for accumulated sick pay benefits payable based on the option of applying \$75 per day toward health insurance premiums. The total sick leave benefits payable upon termination or retirement were approximately \$202,957 for the governmental activities and \$49,866 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.

The separate financial statement elements, deferred outflows of resources, represents an increase in net position or fund balance that applies to future period(s) and thus, will not be recognized as an outflows of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to pensions and OPEB.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

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

**Deferred Outflows / Inflows of Resources**

In accordance with GASB, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources.

The separate financial statement element, deferred inflows of resources, represents an increase in net position or fund balance that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until then. The City reports deferred inflows of resources related to property taxes, pensions, OPEB, and notes receivable.

**Long-Term Obligations**

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, capital leases, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debt and premiums on issuance are reported as other financing sources. Payments of principle and interest, losses on debt refunding, as well as costs of issuance are reported as expenditures.

For the government-wide statements, bond premiums are deferred and amortized over the life of the issue using the effective interest method. The balance at year end for premiums is shown as a liability on the statement of net position. The accounting for proprietary fund obligations is the same in the fund financial statements as it is in the government-wide financial statements.

**Pensions**

For purposes of measuring the net pension liability (assets), 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.

**Other Post-Employment Benefits (OPEB)**

The fiduciary net position of the Local Retiree Life Insurance Fund ("LRLIF") has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

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

**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 non-spendable, 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.

*Non-spendable 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.

*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.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 DECEMBER 31, 2019  
 (Continued)

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

**Net Position and Fund Balances (continued)**

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.

**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.

**Claims and Judgements**

Claims and judgments are recorded as liabilities if all of the conditions of GASB pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

**Adoption of New Accounting Guidance**

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. See Notes K and Q for additional information. The City also implemented GASB Statement No. 84, *Fiduciary Activities*.

**Note B - Stewardship, Compliance, and Accountability**

**Deficit Fund Equity**

The following individual fund had deficit fund balance as of December 31, 2019:

|                                      | <b>Deficit</b>             |
|--------------------------------------|----------------------------|
| Infrastructure Capital Projects Fund | \$ (653,039)               |
| Park Development Fund                | (903)                      |
| Total deficit fund balance           | <u><u>\$ (653,942)</u></u> |

The deficit fund balance in the infrastructure fund will be eliminated by future borrowing or general fund transfers. The deficit fund balance in the park development fund will be eliminated by general fund transfers.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

**Note B - Stewardship, Compliance, and Accountability (Continued)**

**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, 2019.

Resolutions for water and sewer revenue bonds specify that a debt service fund be established for monthly deposits of principal and interest payments coming due. An investment account has been set aside to separate these funds. This account was properly funded at December 31, 2019. All principal and interest payments on outstanding debt were made timely.

**Note C - Cash and Investments**

The City's cash and investments at December 31, 2019 consisted of the following:

|   | <b>Cash</b>          | <b>Investments</b>  | <b>Total</b>         |
|---|----------------------|---------------------|----------------------|
| <b>Custodial Risk:</b>                  |                      |                     |                      |
| Petty Cash                              | \$ 1,158             | \$ -                | \$ 1,158             |
| Demand deposits                         | 18,173,633           | -                   | 18,173,633           |
| Money market                            | 3,699,602            | -                   | 3,699,602            |
| Ameritrade cash                         | 2,047                | -                   | 2,047                |
| Local government investment pool        | -                    | 128,707             | 128,707              |
| <b>Custodial and Interest Rate Risk</b> |                      |                     |                      |
| Ameritrade certificates of deposit      | -                    | 1,685,674           | 1,685,674            |
| Ameritrade municipal securities         | -                    | 200,239             | 200,239              |
| Bank certificated of deposit            | -                    | 72,115              | 72,115               |
| <b>Total cash and investments</b>       | <b>\$ 21,876,440</b> | <b>\$ 2,086,735</b> | <b>\$ 23,963,175</b> |

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

**Per Statement of Net Position**

|                                 |               |
|---------------------------------|---------------|
| Cash and investments            | \$ 14,245,789 |
| Restricted cash and investments | 3,647,677     |

**Per Statement of Fiduciary Net Position**

|                                   |                      |
|-----------------------------------|----------------------|
| Tax Collection Fund               | 5,915,691            |
| Municipal Court                   | 17,028               |
| Library Trust                     | 136,990              |
| <b>Total cash and investments</b> | <b>\$ 23,963,175</b> |

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

**Note C - Cash and Investments (continued)**

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000. Deposits in local banks and the Wisconsin Government Investment Pool (LGIP) are also insured by the State Deposit Guarantee Fund (“SDGF”) in the amount of \$400,000 per financial institution. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual Cities. Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insured against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, SDGF insurance, and income on the investment during the calendar quarter a loss occurs.

Money market investments may be withdrawn upon request.

The LGIP does not have a credit quality rating and is also not subject to credit risk disclosures because investments are not issued in securities form. It is part of the State Investment Fund (“SIF”) and is managed by the State of Wisconsin Investment Board. The LGIP is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually and carries investments at amortized cost for purposes of calculating income to participants. At December 31, 2019 the fair value of the City’s share of the LGIP’s assets was substantially equal to the amount as reported in these statements.

In accordance with certain contractual provisions, investment income associated with LGIP is assigned to the corresponding fund in which the assets are held. Participants in LGIP have the right to withdraw their funds in total on one day’s notice. The LGIP does not include any involuntary participants.

A separate financial report for SIF is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from [HTTP://www.doa.state.wi.us/Division/Budget-and-Financial/LGIP](http://www.doa.state.wi.us/Division/Budget-and-Financial/LGIP).

The City has investments with Ameritrade consisting of municipal securities and certificates of deposit. Ameritrade has no minimum investment period, no short-term redemption fees and funds are available the next business day. The investments are SIPC insured. Ameritrade is governed by the U.S. Securities and Exchange Commission’s Rule 606. A separate financial report for Ameritrade is prepared annually and can be obtained from <http://tdameritrade.com/financial-statement#financial-statement>.

The City has adopted an investment policy which permits all investments allowed under the state statutes.

**Custodial Risk**

Custodial risk is the risk that, in the event of a financial institution failure, the City’s deposits may not be returned to the City. The City’s carrying value for cash and investments was \$23,963,175 at December 31, 2019 and the bank’s carrying value was \$20,633,119, of which \$2,747,112 was fully insured and \$14,838,318 was collateralized with securities held by the pledging financial institution, and \$3,047,690 was uninsured and uncollateralized.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 DECEMBER 31, 2019  
 (Continued)

**Note C - Cash and Investments (continued)**

**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**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the maturity of any security in accordance with state statutes and 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. Information regarding the exposure of the City's investments to this risk using the segmented time distribution model is as follows:

| <b><u>Type of Investment</u></b>       | <b><u>Fair Value</u></b> | <b><u>Investment Maturities (in Years)</u></b> |                         |
|--|--------------------------|--|-------------------------|
|  |                          | <b><u>Less Than<br/>1 Year</u></b>             | <b><u>1-5 Years</u></b> |
| Ameritrade                             | \$ 200,239               | \$ 200,239                                     | \$ -                    |
| Municipal securities                   | 1,685,674                | 748,970  | 936,704                 |
| Certificates of deposit                | -                        |  |                         |
| Town Bank certificates of deposit      | 50,563                   | 50,563   | -                       |
| Fox River Bank certificates of deposit | 20,290                   | 20,290   | -                       |
| <b>Total</b>                           | <b>\$ 1,956,766</b>      | <b>\$ 1,020,062</b>                            | <b>\$ 936,704</b>       |

**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.



**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 DECEMBER 31, 2019  
 (Continued)

**Note C - Cash and Investments (continued)**

Fair Value Measurements 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.

|                              | <b>Fair Value Measurement Using</b> |                |                |              |
|------------------------------|-------------------------------------|----------------|----------------|--------------|
|                              | <b>Level 1</b>                      | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| Government agency securities | \$ 200,239                          | \$ -           | \$ -           | \$ 200,239   |

**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:

|   | <b>Unavailable</b>  | <b>Unearned</b>     |
|---|---------------------|---------------------|
| Property and other taxes receivable                             | \$ -                | \$ 8,327,432        |
| Water utility property tax equivalent                           | -                   | 463,582             |
| Notes and accounts receivable                                   | 1,512,599           | -                   |
| <b>Total deferred / unearned revenue for governmental funds</b> | <b>\$ 1,512,599</b> | <b>\$ 8,791,014</b> |

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

| <b>Purpose</b>                     | <b>Date<br/>of Issue</b> | <b>Interest<br/>Rate</b> | <b>Original<br/>Principal</b> | <b>Balance<br/>12/31/2019</b> |
|------------------------------------|--------------------------|--------------------------|-------------------------------|-------------------------------|
| Environmental TIF Capital Projects | 9/1/2010                 | 7.00%                    | \$ 1,160,000                  | \$ 659,400                    |
| Revolving Loan                     | 7/6/2010                 | 2.00%                    | 340,000                       | 217,330                       |
| Revolving Loan                     | 12/31/2011               | 2.00%                    | 400,000                       | 202,500                       |
| Revolving Loan                     | 7/2/2013                 | 0.00%                    | 202,500                       | 112,000                       |
| Revolving Loan                     | 1/24/2013                | 1.625%                   | 175,000                       | 161,847                       |
| Revolving Loan                     | 7/1/2016                 | 1.75%                    | 70,000                        | 29,913                        |
| Revolving Loan                     | 12/31/2017               | 1.75%                    | 140,000                       | 129,609                       |
| <b>Total</b>                       |                          |                          |                               | <b>\$ 1,512,599</b>           |

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

**Note E - Capital Assets**

**Governmental Activities**

Governmental capital asset activity for the year ended December 31, 2019 was as follows:

|   | <b>Balance<br/>Beginning</b> | <b>Additions</b>    | <b>Deletions</b> | <b>Balance<br/>Ending</b> |
|---|------------------------------|---------------------|------------------|---------------------------|
| <b>Governmental Activities:</b>                       |                              |                     |                  |                           |
| <b>Capital assets not being depreciated</b>           |                              |                     |                  |                           |
| Land  | \$ 24,089,365                | \$ -                | \$ -             | \$ 24,089,365             |
| Construction in progress                              | -                            | 178,292             | -                | 178,292                   |
| <b>Total capital assets<br/>not being depreciated</b> | <u>24,089,365</u>            | <u>178,292</u>      | <u>-</u>         | <u>24,267,657</u>         |
| <b>Capital assets being depreciated:</b>              |                              |                     |                  |                           |
| Building and improvements                             | 10,129,231                   | -                   | -                | 10,129,231                |
| Land improvements & structures                        | 3,469,845                    | -                   | -                | 3,469,845                 |
| Machinery and equipment                               | 8,224,419                    | 365,128             | 184,304          | 8,405,243                 |
| Infrastructure  | 46,168,154                   | 974,889             | -                | 47,143,043                |
| <b>Total capital assets<br/>being depreciated</b>     | <u>67,991,649</u>            | <u>1,340,017</u>    | <u>184,304</u>   | <u>69,147,362</u>         |
| <b>Less: accumulated depreciation</b>                 | <u>(33,112,783)</u>          | <u>(1,932,966)</u>  | <u>(174,705)</u> | <u>(34,871,044)</u>       |
| <b>Net capital assets being depreciated</b>           | <u>34,878,866</u>            | <u>\$ (592,949)</u> | <u>\$ 9,599</u>  | <u>34,276,318</u>         |
| <b>Net governmental<br/>activities capital assets</b> | <u>\$ 58,968,231</u>         |                     |                  | <u>\$ 58,543,975</u>      |

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

|   |                     |
|---|---------------------|
| General government  | \$ 43,681           |
| Public safety   | 305,992             |
| Public works (includes depreciation of infrastructure)    | 1,216,682           |
| Culture and recreation                                    | 366,611             |
| <b>Total governmental activities depreciation expense</b> | <u>\$ 1,932,966</u> |

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

**Note E - Capital Assets (continued)**

Business-type Activities

Capital asset activity in the business type activities for the year ended December 31, 2019 was as follows:

|   | <b>Balance<br/>Beginning</b> | <b>Additions</b>      | <b>Deletions</b> | <b>Balance<br/>Ending</b> |
|---|------------------------------|-----------------------|------------------|---------------------------|
| <b>Water Utility:</b>                           |                              |                       |                  |                           |
| <b>Capital assets not being depreciated</b>     |                              |                       |                  |                           |
| Land  | \$ 260,027                   | \$ -                  | \$ -             | \$ 260,027                |
| <b>Capital assets being depreciated</b>         |                              |                       |                  |                           |
| Buildings and improvements                      | 3,069,562                    | -                     | -                | 3,069,562                 |
| Machinery and equipment                         | 4,082,301                    | 47,181                | 13,287           | 4,116,195                 |
| Infrastructure                                  | 19,716,592                   | 152,501               | 19,645           | 19,849,448                |
| <b>Total capital assets being depreciated</b>   | <u>26,868,455</u>            | <u>199,682</u>        | <u>32,932</u>    | <u>27,035,205</u>         |
| <b>Total capital assets</b>                     | <u>27,128,482</u>            | <u>199,682</u>        | <u>32,932</u>    | <u>27,295,232</u>         |
| <b>Less: accumulated depreciation</b>           | <u>(9,132,489)</u>           | <u>(696,207)</u>      | <u>(26,721)</u>  | <u>(9,801,975)</u>        |
| <b>Capital assets net of depreciation</b>       | <u>\$ 17,995,993</u>         | <u>\$ (496,525)</u>   | <u>\$ 6,211</u>  | <u>\$ 17,493,257</u>      |
|   |                              |                       |                  |                           |
|   | <b>Balance<br/>Beginning</b> | <b>Additions</b>      | <b>Deletions</b> | <b>Balance<br/>Ending</b> |
| <b>Sewer Utility:</b>                           |                              |                       |                  |                           |
| <b>Capital assets not being depreciated</b>     |                              |                       |                  |                           |
| Land  | \$ 778,671                   | \$ -                  | \$ -             | \$ 778,671                |
| <b>Capital assets being depreciated</b>         |                              |                       |                  |                           |
| Buildings and system                            | 27,156,174                   | -                     | -                | 27,156,174                |
| Machinery and equipment                         | 7,072,950                    | 81,587                | -                | 7,154,537                 |
| Infrastructure                                  | 17,077,962                   | 244,878               | 122,439          | 17,200,401                |
| <b>Total capital assets being depreciated</b>   | <u>51,307,086</u>            | <u>326,465</u>        | <u>122,439</u>   | <u>51,511,112</u>         |
| <b>Total capital assets</b>                     | <u>52,085,757</u>            | <u>326,465</u>        | <u>122,439</u>   | <u>52,289,783</u>         |
| <b>Less: accumulated depreciation</b>           | <u>(28,308,722)</u>          | <u>(1,646,259)</u>    | <u>(122,439)</u> | <u>(29,832,542)</u>       |
| <b>Sewer capital assets net of depreciation</b> | <u>\$ 23,777,035</u>         | <u>\$ (1,319,794)</u> | <u>\$ -</u>      | <u>\$ 22,457,241</u>      |

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

**Note E - Capital Assets (continued)**

**Business-type Activities (continued)**

|   | <b>Balance<br/>Beginning</b> | <b>Additions</b>   | <b>Deletions</b> | <b>Balance<br/>Ending</b> |
|---|------------------------------|--------------------|------------------|---------------------------|
| <b>Airport:</b>                                   |                              |                    |                  |                           |
| <b>Capital assets not being depreciated</b>       |                              |                    |                  |                           |
| Land  | \$ 125,634                   | \$ -               | \$ -             | \$ 125,634                |
| <b>Total capital assets not being depreciated</b> | <u>125,634</u>               | <u>-</u>           | <u>-</u>         | <u>125,634</u>            |
| <b>Capital assets being depreciated:</b>          |                              |                    |                  |                           |
| Buildings   | 627,810                      | -                  | -                | 627,810                   |
| Land improvements                                 | 2,054,267                    | -                  | -                | 2,054,267                 |
| Machinery and equipment                           | 301,350                      | -                  | -                | 301,350                   |
| <b>Total capital assets being depreciated</b>     | <u>2,983,427</u>             | <u>-</u>           | <u>-</u>         | <u>2,983,427</u>          |
| <b>Total capital assets</b>                       | <u>3,109,061</u>             | <u>-</u>           | <u>-</u>         | <u>3,109,061</u>          |
| <b>Less: accumulated depreciation</b>             | <u>(1,634,614)</u>           | <u>(82,572)</u>    | <u>-</u>         | <u>(1,717,186)</u>        |
| <b>Airport capital assets net of depreciation</b> | <u>\$ 1,474,447</u>          | <u>\$ (82,572)</u> | <u>\$ -</u>      | <u>\$ 1,391,875</u>       |

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

|  |                     |
|--|---------------------|
| Water Utility  | \$ 696,207          |
| Sewer Utility  | 1,646,529           |
| Airport  | 82,572              |
| <b>Total business-type activities depreciation expense</b> | <u>\$ 2,425,308</u> |

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 DECEMBER 31, 2019  
 (Continued)

**Note E - Capital Assets (continued)**

Discretely Presented Component Unit

Capital asset activity for the Housing Authority of the City of Burlington for the year ended August 31, 2019 follows:

|   | <b>Balance<br/>Beginning</b> | <b>Additions</b>   | <b>Deletions</b>  | <b>Balance<br/>Ending</b> |
|---|------------------------------|--------------------|-------------------|---------------------------|
| <b>Governmental Activities:</b>                   |                              |                    |                   |                           |
| Capital assets not being depreciated              |                              |                    |                   |                           |
| Land  | \$ 87,236                    | \$ -               | \$ -              | \$ 87,236                 |
| <b>Total capital assets not being depreciated</b> | <b>87,236</b>                | <b>-</b>           | <b>-</b>          | <b>87,236</b>             |
| Capital assets being depreciated:                 |                              |                    |                   |                           |
| Buildings and improvements                        | 3,699,104                    | 8,300              | (26,670)          | 3,680,734                 |
| Furniture and equipment                           | 222,957                      | 27,490             | -                 | 250,447                   |
| Landscaping                                       | 262,238                      | 3,800              | -                 | 266,038                   |
| Total capital assets being depreciated            | 4,184,299                    | 39,590             | (26,670)          | 4,197,219                 |
| Less: accumulated depreciation                    | (2,083,415)                  | (127,945)          | 18,411            | (2,192,949)               |
| <b>Net capital assets being depreciated</b>       | <b>2,100,884</b>             | <b>(88,355)</b>    | <b>(8,259)</b>    | <b>2,004,270</b>          |
| <b>Net governmental activities capital assets</b> | <b>\$ 2,188,120</b>          | <b>\$ (88,355)</b> | <b>\$ (8,259)</b> | <b>\$ 2,091,506</b>       |

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

**Note F – Inter-fund Receivables, Payables and Transfers**

The following is a schedule of inter-fund receivables and payables at December 31, 2019:

| <b>Receivable Fund</b> | <b>Payable Fund</b>            | <b>Amount</b> |
|------------------------|--------------------------------|---------------|
| General                | Water Utility (tax equivalent) | \$ 463,582    |

Advances to and from other funds consist of the following:

| <b>Receivable Fund</b> | <b>Payable Fund</b>             | <b>Amount</b> |
|------------------------|---------------------------------|---------------|
| General                | Infrastructure Capital Projects | \$ 1,035,282  |

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.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

**Note F – Inter-fund Receivables, Payables and Transfers (continued)**

Inter-fund transfers consist of the following:

| <u>Fund Transferred From</u> | <u>Fund Transferred To</u>      | <u>Amount</u>       |
|------------------------------|---------------------------------|---------------------|
| General fund                 | Revolving capital projects      | \$ 400,000          |
| General fund                 | Façade grants                   | 20,000              |
| General fund                 | Library operations              | 417,665             |
| General fund                 | Park development                | 30,000              |
| General fund                 | General debt service            | 102,896             |
| DeRozier fund                | General fund                    | 28,809              |
| Wehmhoff fund                | Park development                | 19,991              |
| Revolving capital projects   | Capital projects infrastructure | 450,000             |
| Water fund - tax equivalent  | General fund                    | 438,886             |
| Airport                      | General fund                    | 25,000              |
|                              |                                 | <u>\$ 1,933,247</u> |

**Note G - Long-Term Obligations**

Outstanding debt and other long-term obligations were comprised of the following at December 31, 2019:

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Reductions</u>   | <u>Ending<br/>Balance</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
|---|------------------------------|---------------------|---------------------|---------------------------|--|
| <b><u>Governmental Activities</u></b>     |                              |                     |                     |                           |  |
| General obligation debt                   | \$ 20,915,000                | \$ 922,061          | \$ 2,925,000        | \$ 18,912,061             | \$ 3,167,939                               |
| County Radio                              | -                            | 107,158             | 13,395              | 93,763                    | 13,395                                     |
| Compensated absences                      | 229,643                      | 6,272               | -                   | 235,915                   | -  |
| <b>Total governmental activities</b>      | <u>21,144,643</u>            | <u>1,035,491</u>    | <u>2,938,395</u>    | <u>19,241,739</u>         | <u>3,181,334</u>                           |
| <b><u>Business-Type Activities</u></b>    |                              |                     |                     |                           |  |
| General obligation debt                   | 1,660,000                    | 1,937,939           | 90,000              | 3,507,939                 | 97,061                                     |
| Revenue bonds                             | 13,373,348                   | 117,367             | 1,019,207           | 12,471,508                | 1,051,694                                  |
| Compensated absences                      | 56,991                       | -                   | -                   | 56,991                    | -  |
| <b>Total business-type activities</b>     | <u>15,090,339</u>            | <u>2,055,306</u>    | <u>1,109,207</u>    | <u>16,036,438</u>         | <u>1,148,755</u>                           |
| <b><u>Other Long-Term Obligations</u></b> |                              |                     |                     |                           |  |
| Leases payable                            | 885,965                      | -                   | 70,083              | 815,882                   | 71,997                                     |
| <b>Total Long-Term Obligations</b>        | <u>\$ 37,120,947</u>         | <u>\$ 3,090,797</u> | <u>\$ 4,117,685</u> | <u>\$ 36,094,059</u>      | <u>\$ 4,402,086</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.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

**Note G - Long-Term Obligations (continued)**

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

| <b>Governmental Activities</b>                                  | <b>Date of Issue</b> | <b>Final Maturity</b> | <b>Interest Rates</b> | <b>Original Principal</b> | <b>Balance 12/31/2019</b> |
|---|----------------------|-----------------------|-----------------------|---------------------------|---------------------------|
| 2011 Refunding bonds  | 11/15/11             | 04/01/20              | 2.0% - 3.0%           | \$9,120,000               | \$ 1,145,000              |
| 2012A Street bonds  | 05/23/12             | 04/01/32              | 2.0% - 2.8%           | 3,155,000                 | 2,790,000                 |
| 2012B Refunding bonds   | 06/12/12             | 04/01/32              | 2.0% - 3.0%           | 1,460,000                 | 270,000                   |
| 2014A Refunding bonds   | 06/10/14             | 05/01/30              | 0.4% - 3.2%           | 4,539,000                 | 2,935,000                 |
| 2015B Promissory notes  | 05/13/15             | 04/01/22              | 0.7% - 2.25%          | 4,500,000                 | 2,350,000                 |
| 2015 Bank Note  | 12/02/15             | 04/01/22              | 2.25% - 3.25%         | 300,000                   | 180,000                   |
| 2017A Refunding bonds   | 05/25/17             | 04/01/37              | 2.0% - 3.375%         | 7,715,000                 | 7,110,000                 |
| 2017D Promissory notes  | 12/06/17             | 04/01/27              | 2.0% - 3.0%           | 1,495,000                 | 1,210,000                 |
| 2019A Refunding bonds   | 05/30/19             | 04/01/39              | 3%                    | 922,061                   | 922,061                   |
| County radio finance  | 07/01/17             | 07/01/26              | 2%                    | 136,627                   | 93,763                    |
| <b>Total general obligation debt - governmental activities</b>  |                      |                       |                       |                           | <b>19,005,824</b>         |
| <br>  |                      |                       |                       |                           |                           |
| <b>Business-Type Activities</b>                                 |                      |                       |                       |                           |                           |
| 2014A Refunding bonds   | 06/10/14             | 05/01/30              | 0.4% - 3.2%           | 1,661,000                 | 1,345,000                 |
| 2017A Refunding bonds   | 05/25/17             | 04/01/37              | 2.0% - 3.375%         | 275,000                   | 225,000                   |
| 2019A Refunding bonds   | 05/30/19             | 04/01/39              | 3%                    | 362,939                   | 362,939                   |
| 2019 Bonds  | 05/30/19             | 05/01/39              | 3.0% - 4.0%           | 1,575,000                 | 1,575,000                 |
| <b>Total general obligation debt - business-type activities</b> |                      |                       |                       |                           | <b>3,507,939</b>          |
| <br>  |                      |                       |                       |                           |                           |
| <b>Total general obligation debt</b>                            |                      |                       |                       |                           | <b>\$ 22,513,763</b>      |

The annual debt service requirements to maturity for general obligation long term debt as of December 31, 2019, are as follows:

| <b>Year Ending<br/>December 31,</b> | <b>Governmental Activities<br/>General Obligation Debt</b> |                     | <b>Business-type Activities<br/>General Obligation Debt</b> |                   |
|-------------------------------------|--|---------------------|---|-------------------|
|                                     | <b>Principal</b>   | <b>Interest</b>     | <b>Principal</b>  | <b>Interest</b>   |
| 2020                                | \$ 3,181,334   | \$ 455,041          | \$ 97,061   | \$ 105,439        |
| 2021                                | 1,938,624  | 392,110             | 144,771   | 99,540            |
| 2022                                | 1,941,333  | 351,538             | 167,061   | 96,242            |
| 2023                                | 1,084,921  | 318,677             | 223,473   | 91,307            |
| 2024                                | 1,116,334  | 293,080             | 222,061   | 85,069            |
| 2025-2029                           | 5,157,706  | 1,043,315           | 1,254,084   | 312,017           |
| 2030-2034                           | 3,316,145  | 405,271             | 723,855   | 147,357           |
| 2035-2039                           | 1,269,427  | 72,475              | 675,573   | 52,057            |
|                                     | <b>\$ 19,005,824</b>                                       | <b>\$ 3,331,507</b> | <b>\$ 3,507,939</b>   | <b>\$ 989,028</b> |

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

**Note G - Long-Term Obligations (continued)**

**Revenue Bonds**

Revenue bonds are pledged by the assets and revenues of the issuing utility. Revenue bond debt outstanding at December 31, 2019 is as follows:

| <b><u>Business-type Activities</u></b>           | <b><u>Date of Issue</u></b> | <b><u>Final Maturity</u></b> | <b><u>Interest Rates</u></b> | <b><u>Original Principal</u></b> | <b><u>Balance 12/31/2019</u></b>   |
|--|-----------------------------|------------------------------|------------------------------|----------------------------------|------------------------------------|
| 2008 CWF bonds (1)                               | 7/23/2008                   | 5/1/2028                     | 2.569%                       | \$ 4,465,837                     | \$ 2,310,852                       |
| 2008 CWF bonds (2)                               | 2/27/2008                   | 5/1/2027                     | 2.365%                       | 926,948                          | 440,853                            |
| 2011 refunding bonds                             | 11/15/2011                  | 4/1/2020                     | 2.0% - 3.5%                  | 2,050,000                        | 650,000                            |
| 2012 CWF sewer bonds                             | 10/10/2012                  | 5/1/2032                     | 2.625%                       | 7,439,911                        | 5,478,559                          |
| 2012 CWF water bonds                             | 2/22/2012                   | 5/1/2031                     | 2.20%                        | 2,044,276                        | 1,348,060                          |
| 2017 Sewer revenue bonds                         | 5/25/2017                   | 11/1/2037                    | 1.3% - 4.0%                  | 1,610,000                        | 1,480,000                          |
| 2017 Water revenue bonds                         | 6/28/2017                   | 5/1/2037                     | 1.870%                       | 615,145                          | 763,185                            |
| <b>Total Business-Type Activity Revenue Debt</b> |                             |                              |                              |                                  | <b><u><u>\$ 12,471,509</u></u></b> |

Debt service requirements to maturity for revenue bond debt as of December 31, 2019, are as follows:

| <b><u>Year Ending December 31,</u></b> | <b><u>Business-type Activities Revenue Bonds</u></b> |                                   |
|--|--|-----------------------------------|
|  | <b><u>Principal</u></b>                              | <b><u>Interest</u></b>            |
| 2020                                   | \$ 1,051,694   | \$ 310,727                        |
| 2021                                   | 1,081,126  | 282,941                           |
| 2022                                   | 1,111,048  | 253,900                           |
| 2023                                   | 906,471  | 227,813                           |
| 2024                                   | 927,408  | 205,019                           |
| 2025-2029                              | 4,595,470  | 664,477                           |
| 2030-2034                              | 2,347,789  | 187,005                           |
| 2035-2039                              | 450,503  | 22,490                            |
|  | <b><u><u>\$ 12,471,509</u></u></b>                   | <b><u><u>\$ 2,154,372</u></u></b> |

**Lease purchase agreements**

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

| <b><u>Year Ending December 31,</u></b> | <b><u>Lease agreements</u></b>  |                                 |
|--|---------------------------------|---------------------------------|
|  | <b><u>Principal</u></b>         | <b><u>Interest</u></b>          |
| 2020                                   | \$ 71,997                       | \$ 21,319                       |
| 2021                                   | 73,764                          | 19,352                          |
| 2022                                   | 75,984                          | 17,332                          |
| 2023                                   | 78,060                          | 15,256                          |
| 2024                                   | 80,192                          | 13,124                          |
| 2025-2029                              | 435,685                         | 31,538                          |
|  | <b><u><u>\$ 815,682</u></u></b> | <b><u><u>\$ 117,921</u></u></b> |



**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 DECEMBER 31, 2019  
 (Continued)

**Note G - Long-Term Obligations (continued)**

**Debt Premiums**

Debt premiums are deferred and amortized using the straight-line method over the life of the debt issue in the government-wide statements. The unamortized debt premiums are reported in the liability section.

Activity for the year ended December 31, 2019 is summarized as follows:

|                         | <b><u>Balance</u></b><br><b><u>1/1/2019</u></b> | <b><u>Additions</u></b> | <b><u>Amortization</u></b> | <b><u>Balance</u></b><br><b><u>12/31/2019</u></b> |
|-------------------------|---|-------------------------|----------------------------|---|
| Governmental activities | \$ -  | \$ 31,554               | \$ (1,183)                 | \$ 30,371   |

**Compensated Absences**

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

**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, 2019.

|                                  |                             |
|----------------------------------|-----------------------------|
| Equalized Value - 2019           | \$ 972,118,600              |
| Debt limit (5% of \$962,118,600) | 48,605,930                  |
| Deduct general obligation debt   | <u>22,513,763</u>           |
| Margin of indebtedness           | <u><u>\$ 26,092,167</u></u> |

In June, 2020, the City Council approved the issuance and sale of \$940,000 general obligation promissory notes. The debt was issued on June 25, 2020. The proceeds from issuance will be used for street improvements, water system improvements and to repair the City siren. The loan matures on April 1, 2030, at interest rates between 0.5% and 1.4%.

**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 natural disasters. 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.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

**Note H - Risk Management (continued)**

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 \$105,278 at December 31, 2019 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 \$142,431 reported in the fund at December 31, 2019 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, 2019 is as follows:

| <u>Beginning of<br/>Year Liability</u> | <u>Incurred<br/>Claims</u> | <u>Claim<br/>Payments</u> | <u>End of<br/>Year Liability</u> |
|--|----------------------------|---------------------------|----------------------------------|
| \$ 110,434                             | \$ 1,578,949               | \$ 1,546,952              | \$ 142,431                       |

**Note I – Net Position and Fund Balances**

Government-wide Financial Statement Net Position

**Governmental Activities**

Governmental net position at December 31, 2019 consists of the following:

**Net Investment in Capital Assets:**

|   |               |  |
|---|---------------|--|
| Land  | \$24,089,365  |  |
| Construction in process                               | 178,292       |  |
| Other capital assets, net of accumulated depreciation | 34,276,318    |  |
| Less: Related long-term debt                          | (19,821,706)  |  |
| Less: Unamortized debt premium                        | (31,423)      |  |
|   | \$ 38,690,846 |  |

**Restricted for:**

|                                |           |  |
|--------------------------------|-----------|--|
| General debt service           | 49,111    |  |
| Environmental remediation      | 1,964,459 |  |
| Revolving loan                 | 228,037   |  |
| Revolving loan                 | 61,323    |  |
| DeRozier Funds - Senior Center | 28,809    |  |
| Police K-9                     | 51,700    |  |
| Police Safety Town             | 2,782     |  |
| TIF #5                         | 51,111    |  |
| TIF #3 Debt service            | 1,162,174 |  |
|                                | 3,599,506 |  |

**Unrestricted**

|   |  |                      |
|---|--|----------------------|
|   |  | 3,937,182            |
| <b>Total Government-wide net position</b> |  | <b>\$ 46,227,534</b> |

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

**Note I – Net Position and Fund Balances (continued)**

**Government-wide Financial Statement Net Position (continued)**

**Business-type Activities:**

**Net Investment in Capital Assets:**

|   |                 |                             |
|---|-----------------|-----------------------------|
| Land  | \$ 1,164,332    |                             |
| Other capital assets, net of accumulated depreciation | 40,178,041      |                             |
| Less: Related long-term debt                          | (15,979,447)    |                             |
| Less: Unamortized debt premium                        | <u>(67,672)</u> |                             |
|   |                 | \$ 25,295,254               |
| <b>Restricted for bond reserve</b>                    |                 | 430,912                     |
| <b>Unrestricted</b>                                   |                 | <u>6,842,639</u>            |
| <b>Total Business-type Activities Net Position</b>    |                 | <u><u>\$ 32,568,805</u></u> |

**Governmental Fund Financial Statements**

Governmental fund balances consist of the following:

**Nonspendable:**

|                         |                  |              |
|-------------------------|------------------|--------------|
| Prepayments             | \$ 62,972        |              |
| Advances to other funds | <u>1,035,282</u> |              |
|                         |                  | \$ 1,098,254 |

**Restricted:**

|                               |                  |           |
|-------------------------------|------------------|-----------|
| General debt                  | 49,111           |           |
| Environmental remediation     | 1,964,459        |           |
| Revolving loan                | 228,037          |           |
| TIF #3 revolving loan         | 61,323           |           |
| DeRozer Funds - Senior Center | 28,809           |           |
| Police K-9                    | 51,700           |           |
| Police Safety Town            | 2,782            |           |
| TIF #5                        | 51,111           |           |
| TIF #3 debt service           | <u>1,162,174</u> |           |
|                               |                  | 3,599,506 |

**Assigned:**

|                            |               |           |
|----------------------------|---------------|-----------|
| Library operations         | 87,294        |           |
| General capital projects   | 495,769       |           |
| Revolving capital projects | 995,107       |           |
| Façade grants              | <u>31,635</u> |           |
|                            |               | 1,609,805 |

**Unassigned:**

|   |                  |                  |
|---|------------------|------------------|
| General infrastructure capital projects | (653,942)        |                  |
| General fund                            | <u>2,178,787</u> |                  |
|   |                  | <u>1,538,513</u> |

|  |  |                            |
|--|--|----------------------------|
| <b>Total governmental funds - fund balance</b> |  | <u><u>\$ 7,846,078</u></u> |
|--|--|----------------------------|

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

**Note J - 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, 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 occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee’s contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

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.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

**Note J - WRS Pension Plan (continued)**

***Post-Retirement Adjustments*** (continued)

The Core and Variable annuity adjustments granted during recent years are as follows:

| Year | Core Fund Adjustment | Variable Fund Adjustment |
|------|----------------------|--------------------------|
| 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)                      |
| 2017 | 2.0                  | 4                        |
| 2018 | 2.4                  | 17                       |

***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, 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 \$389,096 in contributions from the employer.

Contribution rates as of December 31, 2019 are:

| <u>Employee Category</u>  | <u>Employee</u> | <u>Employer</u> |
|---|-----------------|-----------------|
| General (including teachers, executives, and elected officials) | 6.55%           | 6.55%           |
| Protective with Social Security                                 | 6.55%           | 10.55%          |
| Protective without Social Security                              | 6.55%           | 14.95%          |

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

At December 31, 2019, the City reported a liability of \$1,330,833 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.03740726%, which was an increase of 0.00064849% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$907,778.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

**Note J - WRS Pension Plan (continued)**

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

At December 31, 2019, the City of Burlington reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b>Deferred<br/>Outflows<br/>of Resources</b> | <b>Deferred<br/>Inflows<br/>of Resources</b> |
|--|---|--|
| Differences between expected and actual experience   | \$ 1,036,516                                  | \$ 1,832,189                                 |
| Net differences between projected and actual earnings<br>on pension plan investments                             | 1,943,590                                     | -  |
| Changes in assumptions   | 224,328                                       | -  |
| Changes in proportion and differences between employer<br>contributions and proportionate share of contributions | 17,333  | 4,155  |
| Employer contributions subsequent to the measurement date  | 403,983                                       | -  |
|  | <u>\$3,625,750</u>                            | <u>\$ 1,836,344</u>                          |

The amount of \$403,983 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, 2020.

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

| <b>Year Ended<br/>December 31,</b> | <b>Deferred Outflow<br/>of Resources</b> | <b>Deferred Inflow<br/>of Resources</b> |
|------------------------------------|--|---|
| 2020                               | \$ 1,890,116                             | \$ 1,385,262                            |
| 2021                               | 1,246,533                                | 1,116,611                               |
| 2022                               | 1,218,744                                | 999,685                                 |
| 2023                               | 883,805                                  | 352,217                                 |

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 DECEMBER 31, 2019  
 (Continued)

**Note J - WRS Pension Plan (continued)**

**Actuarial assumptions.** The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|   |                                |
|---|--------------------------------|
| Actuarial Valuation Date:                 | December 31, 2017              |
| Measurement Date of Net Pension Liability | December 31, 2018              |
| Actuarial Cost Method:                    | Entry Age                      |
| Asset Valuation Method:                   | Fair Value                     |
| Long-Term Expected Rate of Return:        | 7.00%                          |
| Discount Rate:                            | 7.00%                          |
| Salary Increases:                         |                                |
| Inflation                                 | 3.00%                          |
| Seniority/Merit                           | 0.1% - 5.6%                    |
| Mortality:                                | Wisconsin 2018 Mortality Table |
| Post-retirement Adjustments*              | 1.9%                           |

\*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 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 BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

**Note J - WRS Pension Plan (continued)**

***Long-term Expected Return on Plan Assets (continued)***

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

| <b>Asset Allocation Targets and Expected Returns</b>   |                         |  |   |
|--|-------------------------|--|---|
| <b>As of December 31, 2018</b>   |                         |  |   |
| <u>Core Fund Asset Class</u>   | <u>Asset Allocation</u> | <u>Long-Term</u><br><u>Expected Nominal</u><br><u>Rate of Return %</u> | <u>Long-Term</u><br><u>Expected Real</u><br><u>Rate of Return %</u> |
|  | %                       |  |   |
| Global Equities  | 49                      | 8.1  | 5.5   |
| Fixed Income   | 24.5                    | 4.0  | 1.5   |
| Inflation Sensitive Assets   | 15.5                    | 3.8  | 1.3   |
| Real Estate  | 9                       | 6.5  | 3.9   |
| Private Equity/Debt  | 8                       | 9.4  | 6.7   |
| Multi-Asset  | 4                       | 6.7  | 4.1   |
| Total Core Fund  | 110                     | 7.3  | 4.7   |
| <br>   |                         |  |   |
| <u>Variable Fund Asset Class</u>   |                         |  |   |
| U.S. Equities  | 70                      | 7.6  | 5.0   |
| International Equities   | 30                      | 8.5  | 5.9   |
| Total Variable Fund  | 100                     | 8.0  | 5.4   |
| <br>   |                         |  |   |
| New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%  |                         |  |   |
| Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations |                         |  |   |

**Single Discount rate.** A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% from the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 DECEMBER 31, 2019  
 (Continued)

**Note J - WRS Pension Plan (continued)**

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.* The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

|   | 1% Decrease to<br>Discount Rate<br>█ (6.00%) | Current<br>Discount<br>Rate (7.00%) | 1% Increase to<br>Discount Rate<br>█ (8.00%) |
|---|--|-------------------------------------|--|
| City's proportionate share of the net pension liability (asset) | \$ 5,288,869                                 | \$ 1,330,833                        | \$ (1,612,274)                               |

*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, 2019 the City reported a payable of \$67,630 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2019.

**Note K – Other Post-Employment Benefits – Local Retiree Life Insurance Fund (“LRLIF”)**

*Summary of Significant Accounting Policies*

*Other Post-Employment Benefits (“OPEB”).* The fiduciary net position of the Local Retiree Life Insurance Fund (“LRLIF”) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

*General Information about the Other Post-Employment Benefits*

*Plan description.* The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

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

*Benefits provided.* The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 DECEMBER 31, 2019  
 (Continued)

**Note K – Other Post-Employment Benefits – Local Retiree Life Insurance Fund (“LRLIF”)-(continued)**

**Contributions.** The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member’s working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of June 30, 2019 are:

| Coverage Type                | Employer Contribution        |
|------------------------------|------------------------------|
| 50% Post Retirement Coverage | 40% of employee contribution |
| 25% Post Retirement Coverage | 20% of employee contribution |

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018 are as listed below:

| <b>Life Insurance<br/>Employee Contribution Rates*<br/>For the year ended December 31, 2018</b> |              |                     |
|---|--------------|---------------------|
| <b>Attained Age</b>   | <b>Basic</b> | <b>Supplemental</b> |
| Under 30  | \$0.05       | \$0.05              |
| 30-34   | 0.06         | 0.06                |
| 35-39   | 0.07         | 0.07                |
| 40-44   | 0.08         | 0.08                |
| 45-49   | 0.12         | 0.12                |
| 50-54   | 0.22         | 0.22                |
| 55-59   | 0.39         | 0.39                |
| 60-64   | 0.49         | 0.49                |
| 65-69   | 0.57         | 0.57                |
| *Disabled members under age 70 receive a waiver-of-premium benefit.                             |              |                     |

During the reporting period, the LRLIF recognized \$1,673 in contributions from the employer.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

**Note K – Other Post-Employment Benefits – Local Retiree Life Insurance Fund (“LRLIF”)-(continued)**

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs***

At June 30, 2019, the City reported a liability of \$224,118 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City’s proportion of the net OPEB liability was based on the City’s share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31 2018, the City’s proportion was 0.08685600%, which was a decrease of 0.00805300% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized OPEB expense of \$17,634.

At December 31, 2019, the City’s reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <b>Deferred<br/>Outflows<br/>of Resources</b> | <b>Deferred<br/>Inflows<br/>of Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ -  | \$ 11,369                                    |
| Net differences between projected and actual earnings on OPEB plan investments                                | 5,356   | -  |
| Changes in assumptions  | 21,384  | 48,580                                       |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 1,211   | 18,879                                       |
| Employer contributions subsequent to measurement date   | 1,779   | -  |
|   | \$ 29,730                                     | \$ 78,828                                    |

The amount of \$1,779 reported as deferred outflows related to OPEB resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020.

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

| <b>Year Ended<br/>December 31,</b> | <b>Deferred Outflow<br/>of Resources</b> | <b>Deferred Inflow<br/>of Resources</b> |
|------------------------------------|--|---|
| 2020                               | \$ 5,613                                 | \$ 12,875                               |
| 2021                               | 5,613                                    | 12,875                                  |
| 2022                               | 5,613                                    | 12,875                                  |
| 2023                               | 4,861                                    | 40,203                                  |
| 2024                               | 6,251                                    | -                                       |

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

**Note K – Other Post-Employment Benefits – Local Retiree Life Insurance Fund (“LRLIF”)-(continued)**

**Actuarial assumptions.** The total OPEB liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|  |                                |
|--|--------------------------------|
| Actuarial Valuation Date:                      | January 1, 2018                |
| Measurement Date of Net OPEB Liability (Asset) | December 31, 2018              |
| Actuarial Cost Method:                         | Entry Age Normal               |
| 20 Year Tax-Exempt Municipal Bond Yield:       | 4.10%                          |
| Long-Term Expected Rate of Return:             | 5.00%                          |
| Discount Rate:                                 | 4.22%                          |
| Salary Increases                               |                                |
| Inflation:                                     | 3.00%                          |
| Seniority/Merit:                               | 0.1% - 5.6%                    |
| Mortality:                                     | Wisconsin 2018 Mortality Table |

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total OPEB liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates. The total OPEB liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

**Long-term expected Return on Plan Assets.** The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers’ general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 DECEMBER 31, 2019  
 (Continued)

**Note K – Other Post-Employment Benefits – Local Retiree Life Insurance Fund (“LRLIF”)-(continued)**

Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

**Local OPEB Life Insurance**  
**Asset Allocation Targets and Expected Returns**  
**As of December 31, 2018**

| <u>Asset Class</u>                | <u>Index</u>            | <u>Target Allocation</u> | <u>Long-Term Expected Geometric Real Rate of Return</u> |
|-----------------------------------|-------------------------|--------------------------|---|
| US Government Bonds               | Barclays Government     | 1%                       | 1.44%   |
| US Credit Bonds                   | Barclays Credit         | 40%                      | 2.69%   |
| US Long Credit Bonds              | Barclays Long Credit    | 4%                       | 3.01%   |
| US Mortgages                      | Barclays MBS            | 54%                      | 2.25%   |
| US Municipal Bonds                | Bloomberg Barclays Muni | 1%                       | 1.68%   |
| Inflation                         |                         |                          | 2.30%   |
| Long-Term Expected Rate of Return |                         |                          | 5.00%   |

**Single Discount rate.** A single discount rate of 4.22% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

**Sensitivity of the City’s proportionate share of the net OPEB liability to changes in the discount rate.** The following presents the City’s proportionate share of the net OPEB liability calculated using the discount rate of 4.22 percent, as well as what the City’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

|  | <u>1% Decrease to Discount Rate</u><br><u>(3.22%)</u> | <u>Current Discount Rate</u><br><u>(4.22%)</u> | <u>1% Increase to Discount Rate</u><br><u>(5.22%)</u> |
|--|---|--|---|
| City's proportionate share of the OPEB liability | \$ 318,822  | \$ 224,118                                     | \$ 151,075  |

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

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 DECEMBER 31, 2019  
 (Continued)

**Note L - Tax Incremental Financing Districts**

The City created the tax incremental financing District No. 5 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>End of Statutory<br/>Construction Period</u> | <u>Maximum Statutory<br/>Life of District</u> |
|-----------|----------------------|---|---|
| TIF No. 5 | 12/2/2014            | 10/1/2017                                       | 10/1/2022                                     |

The following summarizes the transactions to date of TIF District No. 5.

| <u>Project Costs</u>  | <u>Year Ended</u>   | <u>From Date<br/>of Creation</u> |
|---|---------------------|----------------------------------|
| Accumulated project expenditures<br>(including interest costs)                              | \$ 63,183           | \$ 5,290,611                     |
| <br><b><u>Less: Project Revenues</u></b>  |                     |                                  |
| Tax increments  | 201,700             | 720,898                          |
| Intergovernmental revenues  | 317                 | 45,317                           |
| Developer reimbursements  | 643,000             | 2,017,398                        |
| Investment income   | 12,107              | 28,109                           |
| Total Project Revenues  | <u>857,124</u>      | <u>2,811,722</u>                 |
| <br><b>Net Costs Recoverable (Recovered) Through<br/>TIF Increments - December 31, 2019</b> |                     |                                  |
|   | <u>\$ (793,941)</u> | <u>\$ 2,478,889</u>              |

**Note M - Litigation and Contingencies**

The City attorney and City management are unaware of any pending or threatened litigation against the City that would have a material effect on the financial statements.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 DECEMBER 31, 2019  
 (Continued)

**Note N - Subsequent Events**

Management has evaluated the need for disclosure or recording of transactions resulting from subsequent events through September 9, 2020 the date the financial statements were available to be issued; and concluded the following matters required disclosure:

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact net position. Other financial impact could occur through such potential impact is unknown at this time.

Subsequent to year-end, the City issued \$940,000 in General Obligation Notes. See footnote G for additional information.

**Note O – Franchise Fees**

The City entered into an agreement with U.S. Cellular in May, 2007 for a five-year term beginning May 2, 2007 and through May 1, 2021. The agreement has an option to renew for four additional five-year terms. The contract is in the second renewal phase. Fee income under this agreement for the year ended December 31, 2019 was \$28,539.

The City entered into an agreement with Verizon Wireless in December 2001 for a five-year term beginning January 1, 2001 and through December 31, 2006. The agreement has an option to renew for four additional five-year terms. There have been two separate amendments to the agreement for additional space and service. The agreement is in the third renewal phase. Fee income under this agreement for the year ended December 31, 2019 was \$29,604.

The City also received revenue from Charter Communications for cable television franchise fees. Charter pays five percent of its gross income from cable revenue earned in the City. In 2019, the City received approximately \$115,782 from Charter Communications for cable revenue.

Future minimum lease payments receivable in conjunction with the leases noted above are as follows:

| <u>Year</u>  | <u>Amount</u>            |
|--------------|--------------------------|
| 2020         | \$ 59,804                |
| 2021         | 61,693                   |
| 2022         | 32,105                   |
| <b>Total</b> | <u><u>\$ 153,602</u></u> |

**Note P - Housing Authority Component Unit**

The Housing Authority of the City of Burlington (the “Housing Authority”) is a component unit of the City. The fiscal year end of the Housing Authority is August 31, 2019. The following is a summary of significant disclosures of the Housing Authority.

**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.

The Housing Authority uses the accrual basis of accounting.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

**Note P - Housing Authority Component Unit (continued)**

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

Cash and Investments

The Housing Authority's cash and investments consist of deposits at local banks. At August 31, 2019, the Housing Authority's deposits totaled \$229,654. The carrying value of those deposits on the Housing Authority's financial statements was \$267,317. All of the Housing Authority's deposits at August 31, 2019 were covered by FDIC insurance.

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, 2019 consisted of the following:

|                         |                   |
|-------------------------|-------------------|
| Reserve account         | \$ 187,517        |
| Security deposits       | 36,866            |
| Total Restricted Assets | <u>\$ 224,383</u> |

Long-term Debt

The Housing Authority's long-term debt as of August 31, 2018 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. \$ 422,323

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. 333,867

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. The loan requires HA to maintain a reserve account. Transfers not less than agreed upon schedule shall be made annually until the amount in the reserve account reaches the sum of \$350,000. By 6/30/18, the reserve account should have a minimum balance of \$28,788. 1,360,167

|                                |                     |
|--------------------------------|---------------------|
| Total Notes Payable            | <u>2,116,357</u>    |
| Add: Deferred interest payable | 67,826              |
| Add: Net pension liability     | 11,070              |
| Less: Current maturities       | <u>(29,568)</u>     |
| Total Long-term Debt           | <u>\$ 2,165,685</u> |



**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
DECEMBER 31, 2019  
(Continued)

**Note P - 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:

| <u>Year</u> | <u>Principal</u>    | <u>Interest</u>   |
|-------------|---------------------|-------------------|
| 2020        | \$ 29,568           | \$ -              |
| 2021        | 29,568              | -                 |
| 2022        | 29,568              | -                 |
| 2023        | 29,568              | -                 |
| 2024        | 29,568              | -                 |
| 2025 - 2029 | 147,840             | -                 |
| 2030 - 2034 | 919,228             | 140,688           |
| 2035 - 2039 | 147,840             | -                 |
| 2040 - 2044 | 147,840             | -                 |
| 2045 - 2049 | 147,840             | -                 |
| 2050 - 2054 | 147,840             | -                 |
| 2055 - 2059 | 147,840             | -                 |
| 2060 - 2064 | 147,840             | -                 |
| 2065 - 2069 | 14,409              | -                 |
|             | <u>\$ 2,116,357</u> | <u>\$ 140,688</u> |

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

**Note Q – Restatement of Net Position**

**Adjustment Due to Change in Accounting Principle**

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement modified requirements for the accounting and financial statement reporting for postemployment benefits. The City participates in the Local Retiree Life Insurance fund, which is a multi-employer defined benefit OPEB plan. Due to the application of GASB Statement No. 75, a prior period adjustment was recorded.

The net effect of this change in net position is as follows:

|  | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> |
|--|------------------------------------|-------------------------------------|
| Net position as of December 31, 2018                     | \$ 46,678,336                      | \$ 33,012,498                       |
| Adjustment due to change in accounting principle         | (214,906)                          | (42,348)                            |
| <b>Net position as of December 31, 2018, as adjusted</b> | <u>\$ 46,463,430</u>               | <u>\$ 32,970,150</u>                |

**Adjustments Due to Correction of Errors**

Prior period adjustments were made to decrease the net position of the Governmental Activities and Business-type Activities due to a misstatement in the accumulated effects of allocation of the self-insured health insurance fund.

A prior period adjustment was made to bring the liability for the County-wide radio system loan into the government-wide statements.

**CITY OF BURLINGTON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 DECEMBER 31, 2019  
 (Continued)

**Note Q – Restatement of Net Position (continued)**

A prior period adjustment was made to remove the liability for special assessments which were paid in full in the prior year.

The net effect of these changes in net position are as follows:

|  | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> |
|--|------------------------------------|-------------------------------------|
| Net position, as adjusted for change in accounting principle       | \$ 46,463,430                      | \$ 32,970,150                       |
| Adjustments to correct self-insurance allocations                  | (941,588)                          | (796,423)                           |
| Adjustment to add County-wide radio liability                      | (107,158)                          | -                                   |
| Adjustment to remove special assessments previously paid           | 48,314                             | -                                   |
| <b>Change in net position as of December 31, 2018, as restated</b> | <b><u>\$ 45,462,998</u></b>        | <b><u>\$ 32,173,727</u></b>         |

**Note R – Effect of New Accounting Standards on Financial Statements**

The Government Accounting Standards Board (GASB) has approved the following:

- Statement No. 87, *Leases*
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest-cost Incurred Before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BURLINGTON  
GENERAL FUND  
SCHEDULES OF REVENUES - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

|                                     | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|-------------------------------------|----------------------------|-------------------------|-------------------|---|
| <b><u>TAXES</u></b>                 |                            |                         |                   |   |
| General property taxes              | \$ 5,867,394               | \$ 5,867,394            | \$ 6,685,061      | \$ 817,667                                  |
| Payments in lieu of taxes           | 50,000                     | 50,000                  | 36,944            | (13,056)                                    |
| Room tax                            | 158,000                    | 158,000                 | 126,889           | (31,111)                                    |
| Interest on personal property taxes | 200                        | 200                     | 971               | 771   |
| Ag use-value penalties              | -                          | -                       | 1,190             | 1,190                                       |
| <b>TOTAL TAXES</b>                  | <u>6,075,594</u>           | <u>6,075,594</u>        | <u>6,851,055</u>  | <u>775,461</u>                              |
| <b><u>SPECIAL ASSESSMENTS</u></b>   |                            |                         |                   |   |
| Sidewalks and all other             | 15,000                     | 15,000                  | 4,492             | (10,508)                                    |
| <b><u>INTERGOVERNMENTAL</u></b>     |                            |                         |                   |   |
| Shared taxes from state             | 737,475                    | 737,475                 | 783,958           | 46,483                                      |
| Fire insurance from state           | 39,000                     | 39,000                  | 43,240            | 4,240                                       |
| Exempt computer aid                 | 26,000                     | 26,000                  | 41,866            | 15,866                                      |
| State aid for police training       | -                          | -                       | 19,514            | 19,514                                      |
| Safety aid                          | 4,000                      | 4,000                   | 893               | (3,107)                                     |
| General transportation aid          | 555,534                    | 555,534                 | 555,279           | (255)                                       |
| Connecting streets                  | 2,854                      | 2,854                   | 2,854             | -   |
| Clean sweep                         | 15,000                     | 15,000                  | 15,635            | 635   |
| Recycling grants                    | 30,000                     | 30,000                  | 30,210            | 210   |
| Municipal services                  | 1,450                      | 1,450                   | 1,560             | 110   |
| DNR aid in lieu of tax              | 700                        | 700                     | -                 | (700)                                       |
| Miscellaneous grants                | 2,900                      | 2,900                   | 46,140            | 43,240                                      |
| <b>TOTAL INTERGOVERNMENTAL</b>      | <u>1,414,913</u>           | <u>1,414,913</u>        | <u>1,541,149</u>  | <u>126,236</u>                              |
| <b><u>LICENSES AND PERMITS</u></b>  |                            |                         |                   |   |
| Business and occupational licenses  | 48,810                     | 48,810                  | 43,245            | (5,565)                                     |
| Weights and measures                | 7,025                      | 7,025                   | 6,915             | (110)                                       |
| Wisconsin cable TV licenses         | 144,000                    | 144,000                 | 139,324           | (4,676)                                     |
| Cell tower permit                   | 60,000                     | 60,000                  | 59,942            | (58)  |
| Building and electrical permits     | 172,000                    | 172,000                 | 199,159           | 27,159                                      |
| Right of way and zoning permits     | 10,000                     | 10,000                  | 13,825            | 3,825                                       |
| Developer reimbursement             | -                          | -                       | -                 | -   |
| <b>TOTAL LICENSES AND PERMITS</b>   | <u>441,835</u>             | <u>441,835</u>          | <u>462,410</u>    | <u>20,575</u>                               |
| <b><u>FINES AND FORFEITURES</u></b> |                            |                         |                   |   |
| Court penalty costs                 | 100,000                    | 100,000                 | 194,939           | 94,939                                      |
| Parking violations                  | 38,000                     | 38,000                  | 34,737            | (3,263)                                     |
| <b>TOTAL FINES AND FORFEITURES</b>  | <u>\$ 138,000</u>          | <u>\$ 138,000</u>       | <u>\$ 229,676</u> | <u>\$ 91,676</u>                            |

**CITY OF BURLINGTON  
GENERAL FUND  
SCHEDULES OF REVENUES - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

|                                    | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Positive<br/>(Negative)</u> |
|------------------------------------|----------------------------|-------------------------|---------------------|---|
| <b><u>CHARGES FOR SERVICES</u></b> |                            |                         |                     |   |
| Clerk's revenue                    | \$ 11,000                  | \$ 11,000               | \$ 10,710           | \$ (290)                                    |
| Police department                  | 13,000                     | 13,000                  | 10,396              | (2,604)                                     |
| Fire department                    | 23,600                     | 23,600                  | 12,510              | (11,090)                                    |
| Other public safety                | 5,000                      | 5,000                   | 648                 | (4,352)                                     |
| Street department                  | 4,000                      | 4,000                   | 837                 | (3,163)                                     |
| Parking lots, ramps, and meters    | 350                        | 350                     | 315                 | (35)  |
| Zoning and developer fees          | 25,000                     | 25,000                  | 69,543              | 44,543                                      |
| Parks fees                         | 8,000                      | 8,000                   | 7,364               | (636)                                       |
| <b>TOTAL CHARGES FOR SERVICES</b>  | <u>89,950</u>              | <u>89,950</u>           | <u>112,323</u>      | <u>22,373</u>                               |
| <b><u>INTEREST</u></b>             |                            |                         |                     |   |
| Interest earnings                  | 25,000                     | 25,000                  | 158,345             | 133,345                                     |
| Interest on special assessments    | 2,500                      | 2,500                   | -                   | (2,500)                                     |
| <b>TOTAL INTEREST</b>              | <u>27,500</u>              | <u>27,500</u>           | <u>158,345</u>      | <u>130,845</u>                              |
| <b><u>OTHER</u></b>                |                            |                         |                     |   |
| Insurance recoveries               | 10,000                     | 10,000                  | 25,694              | 15,694                                      |
| Police donations                   | -                          | -                       | 70                  | 70  |
| All other                          | 302,500                    | 302,500                 | 6,206               | (296,294)                                   |
| <b>TOTAL OTHER</b>                 | <u>312,500</u>             | <u>312,500</u>          | <u>31,970</u>       | <u>(280,530)</u>                            |
| <b>TOTAL REVENUES</b>              | <u>\$ 8,515,292</u>        | <u>\$ 8,515,292</u>     | <u>\$ 9,391,420</u> | <u>\$ 876,128</u>                           |

**CITY OF BURLINGTON  
GENERAL FUND  
SCHEDULES OF EXPENDITURES - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|-------------------------|------------------|---|
| <b><u>GENERAL GOVERNMENT</u></b>        |                            |                         |                  |   |
| Mayor and City Council                  | \$ 69,300                  | \$ 69,300               | \$ 49,491        | \$ 19,809                                   |
| Municipal court                         | 92,877                     | 92,877                  | 64,363           | 28,514                                      |
| City attorney                           | 145,000                    | 145,000                 | 103,616          | 41,384                                      |
| Administration                          | 534,640                    | 534,640                 | 556,260          | (21,620)                                    |
| City clerk                              | 69,230                     | 69,230                  | 69,541           | (311)                                       |
| Elections                               | 24,159                     | 24,159                  | 11,823           | 12,336                                      |
| Finance - treasurer                     | 203,397                    | 203,397                 | 241,755          | (38,358)                                    |
| Assessor and board of review            | 43,100                     | 43,100                  | 42,907           | 193   |
| Insurance                               | 202,915                    | 202,915                 | 247,402          | (44,487)                                    |
| Town annexation revenue sharing         | 350                        | 350                     | 524              | (174)                                       |
| <b>TOTAL GENERAL GOVERNMENT</b>         | <u>1,384,968</u>           | <u>1,384,968</u>        | <u>1,387,682</u> | <u>(2,714)</u>                              |
| <b><u>PUBLIC SAFETY</u></b>             |                            |                         |                  |   |
| Police department                       | 3,211,827                  | 3,211,827               | 3,015,618        | 196,209                                     |
| Fire department                         | 1,094,797                  | 1,094,797               | 1,042,836        | 51,961                                      |
| Building inspector                      | 176,228                    | 176,228                 | 129,383          | 46,845                                      |
| <b>TOTAL PUBLIC SAFETY</b>              | <u>4,482,852</u>           | <u>4,482,852</u>        | <u>4,187,837</u> | <u>295,015</u>                              |
| <b><u>PUBLIC WORKS</u></b>              |                            |                         |                  |   |
| Street administration and maintenance   | 1,090,389                  | 1,090,389               | 876,115          | 214,274                                     |
| Street lighting                         | 270,000                    | 270,000                 | 268,643          | 1,357                                       |
| Sidewalks, curb, and gutters            | 35,000                     | 35,000                  | 14,357           | 20,643                                      |
| Storm sewers                            | 8,500                      | 8,500                   | 4,107            | 4,393                                       |
| Parking structure                       | 21,000                     | 21,000                  | 8,034            | 12,966                                      |
| Garbage collection                      | 396,215                    | 396,215                 | 415,692          | (19,477)                                    |
| Recycling                               | 156,144                    | 156,144                 | 145,951          | 10,193                                      |
| Landfill                                | 27,000                     | 27,000                  | 30,539           | (3,539)                                     |
| Clean sweep                             | 25,000                     | 25,000                  | 17,240           | 7,760                                       |
| <b>TOTAL PUBLIC WORKS</b>               | <u>2,029,248</u>           | <u>2,029,248</u>        | <u>1,780,678</u> | <u>248,570</u>                              |
| <b><u>HEALTH AND HUMAN SERVICES</u></b> |                            |                         |                  |   |
| Health officer                          | 78,650                     | 78,650                  | 78,650           | -   |
| Animal shelter                          | 8,650                      | 8,650                   | 6,845            | 1,805                                       |
| Senior citizens                         | 5,000                      | 5,000                   | 542              | 4,458                                       |
| Cemetery                                | 6,500                      | 6,500                   | 6,253            | 247   |
| <b>TOTAL HEALTH AND HUMAN SERVICES</b>  | <u>\$ 98,800</u>           | <u>\$ 98,800</u>        | <u>\$ 92,290</u> | <u>\$ 6,510</u>                             |

**CITY OF BURLINGTON  
GENERAL FUND  
SCHEDULES OF EXPENDITURES - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2019**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|-------------------------|---------------------|---|
| <b><u>CULTURE, RECREATION, AND EDUCATION</u></b>    |                            |                         |                     |   |
| Historical society                                  | \$ 2,000                   | \$ 2,000                | \$ 1,000            | \$ 1,000                                    |
| Parks   | 518,616                    | 518,616                 | 500,199             | 18,417                                      |
| Celebrations and festivals                          | 20,000                     | 20,000                  | 17,476              | 2,524                                       |
| Recreation facilities                               | -                          | -                       | 1,563               | (1,563)                                     |
| <b>TOTAL CULTURE,<br/>RECREATION, AND EDUCATION</b> | <u>540,616</u>             | <u>540,616</u>          | <u>520,238</u>      | <u>20,378</u>                               |
| <b><u>CONSERVATION AND DEVELOPMENT</u></b>          |                            |                         |                     |   |
| Economic development                                | 200,000                    | 200,000                 | 148,833             | 51,167                                      |
| Plan commission                                     | 78,800                     | 78,800                  | 123,821             | (45,021)                                    |
| Other conservation and development                  | 46,000                     | 46,000                  | 16,507              | 29,493                                      |
| <b>TOTAL CONSERVATION<br/>AND DEVELOPMENT</b>       | <u>324,800</u>             | <u>324,800</u>          | <u>289,161</u>      | <u>35,639</u>                               |
| <b>TOTAL EXPENDITURES</b>                           | <u>\$ 8,861,284</u>        | <u>\$ 8,861,284</u>     | <u>\$ 8,257,886</u> | <u>\$ 603,398</u>                           |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>        |                            |                         |                     |   |
| Reimbursement of prior year costs                   | -                          | -                       | 134,439             | 134,439                                     |
| Transfers in  | 25,000                     | 25,000                  | 53,809              | 28,809                                      |
| Transfers in - tax equivalent                       | 480,000                    | 480,000                 | 438,886             | (41,114)                                    |
| Transfers out                                       | (1,802,165)                | (1,802,165)             | (970,561)           | 831,604                                     |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>         | <u>(1,297,165)</u>         | <u>(1,297,165)</u>      | <u>(343,427)</u>    | <u>953,738</u>                              |
| <b>CHANGES IN FUND BALANCES</b>                     | (1,643,157)                | (1,643,157)             | 790,107             | <u>\$ 853,050</u>                           |
| <b>FUND BALANCES - BEGINNING OF YEAR</b>            | <u>2,529,411</u>           | <u>2,529,411</u>        | <u>2,529,411</u>    |   |
| <b>FUND BALANCES - END OF YEAR</b>                  | <u>\$ 886,254</u>          | <u>\$ 886,254</u>       | <u>\$ 3,319,518</u> |   |

**CITY OF BURLINGTON  
DECEMBER 31, 2019**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
Wisconsin Retirement System  
Last 10 Fiscal Years\***

| <b>WRS<br/>Year End</b> | <b>Proportion of the<br/>net pension (asset)<br/>liability</b> | <b>Proportionate share<br/>of the net pension<br/>(asset) liability</b> | <b>Covered-employee<br/>payroll</b> | <b>Net pension<br/>(asset) liability<br/>as a percentage<br/>of employee<br/>payroll</b> | <b>Plan fiduciary net<br/>position as a<br/>percentage of total<br/>pension (asset)<br/>liability</b> |
|-------------------------|--|---|-------------------------------------|--|---|
| 2018                    | 0.03740726%  | \$ 1,330,833  | \$ 4,420,807                        | 30.10%   | 96.45%  |
| 2017                    | 0.03675877%  | \$ (1,091,411)  | \$ 4,471,203                        | (24.41%)   | 102.93%   |
| 2016                    | 0.03654138%  | \$ 301,188  | \$ 4,325,346                        | 6.96%  | 99.12%  |
| 2015                    | 0.03723434%  | \$ 605,052  | \$ 4,234,746                        | 14.29%   | 98.20%  |
| 2014                    | 0.03809625%  | \$ (935,748)  | \$ 4,351,295                        | (21.51%)   | 102.74%   |

**SCHEDULE OF CONTRIBUTIONS  
Wisconsin Retirement System  
Last 10 Fiscal Years\***

| <b>WRS<br/>Year End</b> | <b>Contractually<br/>required<br/>contributions</b> | <b>Contributions in relation<br/>to the contractually<br/>required contributions</b> | <b>Contribution<br/>deficiency (excess)</b> | <b>Covered<br/>employee<br/>payroll</b> | <b>Contributions as a<br/>percentage of<br/>covered-employee<br/>payroll</b> |
|-------------------------|---|--|---|---|--|
| 2018                    | \$ 389,096  | \$ 389,096   | \$ -  | \$ 4,420,807                            | 8.80%  |
| 2017                    | \$ 386,927  | \$ 386,927   | \$ -  | \$ 4,471,203                            | 8.65%  |
| 2016                    | \$ 343,934  | \$ 343,934   | \$ -  | \$ 4,325,346                            | 7.95%  |
| 2015                    | \$ 346,167  | \$ 346,167   | \$ -  | \$ 4,234,746                            | 8.17%  |
| 2014                    | \$ 369,564  | \$ 369,564   | \$ -  | \$ 4,351,295                            | 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 accompanying notes to required supplementary information.



**CITY OF BURLINGTON  
DECEMBER 31, 2019**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)  
Local Retiree Life Insurance  
Last 10 Fiscal Years\***

| <b>Year End</b> | <b>Proportion of the net OPEB (asset) liability</b> | <b>Proportionate share of the net OPEB (asset) liability</b> | <b>Covered-employee payroll</b> | <b>Net OPEB (asset) liability as a percentage of employee payroll</b> | <b>Plan fiduciary net position as a percentage of total OPEB (asset) liability</b> |
|-----------------|---|--|---------------------------------|---|--|
| 2018            | 0.08685600%   | \$ 224,118   | \$ 4,126,000                    | 5.43%   | 48.69%   |
| 2017            | 0.09490900%   | \$ 285,541   | \$ 3,991,195                    | 7.15%   | 44.81%   |

**SCHEDULE OF CITY CONTRIBUTIONS  
Local Retiree Life Insurance  
Last 10 Fiscal Years\***

| <b>Year End</b> | <b>Contractually required contributions</b> | <b>Contributions in relation to the contractually required contributions</b> | <b>Contribution deficiency (excess)</b> | <b>covered-employee payroll</b> | <b>Contributions as a percentage of covered-employee payroll</b> |
|-----------------|---|--|---|---------------------------------|--|
| 2018            | \$ 1,673                                    | \$ 1,673   | \$ -                                    | \$ 4,126,000                    | 0.04%  |
| 2017            | \$ 1,802                                    | \$ 1,802   | \$ -                                    | \$ 3,991,195                    | 0.05%  |

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

\*GASB Pronouncement 75 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.

CITY OF BURLINGTON  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2019

**Note 1. 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 2019 general fund budget was not amended.

**Note 2. Excess Expenditures over Appropriations**

The City had the following expenditures in excess of appropriations as presented in the “Budgetary Comparison Schedule – General Fund Expenditures”.

|                    |          |
|--------------------|----------|
| General government | \$ 2,714 |
|--------------------|----------|

The excess expenditures were absorbed by revenues in excess of budget and expenditures under budget in other areas.

**Note 3. WRS Information**

*Changes of benefit terms:* There were no changes of benefit terms for any participating employee in the WRS.

*Changes of assumptions:* Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop total pension liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

**Note 4. OPEB Information**

*Change of benefit terms:* There were no changes of benefit terms for any participating employer in the LRLIF.

*Changes of assumptions:* Actuarial assumptions are based upon an experience study conducted using experience from 2015-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop total OPEB liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

**SUPPLEMENTARY INFORMATION**

**CITY OF BURLINGTON  
COMBINING BALANCE SHEETS  
NONMAJOR SPECIAL REVENUE - GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

**Special Revenue Funds**

|   | <b>Library<br/>Operations</b> | <b>Community<br/>Development<br/>Block Grant</b> | <b>TIF No. 3<br/>Revolving<br/>Loan</b> | <b>Park<br/>Develop-<br/>ment</b> | <b>Police<br/>Donations</b> | <b>Wehmhoff</b> | <b>DeRozier</b> | <b>Total Nonmajor<br/>Special Revenue<br/>Funds</b> |
|---|-------------------------------|--|---|-----------------------------------|-----------------------------|-----------------|-----------------|---|
| <b><u>ASSETS</u></b>  |                               |  |   |                                   |                             |                 |                 |   |
| Cash and investments  | \$ 114,231                    | \$ 228,037                                       | \$ -                                    | \$ 109,286                        | \$ 54,482                   | \$ -            | \$ -            | \$ 506,036  |
| Notes receivable  | -                             | 531,830  | 321,369                                 | -                                 | -                           | -               | -               | 853,199   |
| Restricted Assets:  |                               |  |   |                                   |                             |                 |                 |   |
| Cash and investments  | -                             | -  | 61,323                                  | -                                 | -                           | -               | -               | 61,323  |
| <b>TOTAL ASSETS</b>   | <b>114,231</b>                | <b>759,867</b>                                   | <b>382,692</b>                          | <b>109,286</b>                    | <b>54,482</b>               | <b>-</b>        | <b>-</b>        | <b>1,420,558</b>                                    |
| <b><u>LIABILITIES</u></b>   |                               |  |   |                                   |                             |                 |                 |   |
| Accounts payable  | 26,937                        | -  | -                                       | 110,189                           | -                           | -               | -               | 137,126   |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>   |                               |  |   |                                   |                             |                 |                 |   |
| Deferred revenue  | -                             | 531,830  | 321,369                                 | -                                 | -                           | -               | -               | 853,199   |
| <b><u>FUND BALANCES</u></b>   |                               |  |   |                                   |                             |                 |                 |   |
| Restricted  | -                             | 228,037  | 61,323                                  | -                                 | 54,482                      | -               | -               | 343,842   |
| Assigned  | 87,294                        | -  | -                                       | -                                 | -                           | -               | -               | 87,294  |
| Unassigned  | -                             | -  | -                                       | (903)                             | -                           | -               | -               | (903)   |
| <b>TOTAL FUND<br/>BALANCES</b>  | <b>\$ 87,294</b>              | <b>\$ 228,037</b>                                | <b>\$ 61,323</b>                        | <b>\$ (903)</b>                   | <b>\$ 54,482</b>            | <b>\$ -</b>     | <b>\$ -</b>     | <b>\$ 430,233</b>                                   |
| <b>TOTAL LIABILITIES,<br/>DEFERRED INFLOWS<br/>OF RESOURCES AND<br/>FUND BALANCES</b> | <b>\$ 114,231</b>             | <b>\$ 759,867</b>                                | <b>\$ 382,692</b>                       | <b>\$ 109,286</b>                 | <b>\$ 54,482</b>            | <b>\$ -</b>     | <b>\$ -</b>     | <b>\$ 1,420,558</b>                                 |

**CITY BURLINGTON**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE - GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

|  | <u>Special Revenue Funds</u>  |  |   |                                   |                             |                 |                 | <b>Total Nonmajor<br/>Special<br/>Revenue Funds</b> |
|--|-------------------------------|--|---|-----------------------------------|-----------------------------|-----------------|-----------------|---|
|  | <b>Library<br/>Operations</b> | <b>Community<br/>Development<br/>Block Grant</b> | <b>TIF No. 3<br/>Revolving<br/>Loan</b> | <b>Park<br/>Develop-<br/>ment</b> | <b>Police<br/>Donations</b> | <b>Wehmhoff</b> | <b>DeRozier</b> |   |
| <b><u>REVENUES</u></b>                       |                               |  |   |                                   |                             |                 |                 |   |
| Intergovernmental                            | \$ 319,723                    | \$ -   | \$ -                                    | \$ -                              | \$ -                        | \$ -            | \$ -            | \$ 319,723  |
| Charges for services                         | 12,510                        | -  | -                                       | 15,000                            | -                           | -               | -               | 27,510  |
| Interest income                              | 4,040                         | 24,939   | 9,524                                   | -                                 | -                           | 1,710           | 841             | 41,054  |
| Repayment of note receivable                 | -                             | 36,314   | 23,320                                  | -                                 | -                           | -               | -               | 59,634  |
| All other                                    | 2,939                         | -  | -                                       | -                                 | 15,197                      | -               | -               | 18,136  |
| <b>TOTAL REVENUES</b>                        | <b>339,212</b>                | <b>61,253</b>                                    | <b>32,844</b>                           | <b>15,000</b>                     | <b>15,197</b>               | <b>1,710</b>    | <b>841</b>      | <b>466,057</b>                                      |
| <b><u>EXPENDITURES</u></b>                   |                               |  |   |                                   |                             |                 |                 |   |
| Current:                                     |                               |  |   |                                   |                             |                 |                 |   |
| General government                           | 7,765                         | -  | -                                       | -                                 | -                           | -               | -               | 7,765   |
| Public safety                                | -                             | -  | -                                       | -                                 | 15,148                      | -               | -               | 15,148  |
| Culture, recreation,<br>and education        | 749,779                       | -  | -                                       | 34,047                            | -                           | -               | 7,209           | 791,035   |
| Conservation and<br>development              | -                             | 6,027  | -                                       | -                                 | -                           | -               | -               | 6,027   |
| Capital outlay                               | -                             | -  | -                                       | 166,094                           | -                           | -               | -               | 166,094   |
| <b>TOTAL EXPENDITURES</b>                    | <b>757,544</b>                | <b>6,027</b>                                     | <b>-</b>                                | <b>200,141</b>                    | <b>15,148</b>               | <b>-</b>        | <b>7,209</b>    | <b>986,069</b>                                      |
| <b>EXCESS (DEFICIENCY) OF REVENUES</b>       |                               |  |   |                                   |                             |                 |                 |   |
| <b>OVER EXPENDITURES</b>                     | <b>(418,332)</b>              | <b>55,226</b>                                    | <b>32,844</b>                           | <b>(185,141)</b>                  | <b>49</b>                   | <b>1,710</b>    | <b>(6,368)</b>  | <b>(520,012)</b>                                    |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b> |                               |  |   |                                   |                             |                 |                 |   |
| Transfers in                                 | 417,665                       | -  | -                                       | 49,991                            | -                           | -               | -               | 467,656   |
| Transfers out                                | -                             | -  | -                                       | -                                 | -                           | (19,991)        | (28,809)        | (48,800)  |
| <b>TOTAL OTHER FINANCING<br/>SOURCES</b>     | <b>417,665</b>                | <b>-</b>   | <b>-</b>                                | <b>49,991</b>                     | <b>-</b>                    | <b>(19,991)</b> | <b>(28,809)</b> | <b>418,856</b>                                      |
| <b>NET CHANGE IN<br/>FUND BALANCES</b>       |                               |  |   |                                   |                             |                 |                 |   |
|  | (667)                         | 55,226   | 32,844                                  | (135,150)                         | 49                          | (18,281)        | (35,177)        | (101,156)   |
| <b>FUND BALANCES -<br/>BEGINNING OF YEAR</b> |                               |  |   |                                   |                             |                 |                 |   |
|  | 87,961                        | 172,811  | 28,479                                  | 134,247                           | 54,433                      | 18,281          | 35,177          | 531,389   |
| <b>FUND BALANCES -<br/>END OF YEAR</b>       |                               |  |   |                                   |                             |                 |                 |   |
|  | <b>\$ 87,294</b>              | <b>\$ 228,037</b>                                | <b>\$ 61,323</b>                        | <b>\$ (903)</b>                   | <b>\$ 54,482</b>            | <b>\$ -</b>     | <b>\$ -</b>     | <b>\$ 430,233</b>                                   |

**CITY OF BURLINGTON  
COMBINING BALANCE SHEETS  
NONMAJOR CAPITAL PROJECTS FUNDS - GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

|  | <u>Capital Projects Funds</u> |   |   |                                   |                          | <b>Total Nonmajor<br/>Capital<br/>Projects Funds</b> |
|--|-------------------------------|---|---|-----------------------------------|--------------------------|--|
|  | <b>TIF #5</b>                 | <b>General<br/>Capital<br/>Projects</b> | <b>Revolving<br/>Capital<br/>Projects</b> | <b>General<br/>Infrastructure</b> | <b>Façade<br/>Grants</b> |  |
| <b><u>ASSETS</u></b>                           |                               |   |   |                                   |                          |  |
| Cash and investments                           | \$ 53,700                     | \$ 496,038                              | \$ 995,107                                | \$ 387,765                        | \$ 31,635                | \$ 1,964,245   |
| Taxes receivable                               | 248,243                       | -                                       | -   | -                                 | -                        | 248,243  |
| Accounts and other                             | 659,400                       | -                                       | -   | -                                 | -                        | 659,400  |
| <b>TOTAL ASSETS</b>                            | <b>961,343</b>                | <b>496,038</b>                          | <b>995,107</b>                            | <b>387,765</b>                    | <b>31,635</b>            | <b>2,871,888</b>                                     |
| <b><u>LIABILITIES</u></b>                      |                               |   |   |                                   |                          |  |
| Accounts payable                               | 2,589                         | 269                                     | -   | 5,522                             | -                        | 8,380  |
| Adances from other funds                       | -                             | -                                       | -   | 1,035,282                         | -                        | 1,035,282  |
| <b>TOTAL LIABILITIES</b>                       | <b>2,589</b>                  | <b>269</b>                              | <b>-</b>                                  | <b>1,040,804</b>                  | <b>-</b>                 | <b>1,043,662</b>                                     |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>    |                               |   |   |                                   |                          |  |
| Deferred revenue - taxes                       | 248,243                       | -                                       | -   | -                                 | -                        | 248,243  |
| Deferred revenue - notes                       | 659,400                       | -                                       | -   | -                                 | -                        | 659,400  |
| <b>TOTAL DEFERRED INFLOWS<br/>OF RESOURCES</b> | <b>907,643</b>                | <b>-</b>                                | <b>-</b>                                  | <b>-</b>                          | <b>-</b>                 | <b>907,643</b>                                       |
| <b><u>FUND BALANCES</u></b>                    |                               |   |   |                                   |                          |  |
| Restricted                                     | 51,111                        | -                                       | -   | -                                 | -                        | 51,111   |
| Assigned                                       | -                             | 495,769                                 | 995,107                                   | -                                 | 31,635                   | 1,522,511  |
| Unassigned                                     | -                             | -                                       | -   | (653,039)                         | -                        | (653,039)  |
| <b>TOTAL FUND<br/>BALANCES</b>                 | <b>\$ 51,111</b>              | <b>\$ 495,769</b>                       | <b>\$ 995,107</b>                         | <b>\$ (653,039)</b>               | <b>\$ 31,635</b>         | <b>\$ 920,583</b>                                    |

**CITY BURLINGTON**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS - GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

|  | <u>Capital Projects Funds</u> |   |   |                                   |                          | <b>Total Nonmajor<br/>Capital<br/>Projects Funds</b> |
|--|-------------------------------|---|---|-----------------------------------|--------------------------|--|
|  | <b>TIF #5</b>                 | <b>General<br/>Capital<br/>Projects</b> | <b>Revolving<br/>Capital<br/>Projects</b> | <b>General<br/>Infrastructure</b> | <b>Facade<br/>Grants</b> |  |
| <b><u>REVENUES</u></b>                                       |                               |   |   |                                   |                          |  |
| Taxes  | \$ 201,700                    | \$ -                                    | \$ -                                      | \$ -                              | \$ -                     | \$ 201,700   |
| Intergovernmental  | 317                           | -                                       | -   | -                                 | -                        | 317  |
| Interest income  | 12,107                        | 30,045                                  | 10,027                                    | 20,563                            | 481                      | 73,223   |
| Developers agreements  | 643,000                       | -                                       | -   | -                                 | -                        | 643,000  |
| <b>TOTAL REVENUES</b>  | <b>857,124</b>                | <b>30,045</b>                           | <b>10,027</b>                             | <b>20,563</b>                     | <b>481</b>               | <b>918,240</b>                                       |
| <b><u>EXPENDITURES</u></b>                                   |                               |   |   |                                   |                          |  |
| Current:   |                               |   |   |                                   |                          |  |
| General government   | 3,457                         | -                                       | 22,479                                    | -                                 | -                        | 25,936   |
| Public safety  | -                             | -                                       | 22,342                                    | -                                 | -                        | 22,342   |
| Public works   | -                             | 29,587                                  | 889                                       | 681                               | -                        | 31,157   |
| Culture, recreation,<br>and education                        | -                             | 37,368                                  | 14,287                                    | -                                 | -                        | 51,655   |
| Conservation and<br>development                              | 2,500                         | -                                       | -   | -                                 | 5,250                    | 7,750  |
| Capital outlay   | -                             | 17,348                                  | 415,254                                   | 919,612                           | -                        | 1,352,214  |
| Debt Service:  |                               |   |   |                                   |                          |  |
| Principal  | 795,000                       | -                                       | 13,395                                    | -                                 | -                        | 808,395  |
| Interest   | 57,226                        | -                                       | 273                                       | -                                 | -                        | 57,499   |
| Debt issuance costs  | -                             | -                                       | -   | 24,817                            | -                        | 24,817   |
| <b>TOTAL EXPENDITURES</b>                                    | <b>858,183</b>                | <b>84,303</b>                           | <b>488,919</b>                            | <b>945,110</b>                    | <b>5,250</b>             | <b>2,381,765</b>                                     |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> |                               |   |   |                                   |                          |  |
|  | (1,059)                       | (54,258)                                | (478,892)                                 | (924,547)                         | (4,769)                  | (1,463,525)  |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>                 |                               |   |   |                                   |                          |  |
| Proceeds from sale of capital asset                          | -                             | -                                       | 25,945                                    | -                                 | -                        | 25,945   |
| Proceeds on debt issuance                                    | -                             | -                                       | -   | 922,061                           | -                        | 922,061  |
| Expense reimbursement  | -                             | 183,566                                 | -   | -                                 | -                        | 183,566  |
| Transfers in   | -                             | -                                       | 400,000                                   | 450,000                           | 20,000                   | 870,000  |
| Transfers out  | -                             | -                                       | (450,000)                                 | -                                 | -                        | (450,000)  |
| <b>TOTAL OTHER FINANCING<br/>SOURCES</b>                     | <b>-</b>                      | <b>183,566</b>                          | <b>(24,055)</b>                           | <b>1,372,061</b>                  | <b>20,000</b>            | <b>1,551,572</b>                                     |
| <b>NET CHANGE IN<br/>FUND BALANCES</b>                       |                               |   |   |                                   |                          |  |
|  | (1,059)                       | 129,308                                 | (502,947)                                 | 447,514                           | 15,231                   | 88,047   |
| <b>FUND BALANCES -<br/>BEGINNING OF YEAR</b>                 |                               |   |   |                                   |                          |  |
|  | 52,170                        | 366,461                                 | 1,498,054                                 | (1,100,553)                       | 16,404                   | 832,536  |
| <b>FUND BALANCES -<br/>END OF YEAR</b>                       |                               |   |   |                                   |                          |  |
|  | <b>\$ 51,111</b>              | <b>\$ 495,769</b>                       | <b>\$ 995,107</b>                         | <b>\$ (653,039)</b>               | <b>\$ 31,635</b>         | <b>\$ 920,583</b>                                    |

**CITY OF BURLINGTON  
 COMBINING BALANCE SHEETS  
 NONMAJOR DEBT SERVICE - GOVERNMENTAL FUNDS  
 DECEMBER 31, 2019**

|                                 | <b>Debt Service<br/>TIF #3</b> |
|---------------------------------|--------------------------------|
| <b><u>ASSETS</u></b>            |                                |
| Restricted Assets:              |                                |
| Cash and investments            | \$ 1,162,174                   |
| <b>TOTAL ASSETS</b>             | <b>1,162,174</b>               |
| <br><b><u>FUND BALANCES</u></b> |                                |
| Restricted                      | 1,162,174                      |
| <b>TOTAL FUND<br/>BALANCES</b>  | <b>\$ 1,162,174</b>            |



**CITY BURLINGTON**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES NONMAJOR DEBT SERVICE - GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

|  | <b>Debt Service<br/>TIF #3</b> |
|--|--------------------------------|
| <b><u>REVENUES</u></b>                                       |                                |
| Taxes  | \$ -                           |
| <b>TOTAL REVENUES</b>  | -                              |
| <b><u>EXPENDITURES</u></b>                                   |                                |
| Debt Service:  |                                |
| Principal  | 970,000                        |
| Interest   | 48,901                         |
| Debt issuance costs  | -                              |
| <b>TOTAL EXPENDITURES</b>                                    | 1,018,901                      |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | (1,018,901)                    |
| <b>FUND BALANCES -<br/>BEGINNING OF YEAR</b>                 | 2,181,075                      |
| <b>FUND BALANCES -<br/>END OF YEAR</b>                       | \$ 1,162,174                   |