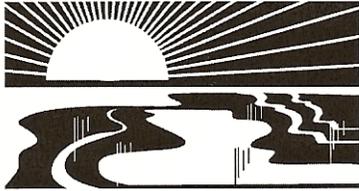


CITY OF BURLINGTON
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2015

CITY OF BURLINGTON
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For the Year Ended December 31, 2015

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Patrick W. Romenesko, S.C.
CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Burlington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Burlington's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Burlington as of December 31, 2015, and the respective changes in financial position and, where applicable, the cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 5C, the city implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. My opinions are not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions on page 52 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. I 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 the my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me 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. My opinion on the basic financial statements is not affected by this missing information.

Other Information

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

This supplemental 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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



PATRICK W. ROMENESKO, S.C.
CERTIFIED PUBLIC ACCOUNTANT

Lake Geneva, Wisconsin
June 28, 2016

CITY OF BURLINGTON
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	<u>Primary Government</u>		<u>Total</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>		<u>Housing Authority</u>
<u>Assets</u>				
Pooled cash and investments	\$ 2,419,994	\$ 1,214,775	\$ 3,634,769	\$ 48,679
Receivables:				
2015 tax levy	10,044,913	-	10,044,913	-
Delinquent personal property tax (net of allowance for uncollectible accounts)	462	-	462	-
Accounts and other	85,325	1,282,184	1,367,509	33,268
Special assessments	26,515	143,961	170,476	-
Internal balances	914,478	(914,478)	-	-
Inventories	-	44,354	44,354	-
Prepaid items	13,612	-	13,612	11,192
Restricted assets - cash and investments	1,664,600	415,917	2,080,517	274,380
Notes receivable	2,377,924	-	2,377,924	-
Net pension asset	786,404	149,344	935,748	8,875
Capital assets (net of accumulated depreciation):				
Land and land rights	20,147,482	1,164,332	21,311,814	87,236
Buildings and improvements	9,896,104	30,839,795	40,735,899	3,165,294
Land improvements and other structures	3,625,016	2,054,267	5,679,283	652,559
Machinery and equipment	7,342,288	10,641,355	17,983,643	137,904
Infrastructure	43,609,965	34,686,676	78,296,641	-
Less: accumulated depreciation	(29,650,332)	(32,207,106)	(61,857,438)	(1,755,849)
Total assets	<u>73,304,750</u>	<u>49,515,376</u>	<u>122,820,126</u>	<u>2,663,538</u>
<u>Deferred Outflows of Resources</u>				
Deferred outflows related to pension	<u>806,199</u>	<u>153,075</u>	<u>959,274</u>	<u>13,754</u>
Total Assets and Deferred Outflows of Resources	<u>74,110,949</u>	<u>49,668,451</u>	<u>123,779,400</u>	<u>2,677,292</u>
<u>Liabilities</u>				
Accounts payable and other current liabilities	852,685	179,248	1,031,933	62,214
Accrued interest payable	132,390	6,455	138,845	-
Deposits held	16,457	3,000	19,457	33,506
Liabilities payable from restricted assets:				
Accrued interest payable	-	59,776	59,776	-
Non-current liabilities:				
Compensated absences, due beyond one year	309,920	71,784	381,704	-
Bonds and notes payable, due within one year	3,658,324	988,541	4,646,865	29,568
Bonds and notes payable, due beyond one year	22,041,590	14,603,527	36,645,117	2,202,600
Total liabilities	<u>27,011,366</u>	<u>15,912,331</u>	<u>42,923,697</u>	<u>2,327,888</u>
<u>Deferred Inflows of Resources</u>				
Property taxes	<u>10,536,635</u>	<u>-</u>	<u>10,536,635</u>	<u>-</u>
<u>Net Position</u>				
Invested in capital assets, net of related debt	29,270,609	32,006,531	61,277,140	154,976
Restricted for debt service	1,664,600	415,917	2,080,517	140,712
Restricted for pension benefits	1,592,603	302,419	1,895,022	22,629
Unrestricted	4,035,136	1,031,253	5,066,389	31,087
Total net position	<u>\$ 36,562,948</u>	<u>\$ 33,756,120</u>	<u>\$ 70,319,068</u>	<u>\$ 349,404</u>

See accompanying notes to financial statements.

A two-page statement of activities follows.

CITY OF BURLINGTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Functions/Programs</u>				
Primary government:				
Governmental activities:				
General government	\$ 953,199	\$ 42,148	\$ -	\$ 53,567
Public safety	4,313,083	439,833	55,149	-
Public works	6,168,931	18,816	639,738	117,268
Health and human services	82,449	-	-	-
Culture, recreation and education	1,584,273	44,616	300,770	747
Conservation and development	408,786	37,288	205,000	-
Interest and fiscal charges	691,941	-	-	-
Total governmental activities	14,202,662	582,701	1,200,657	171,582
Business-type activities:				
Water	1,742,435	2,245,809	-	1,081,005
Sewer	3,393,840	2,945,315	-	1,892,191
Airport	805,337	848,082	-	-
Total business-type activities	5,941,612	6,039,206	-	2,973,196
Total primary government	20,144,274	6,621,907	1,200,657	3,144,778
Component unit:				
Housing authority	\$ 376,707	\$ 298,474	\$ 42,841	\$ -

General revenues:

- Taxes:
 - Property taxes levied for general purposes
 - Franchise taxes
 - Public accommodation taxes
 - Payments in lieu of taxes
- Intergovernmental revenues not restricted to specific programs
- Property rents
- Loss on retirement of assets
- Unrestricted investment earnings
- Transfers
 - Total general revenues and transfers
 - Change in net position
 - Net position - beginning , as restated
 - Net position - ending

See accompanying notes to financial statements.

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Housing Authority
\$ (857,484)	\$ -	\$ (857,484)	\$ -
(3,818,101)	-	(3,818,101)	-
(5,393,109)	-	(5,393,109)	-
(82,449)	-	(82,449)	-
(1,238,140)	-	(1,238,140)	-
(166,498)	-	(166,498)	-
(691,941)	-	(691,941)	-
(12,247,722)	-	(12,247,722)	-
-	1,584,379	1,584,379	-
-	1,443,666	1,443,666	-
-	42,745	42,745	-
-	3,070,790	3,070,790	-
(12,247,722)	3,070,790	(9,176,932)	-
			(35,392)
9,927,263	-	9,927,263	-
133,293	-	133,293	-
98,526	-	98,526	-
38,161	-	38,161	-
720,382	-	720,382	-
64,902	-	64,902	-
(11,523)	-	(11,523)	-
138,898	29,100	167,998	330
497,392	(497,392)	-	-
11,607,294	(468,292)	11,139,002	330
(640,428)	2,602,498	1,962,070	(35,062)
37,203,376	31,153,622	68,356,998	384,466
\$ 36,562,948	\$ 33,756,120	\$ 70,319,068	\$ 349,404

A two-page balance sheet - governmental funds follows.

CITY OF BURLINGTON
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

<u>Assets</u>	General	TIF No. 3 Debt Service	Environmental TIF Debt Service	TIF No. 5 Capital Projects	Other Governmental Funds	Total Governmental Funds
Pooled cash and investments	\$ 733,192	\$ -	\$ 3,283	\$ 490,727	\$ 1,856,704	\$ 3,083,906
Receivables:						
2015 tax levy	5,250,125	3,943,300	39,831	-	811,657	10,044,913
Delinquent personal property, net	462	-	-	-	-	462
Accounts and other	38,718	-	-	26,767	19,840	85,325
Special assessments	26,515	-	-	-	-	26,515
Due from other funds	680,700	-	-	-	-	680,700
Prepaid items	13,612	-	-	-	-	13,612
Restricted assets:						
Cash and investments	-	1,664,600	-	-	-	1,664,600
Advances to other funds	1,461,210	1,771,462	-	-	-	3,232,672
Notes receivable	-	-	1,032,870	-	1,345,054	2,377,924
Total assets	<u>8,204,534</u>	<u>7,379,362</u>	<u>1,075,984</u>	<u>517,494</u>	<u>4,033,255</u>	<u>21,210,629</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>						
Liabilities:						
Accounts payable and accrued expenses	332,115	-	-	340,670	81,124	753,909
Due to other funds	-	-	64,043	-	100,782	164,825
Deposits held	16,457	-	-	-	-	16,457
Advances from other funds	-	-	1,771,462	-	1,062,607	2,834,069
Total liabilities	<u>348,572</u>	<u>-</u>	<u>1,835,505</u>	<u>340,670</u>	<u>1,244,513</u>	<u>3,769,260</u>
Deferred Inflows of Resources:						
Deferred revenue	5,741,847	3,943,300	1,072,701	26,767	2,156,711	12,941,326
Deferred special assessments	50,667	-	-	-	-	50,667
Total deferred inflows of resources	<u>5,792,514</u>	<u>3,943,300</u>	<u>1,072,701</u>	<u>26,767</u>	<u>2,156,711</u>	<u>12,991,993</u>

CITY OF BURLINGTON
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	<u>General</u>	<u>TIF No. 3 Debt Service Fund</u>	<u>Environmental TIF District</u>	<u>TIF No. 5 Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Fund balances:</u>						
Nonspendable for:						
Delinquent taxes receivable	462	-	-	-	-	462
Prepaid expenditures	13,612	-	-	-	-	13,612
Permanent funds	-	-	-	-	50,000	50,000
Net advances to other funds	1,461,210	1,771,462	-	-	-	3,232,672
Restricted	-	1,664,600	-	-	-	1,664,600
Assigned	-	-	-	-	582,031	582,031
Unassigned	588,164	-	(1,832,222)	150,057	-	(1,094,001)
Total fund balances	<u>2,063,448</u>	<u>3,436,062</u>	<u>(1,832,222)</u>	<u>150,057</u>	<u>632,031</u>	<u>4,449,376</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,204,534</u>	<u>\$ 7,379,362</u>	<u>\$ 1,075,984</u>	<u>\$ 517,494</u>	<u>\$ 4,033,255</u>	

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 funds.	54,970,523
Deferred outflows related to pension	1,592,603
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,455,358
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 the internal service funds are included in governmental activities in the statement of net position.	(762,688)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(26,142,224)</u>
Net position of governmental activities	<u>\$ 36,562,948</u>

See accompanying notes to financial statements.

A two-page statement of revenues,
expenditures and changes in fund balances -
governmental funds follows.

CITY OF BURLINGTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Revenues</u>	General	TIF No. 3 Debt Service	Environmental TIF Debt Service	TIF No. 5 Capital Projects	Other Governmental Funds	Total Governmental Funds
Taxes:						
General property taxes	\$ 4,887,519	\$ 4,150,561	\$ 33,683	\$ -	\$ 855,500	\$ 9,927,263
Payments in lieu of taxes	38,161	-	-	-	-	38,161
Room tax and other taxes	98,526	-	-	-	-	98,526
Intergovernmental	1,407,283	18,451	149	-	461,504	1,887,387
Licenses and permits	455,639	-	-	-	-	455,639
Fines and forfeitures	181,183	-	-	-	-	181,183
Charges for services	97,084	-	-	-	31,865	128,949
Special assessments	33,772	-	-	-	-	33,772
Investment income	36,171	12,669	75,749	2,463	11,846	138,898
Repayments of note receivable principal	-	-	32,755	-	56,459	89,214
Other	25,839	-	-	113,622	80,898	220,359
Total revenues	<u>7,261,177</u>	<u>4,181,681</u>	<u>142,336</u>	<u>116,085</u>	<u>1,498,072</u>	<u>13,199,351</u>
<u>Expenditures</u>						
Current:						
General government	860,390	10,526	235	-	-	871,151
Public safety	3,514,199	-	-	352,410	4,987	3,871,596
Public works	1,845,564	-	-	-	27,605	1,873,169
Health and human services	82,449	-	-	-	-	82,449
Culture, recreation and education	590,290	-	-	-	718,442	1,308,732
Conservation and development	221,114	12,928	-	-	409,670	643,712
Debt issuance costs	-	-	-	41,080	-	41,080
Capital outlay	-	-	-	4,141,966	471,328	4,613,294
Debt service:						
Principal	-	8,936,476	95,000	-	315,778	9,347,254
Interest and fiscal charges	-	377,353	51,321	26,767	217,809	673,250
Total expenditures	<u>7,114,006</u>	<u>9,337,283</u>	<u>146,556</u>	<u>4,562,223</u>	<u>2,165,619</u>	<u>23,325,687</u>
Excess (deficiency) of revenues over (under) expenditures	<u>147,171</u>	<u>(5,155,602)</u>	<u>(4,220)</u>	<u>(4,446,138)</u>	<u>(667,547)</u>	<u>(10,126,336)</u>

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General	TIF No. 3 Debt Service	Environmental TIF Debt Service	TIF No. 5 Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Other Financing Sources (Uses)</u>						
Transfers in	25,000	-	-	-	307,817	332,817
Transfers out	(246,961)	-	-	-	(60,856)	(307,817)
Face value of long term debt	-	4,215,000	-	4,800,000	-	9,015,000
Premium on bonds issued	-	69,151	-	-	-	69,151
Discount on bonds issued	-	-	-	(9,000)	-	(9,000)
Water utility tax equivalent	472,392	-	-	-	-	472,392
Sale of capital assets	-	-	-	-	6,591	6,591
Total other financing sources and uses	<u>250,431</u>	<u>4,284,151</u>	<u>-</u>	<u>4,791,000</u>	<u>253,552</u>	<u>9,579,134</u>
Net change in fund balances	397,602	(871,451)	(4,220)	344,862	(413,995)	(547,202)
Fund balances - beginning, as restated	<u>1,665,846</u>	<u>4,307,513</u>	<u>(1,828,002)</u>	<u>(194,805)</u>	<u>1,046,026</u>	<u>4,996,578</u>
Fund balances - ending	<u>\$ 2,063,448</u>	<u>\$ 3,436,062</u>	<u>\$ (1,832,222)</u>	<u>\$ 150,057</u>	<u>\$ 632,031</u>	<u>\$ 4,449,376</u>

See accompanying notes to financial statements.

CITY OF BURLINGTON
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Amounts reported for governmental activities in the statement of activities (Pages 4 - 5) are different because:

Net change in fund balances - total governmental funds (page 8)	\$ (547,202)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Certain capital outlay costs that are recorded as capital assets in the government-wide financial statements	1,517,750
Depreciation expense is recorded in the government-wide statements	(1,677,043)
Net book value of assets retired affects net position	(18,114)
<p>Changes in the net pension asset and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the plan</p>	
	13,113
<p>Long-term receivables not available are reported as revenue in the fund financial statements when collected or currently available, but are recognized as revenue when earned in the government-wide financial statements.</p>	
Notes receivable collections and issuances	76,561
Special assessments	(33,772)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position.</p>	
Principal payments and defeasance of long-term debt	9,347,254
Issuance of general obligation debt	(9,015,000)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Changes in interest accrued on long-term debt	31,389
Changes in compensated absences	(19,591)
The net revenue of internal service fund activity is reported with governmental activities.	(315,773)
Change in net position of governmental activities (Pages 4 - 5)	\$ (640,428)

See accompanying notes to financial statements.

CITY OF BURLINGTON
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues</u>			
Taxes:			
General property taxes	\$ 4,890,498	\$ 4,887,519	\$ (2,979)
Payments in lieu of taxes	32,000	38,161	6,161
Room tax	102,000	98,342	(3,658)
Other taxes	150	184	34
Intergovernmental	1,307,232	1,407,283	100,051
Licenses and permits	457,890	455,639	(2,251)
Fines and forfeitures	195,000	181,183	(13,817)
Charges for services	93,000	97,084	4,084
Special assessments	15,000	33,772	18,772
Investment income	10,250	36,171	25,921
Other	22,600	25,839	3,239
Total revenues	<u>7,125,620</u>	<u>7,261,177</u>	<u>135,557</u>
<u>Expenditures</u>			
Current:			
General government	889,338	860,390	28,948
Public safety	3,615,998	3,514,199	101,799
Public works	1,882,572	1,845,564	37,008
Health and human services	83,167	82,449	718
Culture, recreation and education	583,067	590,290	(7,223)
Conservation and development	209,422	221,114	(11,692)
Total expenditures	<u>7,263,564</u>	<u>7,114,006</u>	<u>149,558</u>
Excess expenditures over revenues	<u>(137,944)</u>	<u>147,171</u>	<u>285,115</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in	349,000	25,000	(324,000)
Transfers out	(327,340)	(246,961)	80,379
Water utility tax equivalent	440,000	472,392	32,392
Total other financing sources and uses	<u>461,660</u>	<u>250,431</u>	<u>(211,229)</u>
Change in fund balances	323,716	397,602	73,886
Fund balances - beginning, as restated	<u>1,665,846</u>	<u>1,665,846</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,989,562</u>	<u>\$ 2,063,448</u>	<u>\$ 73,886</u>

See accompanying notes to financial statements.

A two-page statement of net position -
proprietary funds follows.

CITY OF BURLINGTON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
<u>Assets</u>	Water Utility	Sewer Utility	Airport	Totals	
Current assets:					
Cash and investments	\$ 75,258	\$ -	\$ 321,598	\$ 396,856	\$ 154,006
Receivables:					
Customer accounts receivable	596,287	502,421	10,535	1,109,243	-
Special assessments	59,570	84,391	-	143,961	-
Other	95,369	77,572	-	172,941	-
Inventories	12,774	-	31,580	44,354	-
Total current assets	<u>839,258</u>	<u>664,384</u>	<u>363,713</u>	<u>1,867,355</u>	<u>154,006</u>
Noncurrent assets:					
Restricted assets:					
Restricted cash and investments	205,003	210,914	-	415,917	-
Other assets:					
Net pension asset	62,788	86,556	-	149,344	-
Capital assets:					
Property, plant and equipment	25,311,546	50,965,818	3,109,061	79,386,425	-
Less accumulated depreciation	(7,370,457)	(23,478,025)	(1,358,624)	(32,207,106)	-
Total capital assets, net	<u>17,941,089</u>	<u>27,487,793</u>	<u>1,750,437</u>	<u>47,179,319</u>	<u>-</u>
Total noncurrent assets	<u>18,208,880</u>	<u>27,785,263</u>	<u>1,750,437</u>	<u>47,744,580</u>	<u>-</u>
Total assets	<u>19,048,138</u>	<u>28,449,647</u>	<u>2,114,150</u>	<u>49,611,935</u>	<u>154,006</u>
<u>Deferred Outflows of Resources</u>					
Deferred outflows related to pension	64,357	88,718	-	153,075	-
Total Assets and Deferred Outflows of Resources	<u>\$ 19,112,495</u>	<u>\$ 28,538,365</u>	<u>\$ 2,114,150</u>	<u>\$ 49,765,010</u>	<u>\$ 154,006</u>

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
Liabilities	Water Utility	Sewer Utility	Airport	Totals	
Current liabilities:					
Accounts payable	\$ 31,270	\$ 112,624	\$ 10,216	\$ 154,110	\$ 98,778
Accrued payroll	9,637	15,501	-	25,138	-
Accrued interest payable	2,410	4,045	-	6,455	-
Due to general fund - tax equivalent	515,875	-	-	515,875	-
Current portion of general obligation bonds	25,000	40,000	-	65,000	-
Current portion of lease obligation payable	-	68,399	-	68,399	-
Deposits held	-	3,000	-	3,000	-
Total current liabilities	<u>584,192</u>	<u>243,569</u>	<u>10,216</u>	<u>837,977</u>	<u>98,778</u>
Current liabilities payable from restricted assets:					
Current portion of revenue bonds payable	276,100	579,042	-	855,142	-
Accrued interest payable	13,806	45,970	-	59,776	-
Total current liabilities payable from restricted assets	<u>289,906</u>	<u>625,012</u>	<u>-</u>	<u>914,918</u>	<u>-</u>
Noncurrent liabilities:					
Revenue bonds payable	2,868,564	10,058,722	-	12,927,286	-
General obligation bonds payable	605,000	930,000	-	1,535,000	-
Lease purchase obligation payable	-	141,241	-	141,241	-
Advances from other funds	112,480	286,123	-	398,603	-
Compensated absences	38,722	33,062	-	71,784	-
Total noncurrent liabilities	<u>3,624,766</u>	<u>11,449,148</u>	<u>-</u>	<u>15,073,914</u>	<u>-</u>
Total liabilities	<u>4,498,864</u>	<u>12,317,729</u>	<u>10,216</u>	<u>16,826,809</u>	<u>98,778</u>
Net Position					
Invested in capital assets, net of related debt	14,166,425	16,089,669	1,750,437	32,006,531	-
Restricted for debt service	205,003	210,914	-	415,917	-
Restricted for pension benefits	127,145	175,274	-	302,419	-
Unrestricted	115,058	(255,221)	353,497	213,334	55,228
Total net position	<u>\$ 14,613,631</u>	<u>\$ 16,220,636</u>	<u>\$ 2,103,934</u>	<u>\$ 32,938,201</u>	<u>\$ 55,228</u>

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Fund</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Airport</u>	<u>Totals</u>	
<u>Operating Revenues</u>					
Charges for sales and services:					
Water sales	\$ 2,230,719	\$ -	\$ -	\$ 2,230,719	\$ -
Sewer charges	-	2,934,820	-	2,934,820	-
Fuel sales	-	-	744,324	744,324	-
Billings to departments	-	-	-	-	1,142,758
Other	15,090	10,495	103,758	129,343	43,618
Total operating revenues	<u>2,245,809</u>	<u>2,945,315</u>	<u>848,082</u>	<u>6,039,206</u>	<u>1,186,376</u>
<u>Operating Expenses</u>					
Operation and maintenance	987,601	1,490,550	116,857	2,595,008	-
Fuel for resale	-	-	576,610	576,610	-
Depreciation	610,265	1,666,752	99,752	2,376,769	-
Taxes	28,349	38,673	12,118	79,140	-
Insurance claims and administration	-	-	-	-	1,374,234
Total operating expenses	<u>1,626,215</u>	<u>3,195,975</u>	<u>805,337</u>	<u>5,627,527</u>	<u>1,374,234</u>
Operating income (loss)	<u>619,594</u>	<u>(250,660)</u>	<u>42,745</u>	<u>411,679</u>	<u>(187,858)</u>
<u>Nonoperating Revenues (Expenses)</u>					
Investment income	8,304	20,733	63	29,100	1,358
Interest expense	(99,187)	(308,576)	-	(407,763)	-
Total nonoperating revenue (expenses)	<u>(90,883)</u>	<u>(287,843)</u>	<u>63</u>	<u>(378,663)</u>	<u>1,358</u>
Income before contributions and transfers	528,711	(538,503)	42,808	33,016	(186,500)
Capital contributions - municipality	1,074,029	1,790,320	-	2,864,349	-
Capital contributions - other	6,976	101,871	-	108,847	-
Transfers out	-	-	(25,000)	(25,000)	-
Tax equivalent to municipality	(507,989)	-	-	(507,989)	-
Change in net position	<u>1,101,727</u>	<u>1,353,688</u>	<u>17,808</u>	<u>2,473,223</u>	<u>(186,500)</u>
Net position - beginning of year, as restated	<u>13,511,904</u>	<u>14,866,948</u>	<u>2,086,126</u>	<u>30,464,978</u>	<u>241,728</u>
Net position - end of year	<u>\$ 14,613,631</u>	<u>\$ 16,220,636</u>	<u>\$ 2,103,934</u>	<u>32,938,201</u>	<u>\$ 55,228</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>817,919</u>	
Net position of business - type activities (page 3)				<u>\$ 33,756,120</u>	

See accompanying notes to financial statements.

A two-page statement of cash flows -
proprietary funds follows.

CITY OF BURLINGTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Airport	Totals	
<u>Cash Flows from Operating Activities</u>					
Receipts from customers and users	\$ 2,205,756	\$ 2,910,035	\$ 861,900	\$ 5,977,691	\$ -
Receipts from interfund services provided	-	-	-	-	1,186,376
Payments to suppliers	(566,664)	(997,007)	(738,120)	(2,301,791)	-
Payments to employees	(413,483)	(528,783)	-	(942,266)	-
Payments for interfund services used	-	-	-	-	(1,359,599)
Net cash provided by (used for) operating activities	<u>1,225,609</u>	<u>1,384,245</u>	<u>123,780</u>	<u>2,733,634</u>	<u>(173,223)</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Transfers to other funds	(507,989)	-	(25,000)	(532,989)	-
Advances repaid to other funds	(164,798)	(374,383)	-	(539,181)	-
Net cash used for noncapital financing activities	<u>(672,787)</u>	<u>(374,383)</u>	<u>(25,000)</u>	<u>(1,072,170)</u>	<u>-</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Capital contributions	6,976	101,871	-	108,847	-
Acquisition and construction of capital assets	(176,380)	(148,842)	(25,000)	(350,222)	-
Principal paid on bonds	(294,139)	(666,415)	-	(960,554)	-
Interest paid	(100,131)	(311,153)	-	(411,284)	-
Special assessment collections	9,084	12,496	-	21,580	-
Net cash used for capital and related financing activities	<u>(554,590)</u>	<u>(1,012,043)</u>	<u>(25,000)</u>	<u>(1,591,633)</u>	<u>-</u>
<u>Cash Flows from Investing Activities</u>					
Investment income	8,304	20,733	63	29,100	1,358
Net cash provided by investing activities	<u>8,304</u>	<u>20,733</u>	<u>63</u>	<u>29,100</u>	<u>1,358</u>
Net increase (decrease) in cash and cash equivalents	6,536	18,552	73,843	98,931	(171,865)
Cash and cash equivalents - beginning of year	<u>273,725</u>	<u>192,362</u>	<u>247,755</u>	<u>713,842</u>	<u>325,871</u>
Cash and cash equivalents - end of year	<u>\$ 280,261</u>	<u>\$ 210,914</u>	<u>\$ 321,598</u>	<u>\$ 812,773</u>	<u>\$ 154,006</u>

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

Business-type Activities - Enterprise Funds

<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Airport</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Fund</u>
Operating income (loss)	\$ 619,594	\$ (250,660)	\$ 42,745	\$ 411,679	\$ (187,858)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	610,265	1,666,752	99,752	2,376,769	-
Depreciation charged to clearing account	20,455	-	-	20,455	-
(Increase) decrease in customer and other receivables	(40,053)	(35,280)	13,818	(61,515)	-
(Increase) decrease in inventories	(679)	-	(17,363)	(18,042)	-
(Increase) decrease in net pension and deferred outflows	(1,034)	(1,425)	-	(2,459)	-
Increase (decrease) in accounts payable	(24,727)	2,512	(15,172)	(37,387)	14,635
Increase (decrease) in accrued payroll	626	1,239	-	1,865	-
Increase (decrease) in due to other funds	43,483	-	-	43,483	-
Increase (decrease) in compensated absences payable	(2,321)	1,107	-	(1,214)	-
Total adjustments	<u>606,015</u>	<u>1,634,905</u>	<u>81,035</u>	<u>2,321,955</u>	<u>14,635</u>
Net cash provided by (used for) operating activities	<u>1,225,609</u>	<u>1,384,245</u>	<u>123,780</u>	<u>2,733,634</u>	<u>(173,223)</u>
<u>Reconciliation of Cash and Cash Equivalents to Statement of Net Position - Proprietary Funds</u>					
Cash and investments reported as current assets	75,258	-	321,598	396,856	154,006
Cash and investments reported as restricted assets	<u>205,003</u>	<u>210,914</u>	<u>-</u>	<u>415,917</u>	<u>-</u>
Cash and cash equivalents - end of year	<u>\$ 280,261</u>	<u>\$ 210,914</u>	<u>\$ 321,598</u>	<u>\$ 812,773</u>	<u>\$ 154,006</u>

Noncash Capital and Related Financing Activities

Capital additions of \$1,074,029 and \$1,790,320 were contributed to the water and sewer utilities, respectively, by the city.

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

	<u>Tax Roll</u>	<u>Municipal Court</u>	<u>Developers' Reimbursement Fund</u>	<u>Totals</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 7,874,046	\$ 23,338	\$ 7,455	\$ 7,904,839
Taxes receivable	2,803,032	-	-	2,803,032
Total assets	<u>10,677,078</u>	<u>23,338</u>	<u>7,455</u>	<u>10,707,871</u>
<u>Liabilities</u>				
Liabilities:				
Accounts payable	160,880	23,338	-	184,218
Due to county and state	2,651,834	-	-	2,651,834
Due to school and VTAE districts	7,864,364	-	-	7,864,364
Deposits held	-	-	7,455	7,455
Total liabilities	<u>10,677,078</u>	<u>23,338</u>	<u>7,455</u>	<u>10,707,871</u>
Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF BURLINGTON
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For the Year Ended December 31, 2015

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CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 - Summary Of Significant Accounting Policies

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles of state and local governments, except the Management's Discussion and Analysis has not been presented. Statement No. 34 of the Governmental Accounting Standards Board calls for the inclusion of this information as required supplementary information.

A. Reporting Entity

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

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. Although it is a legally separate entity, standards set forth in Statement No. 61 of the Governmental Accounting Standards Board require that the financial statements of the Housing Authority of the City of Burlington be reported as a component unit of the city due to the appointment of its board of commissioners by the city's mayor. The Housing Authority of the City of Burlington is reported as a discretely presented component unit to emphasize that it is an entity that is legally separate from the city. The financial information included in the statement of net position is as of the Housing Authority's fiscal year end of August 31, 2015. Complete financial statements for the component unit may be obtained at its administrative offices.

Riverview Manor
580 Madison Street
Burlington, Wisconsin 53105

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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. *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 properly included among program revenues are reported instead as *general revenues*.

Note 1 - Summary Of Significant Accounting Policies - Continued

B. Government-Wide and Fund Financial Statements - Continued

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.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the city.

Funds are organized as either major funds or non-major funds within the governmental, proprietary, and fiduciary statements. A fund is considered major if it is the primary operating fund of the government or meets the following criteria:

1. Total assets, liabilities, 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
2. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
3. In addition, any other governmental or proprietary fund that the government considers to be particularly important to financial statement users may be reported as a major fund. The city chose to report its airport enterprise fund as a major fund.

Note 1 - Summary Of Significant Accounting Policies - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

Major Funds

The city reports the following major governmental funds:

The *General fund* is the city's primary operating fund. It accounts for all financial resources of the city except those required to be accounted for in another fund.

TIF No. 3 Debt service fund - accounts for the resources accumulated and payments made for principal and interest on long-term obligation debt of the city's Tax Incremental Financing District No. 3.

TIF No. 5 Capital projects fund - accounts for the financial resources segregated for the acquisition and construction of major capital facilities for the city's Tax Incremental Financing District No. 5.

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

The city reports the following major proprietary funds:

Sewer utility enterprise fund - accounts for the activities of operating the sewage treatment plant, sewage pumping stations and collections systems.

Water utility enterprise fund - accounts for the activities of operating the water distribution system.

Airport enterprise fund - accounts for the activities of the city's airport operations.

Non-Major Funds

The city reports the following non-major governmental funds:

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

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

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

- General Debt Service

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

- Energy Improvement
- Revolving Capital Projects
- Infrastructure
- Storm water Management
- Facade Grants

Note 1 - Summary Of Significant Accounting Policies - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement 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.

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the city's water and sewer function and various other functions of the city. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

Note 1 - Summary Of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Investments

The city's cash and investments consist of cash on hand, checking accounts, savings accounts, certificates of deposit, the state Local Government Investment Pool and government agency securities. Pooled bank accounts that are shared between its various accounting funds are maintained. Each fund's cash balance represents the residual cash available to it after all other transactions.

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

(1) Time deposits maturing within three years in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to do business in Wisconsin. (2) Bonds or securities issued or guaranteed by the federal government and its agencies. (3) The Wisconsin Local Government Investment Pool and Wisconsin Investment Trust. (4) Bonds or securities of any county, city, drainage district, technical college district, local exposition district, local professional baseball park district, city, town, or school district of the state and the University of Wisconsin Hospitals and Clinics Authority. (5) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by a nationally recognized rating agency or if that security is senior to, or on parity with, a security of the same issuer which has such a rating. (6) Repurchase agreements with public depositories, if the agreement is secured by federal bonds or securities. (7) Securities of open-end management companies or investment trusts (mutual funds) if the portfolio is limited to (a) bonds or securities issued by the federal government or a commission, board or other instrumentality of the federal government, (b) bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government, and (c) repurchase agreements that are fully collateralized by these bonds and securities.

2. Receivable and Payables

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

Note 1 - Summary Of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Position or Equity - Continued

2. Receivable and Payables - Continued

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

Details of the city's property tax calendar for the 2015 tax levy follows:

Lien and levy dates	December 2015
Real estate collection due dates:	
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property tax due in full	January 31, 2016
Final settlement with county	August 2016
Tax sale of 2015 delinquent real estate taxes	October 2018

3. Inventories and Prepaid Items

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

4. Restricted Assets

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

	Water Utility	Sewer Utility	Totals
Bond reserve account	\$ 205,003	\$ ---	\$ 205,003
Bond debt service fund	---	210,914	210,914
Total	<u>\$ 205,003</u>	<u>\$ 210,914</u>	<u>\$ 415,917</u>

Note 1 - Summary Of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Position or Equity - Continued

5. Capital Assets

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50 - 75
Land improvements	30
Roads	30
Other infrastructure	30 - 50
Vehicles	5 - 10
Office equipment	6 - 10
Computer equipment	5

6. Compensated Absences

City employees earn vacation time in varying amounts and it must generally be taken by the employee's anniversary date according to city policy. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The city has one item that qualifies for reporting in this category. The item is related to the city's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

Note 1 - Summary Of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Position or Equity - Continued

7. Deferred Outflows/Inflows of Resources - Continued

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The city has one type of item that qualifies for reporting in this category, property taxes. This amount will be recognized as an inflow of resources in the subsequent year for which it was levied. The city also has an additional type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental fund reports unavailable revenues from special assessments. This amount is deferred and recognized as an inflow of resources in the period the amount become available.

8. Long-Term Obligations

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

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

9. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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.

10. Fund Equity

Accounting principles generally accepted require the classification of fund balances into various components. The components used by the city in the fund financial statements are defined as follows:

Nonspendable - This component of fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts.

Restricted - This component of fund balance is used when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Note 1 - Summary Of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Position or Equity - Continued

10. Fund Equity - Continued

Assigned - This component of fund balance represents amounts that are constrained by the city's *intent* to be used for specific purposes.

Unassigned - This component of fund balance is the residual classification for the general fund.

In the government-wide statements, fund equity is termed net position and reported as the following three components:

Invested in capital assets, net of related debt - This represents capital assets net of accumulated depreciation and reduced by any debt attributable to the acquisition or construction of the capital assets net of any unspent debt proceeds.

Restricted net position - This represents net position restricted by external groups, laws and regulations, or enabling legislation.

Unrestricted net position - This represents net position that does not meet the criteria of the above components of net position.

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

11. Utility User Rates

Water utility user rates currently in place were established by the Wisconsin Public Service Commission effective January 27, 2015. Sewer utility rates currently in place were approved by the city council effective January 1, 2014.

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds and net position - governmental activities* as reported in the government-wide statement of net position.

The city's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements:

Net pension asset	\$ 786,404
Deferred outflows of resources	<u>806,199</u>
Total restricted for pension benefits	<u>\$ 1,592,603</u>

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements - Continued

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position - Continued

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$26,142,224 difference are as follows:

Bonds and notes payable	\$25,699,914
Accrued interest payable	132,390
Compensated absences payable	<u>309,920</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net-assets - governmental activities	<u>\$26,142,224</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The financial statements include a reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities. One element of that reconciliation explains that “Long-term receivables not available are reported as revenue in the fund financial statements when collected or currently available, but are recognized as revenue when earned in the government-wide financial statements.” The details of these differences are as follows:

Notes receivable issued	\$ 178,410
Principal repayments received on and incentive forgiveness of notes receivable	(101,849)
Special assessments levied	3,677
Special assessments collected	<u>(37,449)</u>
Net adjustment made	<u>\$ 42,789</u>

Note 3 - Stewardship, Compliance, and Accountability

A. Budgetary Information

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

The budget may be amended for supplemental appropriations periodically during the year. Budget changes require a two-thirds approval by the city council. The 2015 budget was not amended.

Note 3 - Stewardship, Compliance, and Accountability - Continued

B. Deficit Fund Equity

The following individual funds had deficit fund balances as of December 31, 2015.

	<u>Amount of Deficit</u>
Environmental TIF district capital projects fund	\$(1,832,222)
TIF No. 3 revolving loan	(91,827)
Infrastructure capital projects fund	(1,062,607)
Storm water management	(10,703)
Facade grant capital projects fund	(8,955)

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

C. General Fund Nonspendable Fund Balances

The fund balance of the general fund at December 31, 2015 was nonspendable for the following:

Delinquent personal property taxes	\$ 462
Prepaid expenditures	<u>13,612</u>
Total	<u>\$ 14,074</u>

D. Utility Bond Covenant Compliance

The 2011 Waterworks System Revenue Refunding Bonds, Series 2011A require the maintenance of a bond reserve account in the amount of \$205,000. This account was properly funded at December 31, 2015 (see Note 1.D.4).

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

Note 4 - Detailed Notes on All Funds

A. Cash and Investments

The city's cash and investments at December 31, 2015 consisted of the following:

	<u>Carrying Amount</u>	<u>Weighted Average Maturity (Days)</u>
Petty cash	\$ 1,158	N/A
Interest bearing checking and money market accounts	11,437,066	Demand
State local government investment pool	495,160	49
Certificates of deposit	884,842	694
Government agency securities	<u>801,899</u>	839
Total carrying amount	<u>\$ 13,620,125</u>	

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

Credit Risk

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

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

Interest Rate Risk

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

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

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.

Note 4 - Detailed Notes on All Funds - Continued

A. Cash and Investments - Continued

Total cash and investments above reconcile to the financial statements as follows:

Statement of net position:

Cash and investments	\$ 3,634,769
Restricted cash and investments	<u>2,080,517</u>
Total reported on statement of net position	5,715,286
Statement of fiduciary net position	<u>7,904,839</u>
Total Cash and Investments	<u>\$ 13,620,125</u>

City cash and investments are insured by the FDIC for up to \$250,000 for time and savings deposits (including interest-bearing NOW accounts), and an additional \$250,000 of FDIC insurance is available for demand (non-interest bearing checking accounts) for each bank used. All city deposits are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses of the pool may not be significant to individual municipalities.

The Local Government Investment Pool (LGIP) is an investment fund managed by the State of Wisconsin Investment Board. The LGIP accepts deposits from governmental units within the State of Wisconsin. The objectives of the LGIP are to provide safety of principal, liquidity and a reasonable rate of return. The LGIP is regulated by the Wisconsin Statutes and is not a SEC registered investment. The yield of the LGIP changes daily and its participants may invest or withdraw any or all amounts at par value at any time. The LGIP balance reported in the financial statements as \$495,160 at December 31, 2015 is at cost basis. The fair value of the LGIP investment at December 31, 2015 did not materially differ from its cost basis. The LGIP had a weighted average maturity of 49 days at December 31, 2015.

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.

B. Receivables

Receivables as of yearend for the city's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectable accounts, are as follows:

	General	TIF No. 3 Debt Service	Environmental TIF	Water Utility	Sewer Utility	Nonmajor and Fiduciary Funds	Totals
Receivables:							
Taxes - current	\$ 5,250,125	\$ 3,943,300	\$ 39,831	\$ ---	\$ ---	\$ 3,614,689	\$ 12,847,945
Taxes - delinquent	462	---	---	---	---	---	462
Accounts and other	38,718	---	---	691,656	579,993	46,607	1,356,974
Special assessments	26,515	---	---	59,570	84,391	---	170,476
Notes	---	---	1,032,870	---	---	1,345,054	2,377,924
Net total receivables	<u>\$ 5,315,820</u>	<u>\$ 3,943,300</u>	<u>\$ 1,072,701</u>	<u>\$ 751,226</u>	<u>\$ 664,384</u>	<u>\$ 5,006,350</u>	<u>\$ 16,753,781</u>

Note 4 - Detailed Notes on All Funds - Continued

B. Receivables - Continued

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 defer revenue recognition 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 *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property and other taxes receivable	\$ - - -	\$ 10,047,527
Water utility property tax equivalent	- - -	515,875
Special assessments not yet due (general fund)	50,667	- - -
Notes receivable	<u>2,377,924</u>	<u>- - -</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 2,428,591</u>	<u>\$ 10,563,402</u>

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

<u>Purpose</u>	<u>Date of Note</u>	<u>Interest Rate</u>	<u>Original Principal</u>	<u>Balance 12/31/15</u>
Environmental TIF Capital Projects	9/1/10	7.0%	1,160,000	\$ 1,032,870
Community Development Block Grant	7/6/10	2.0%	340,000	279,915
Community Development Block Grant	12/31/11	2.0%	400,000	176,000 *
Community Development Block Grant	7/2/13	0.0%	202,500	202,500 *
Community Development Block Grant	6/1/15	Varies	100,000 **	28,410
TIF No. 3 Revolving Loan	6/01/09	1.625%	21,425	7,898
TIF No. 3 Revolving Loan	6/01/11	4.0%	4,896	331
TIF No. 3 Revolving Loan	1/24/13	0.0%	500,000	500,000 *
TIF No. 3 Revolving Loan	1/24/13	1.625%	150,000	<u>150,000</u>
Total				<u>\$ 2,377,924</u>

* - Contains forgiveness provisions for full time employees added.

** - Total commitment is \$100,000, proceeds issued during 2015 was \$28,410.

Note 4 - Detailed Notes on All Funds - Continued

C. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 20,147,482	\$ ---	\$ ---	\$ 20,147,482
Total capital assets, not being depreciated	<u>20,147,482</u>	<u>---</u>	<u>---</u>	<u>20,147,482</u>
Capital assets, being depreciated:				
Buildings and improvements	9,616,279	279,825	---	9,896,104
Land improvements and other structures	3,625,016	---	---	3,625,016
Machinery and equipment	7,375,925	183,883	(217,520)	7,342,288
Infrastructure	<u>42,555,923</u>	<u>1,054,042</u>	<u>---</u>	<u>43,609,965</u>
Total capital assets being depreciated	<u>63,173,143</u>	<u>1,517,750</u>	<u>(217,520)</u>	<u>64,473,373</u>
Less accumulated depreciation for:				
Buildings and other improvements	(3,548,311)	(346,358)	---	(3,894,669)
Machinery and equipment	(4,702,532)	(390,860)	199,406	(4,893,986)
Infrastructure	<u>(19,921,852)</u>	<u>(939,825)</u>	<u>---</u>	<u>(20,861,677)</u>
Total accumulated depreciation	<u>(28,172,695)</u>	<u>(1,677,043)</u>	<u>199,406</u>	<u>(29,650,332)</u>
Total capital assets, being depreciated, net	<u>35,000,448</u>	<u>(159,293)</u>	<u>(18,114)</u>	<u>34,823,041</u>
Governmental activities capital assets, net	<u>\$ 55,147,930</u>	<u>\$ (159,293)</u>	<u>\$ (18,114)</u>	<u>\$ 54,970,523</u>

Note 4 - Detailed Notes on All Funds - Continued

C. Capital Assets - Continued

Business Type Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Water Utility				
Capital assets, not being depreciated:				
Land	\$ 260,027	\$ ---	\$ ---	\$ 260,027
Total capital assets, not being depreciated	<u>260,027</u>	<u>---</u>	<u>---</u>	<u>260,027</u>
Capital assets, being depreciated:				
Buildings and improvements	3,055,811	---	---	3,055,811
Machinery and equipment	3,214,437	105,491	(5,000)	3,314,928
Infrastructure	17,578,400	1,144,917	(42,537)	18,680,780
Total capital assets being depreciated	<u>23,848,648</u>	<u>1,250,408</u>	<u>(47,537)</u>	<u>25,051,519</u>
Less: accumulated depreciation:				
Buildings and improvements	(991,500)	(95,135)	---	(1,086,635)
Machinery and equipment	(1,231,530)	(199,309)	5,000	(1,425,839)
Infrastructure	(4,564,245)	(336,275)	42,537	(4,857,983)
Total accumulated depreciation	<u>(6,787,275)</u>	<u>(630,719)</u>	<u>47,537</u>	<u>(7,370,457)</u>
Total capital assets, being depreciated, net	<u>17,061,373</u>	<u>619,689</u>	<u>---</u>	<u>17,681,062</u>
Business-type activities capital assets, net	<u>\$ 17,321,400</u>	<u>\$ 619,689</u>	<u>\$ ---</u>	<u>\$ 17,941,089</u>
Sewer Utility				
Capital assets, not being depreciated:				
Land	\$ 778,671	\$ ---	\$ ---	\$ 778,671
Total capital assets, not being depreciated	<u>778,671</u>	<u>---</u>	<u>---</u>	<u>778,671</u>
Capital assets, being depreciated:				
Buildings and system	27,150,676	5,498	---	27,156,174
Machinery and equipment	6,948,011	136,602	(59,534)	7,025,079
Infrastructure	14,208,834	1,797,060	---	16,005,894
Total capital assets being depreciated	<u>48,307,521</u>	<u>1,939,160</u>	<u>(59,534)</u>	<u>50,187,147</u>
Less: accumulated depreciation:				
Buildings and system	(11,854,987)	(1,046,112)	---	(12,901,099)
Machinery and equipment	(5,675,217)	(318,493)	59,534	(5,934,176)
Infrastructure	(4,340,604)	(302,146)	---	(4,642,750)
Total accumulated depreciation	<u>(21,870,808)</u>	<u>(1,666,751)</u>	<u>59,534</u>	<u>(23,478,025)</u>
Total capital assets, being depreciated, net	<u>26,436,713</u>	<u>272,409</u>	<u>---</u>	<u>26,709,122</u>
Business-type activities capital assets, net	<u>\$ 27,215,384</u>	<u>\$ 272,409</u>	<u>\$ ---</u>	<u>\$ 27,487,793</u>

Note 4 - Detailed Notes on All Funds - Continued

C. Capital Assets - Continued

Business Type Activities - Continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Airport				
Capital assets, not being depreciated:				
Land	\$ 125,634	\$ ---	\$ ---	\$ 125,634
Total capital assets, not being depreciated	<u>125,634</u>	<u>---</u>	<u>---</u>	<u>125,634</u>
Capital assets, being depreciated:				
Buildings	602,810	25,000	---	627,810
Land improvements	2,054,267	---	---	2,054,267
Machinery and equipment	<u>301,350</u>	<u>---</u>	<u>---</u>	<u>301,350</u>
Total capital assets being depreciated	<u>2,958,427</u>	<u>25,000</u>	<u>---</u>	<u>2,983,427</u>
Less: accumulated depreciation:				
Buildings	(8,854)	(18,333)	---	(27,187)
Land improvements	(996,604)	(64,817)	---	(1,061,421)
Machinery and equipment	<u>(253,414)</u>	<u>(16,602)</u>	<u>---</u>	<u>(270,016)</u>
Total accumulated depreciation	<u>(1,258,872)</u>	<u>(99,752)</u>	<u>---</u>	<u>(1,358,624)</u>
Total capital assets, being depreciated, net	<u>1,699,555</u>	<u>(74,752)</u>	<u>---</u>	<u>1,624,803</u>
Business-type activities capital assets, net	<u>\$ 1,825,189</u>	<u>\$ (74,752)</u>	<u>\$ ---</u>	<u>\$ 1,750,437</u>

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

Governmental activities:	
General government	\$ 36,835
Public safety	264,083
Highways and streets, including depreciation of general infrastructure assets	1,165,334
Culture and recreation	<u>210,791</u>
Total depreciation expense - governmental activities	<u>\$ 1,677,043</u>
Business-type activities:	
Water	\$ 610,265
Sewer	1,666,752
Airport	<u>99,752</u>
Total depreciation expense - business-type activities	<u>\$ 2,376,769</u>

Note 4 - Detailed Notes on All Funds - Continued

C. Capital Assets - Continued

Discretely Presented Component Unit

Capital asset activity for the Housing Authority for the year ended August 31, 2015 follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 87,236	\$ ---	\$ ---	\$ 87,236
Capital assets, being depreciated:				
Buildings and improvements	2,261,667	953,627	(50,000)	3,165,294
Furniture and equipment	183,564	468,995	---	652,559
Landscaping	137,904	---	---	137,904
Total capital assets being depreciated	2,583,135	1,422,622	(50,000)	3,955,757
Less: accumulated depreciation	<u>(1,737,065)</u>	<u>(68,784)</u>	<u>50,000</u>	<u>(1,755,849)</u>
Total capital assets being depreciated, net	<u>846,070</u>	<u>1,353,838</u>	<u>---</u>	<u>2,199,908</u>
Total Capital Assets	<u>\$ 933,306</u>	<u>\$ 1,353,838</u>	<u>\$ ---</u>	<u>\$ 2,287,144</u>

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

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2015, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water utility (tax equivalent)	\$ 515,875
General	Environmental TIF district	64,043
General	TIF No. 3 revolving loan	91,827
General	Facade grant fund	8,955
		<u>\$ 680,700</u>

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Infrastructure capital projects	\$ 1,062,607
General	Water utility	112,480
General	Sewer utility	286,123
TIF No. 3 debt service	Environmental TIF district	1,771,462
		<u>\$ 3,232,672</u>

The advance by the TIF No. 3 debt service fund to the environmental TIF fund will be paid through tax increment sharing established by city resolution. 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. The advances by the general fund and the water and sewer utilities will be repaid by revenue being generated from rates presently in place and from additional revenue from future rate increases.

Note 4 - Detailed Notes on All Funds - Continued

D. Interfund Receivables, Payables and Transfers - Continued

<u>Interfund Transfers:</u>	<u>Transfers In</u>					<u>Totals</u>
	<u>General Fund</u>	<u>Debt Service</u>	<u>Park Development</u>	<u>Facade Grants</u>	<u>Energy Improvement</u>	
Transfers Out:						
General fund	\$ ---	\$ 201,961	\$ 25,000	\$ 20,000	\$ ---	\$ 246,961
TIF No. 3 loan fund	---	29,511	---	---	---	29,511
Debt service fund	---	---	---	---	31,345	31,345
Airport	25,000	---	---	---	---	25,000
Total	\$ 25,000	\$ 231,472	\$ 25,000	\$ 20,000	\$ 31,345	\$ 332,817

E. Long-Term Obligations

Outstanding debt and other long-term obligations of the city at December 31, 2015 follows:

<u>Issue</u>	<u>Interest Rate(s)</u>	<u>Original Principal</u>	<u>Outstanding Principal At 12/31/15</u>		<u>Purpose</u>
			<u>General</u>	<u>Proprietary</u>	
<u>General obligation debt:</u>					
2007 refunding bonds	4.1%-4.375%	1,500,000	\$ 1,500,000	\$ ---	Infrastructure
2010 refunding bonds	2.0%-2.375%	4,290,000	680,000	---	TIF 3 & various
2011 refunding bonds	2.0%-3.0%	9,120,000	4,835,000	---	TIF 3 - riverfront
2012A street bonds	2.0%-2.8%	3,155,000	3,105,000	---	Infrastructure
2012B refunding bonds	2.0%-3.0%	1,460,000	855,000	---	Pension, ER TIF, various
2014A refunding bonds	0.4%-3.2%	6,200,000	4,135,000	1,600,000	TIF 3, ERTIF, water, sewer
2015A refunding bonds	2.0%-3.0%	4,215,000	4,215,000	---	TIF 3
2015B promissory notes	0.7%-2.25%	4,500,000	4,500,000	---	TIF 5
2015 bank note	2.25%-3.25%	300,000	300,000	---	TIF 5
Total bonds and notes			24,125,000	1,600,000	
<u>Other long-term obligations:</u>					
Developer revenue agreement	0%	2,000,000	401,928	---	TIF no. 3
2013 energy lease purchase	2.698%	1,147,507	1,084,692	---	Energy conservation
2013 equipment lease purchase	2.15%	342,149	---	209,640	Sewer vector
2014 equipment lease purchase	2.581%	147,220	88,294	---	DPW chipper truck
Compensated absences (Note 5B.)			309,920	71,784	
Total other long-term obligations			1,884,834	281,424	
<u>Utility revenue debt:</u>					
2008 CWF bonds (1)	2.569%	4,465,837	---	3,180,269	Sewer
2008 CWF bonds (2)	2.365%	926,948	---	632,226	Sewer
2011 refunding bonds	2.0%-3.5%	2,050,000	---	1,420,000	Water
2012 CWF bonds	2.625%	7,439,911	---	6,825,269	Sewer
2012 CWF water bonds	2.2%	2,044,276	---	1,724,664	Water
Total utility revenue debt			---	13,782,428	
Total Long-Term Obligations			\$26,009,834	\$15,663,852	

Note 4 - Detailed Notes on All Funds - Continued

E. Long-Term Obligations - Continued

A. General obligation debt

Annual debt service requirements to maturity of general obligation debt are as follows:

Year Ended December 31,	General City Long-Term Debt		Proprietary Fund Long-Term Debt		Totals
	Principal	Interest	Principal	Interest	
2016	\$ 3,565,000	\$ 508,983	\$ 65,000	\$ 35,926	\$ 4,174,909
2017	3,725,000	438,092	65,000	35,398	4,263,490
2018	3,620,000	371,722	60,000	34,691	4,086,413
2019	2,375,000	309,458	65,000	33,798	2,783,256
2020	2,605,000	250,037	65,000	32,459	2,952,496
2021-2025	4,650,000	741,324	560,000	127,324	6,078,648
2026-2030	2,800,000	266,453	720,000	37,505	3,823,958
2031-2032	785,000	22,091	---	---	807,091
	<u>\$ 24,125,000</u>	<u>\$ 2,908,160</u>	<u>\$ 1,600,000</u>	<u>\$ 337,101</u>	<u>\$ 28,970,261</u>

General city and proprietary fund indebtedness represented by general obligation notes totaled \$25,725,000 on December 31, 2015. The city's full faith and credit back these general obligation notes. Transactions for 2015 are summarized as follows:

Balance - January 1, 2015	\$ 18,810,000
Proceeds from bonds and notes	9,015,000
Principal reductions	<u>(2,100,000)</u>
Balance - December 31, 2015	<u>\$ 25,725,000</u>

B. Community development revenue lease bonds

The city's community development indebtedness represented by the lease revenue bonds were refunded in 2015 with the proceeds of the 2015A refunding bonds and available cash in the TIF No. 3 fund. These bonds were issued to finance the riverfront improvement project. Transactions for 2015 are summarized as follows:

Balance - January 1, 2015	\$ 6,900,000
Scheduled principal reductions	(1,100,000)
Refunding principal payments	<u>(5,800,000)</u>
Balance - December 31, 2015	<u>\$ ---</u>

C. Tax increment project revenue bonds

Tax increment indebtedness represented by the revenue bonds totaled \$401,928 on December 31, 2015. These bonds were issued for the various developer and construction incentive agreements. The repayments are based on a tax incremental formula and the balance is expected to be paid in full during 2016. Transactions for 2015 are summarized as follows:

Balance - January 1, 2015	\$ 718,405
Principal reductions	<u>(316,477)</u>
Balance - December 31, 2015	<u>\$ 401,928</u>

Note 4 - Detailed Notes on All Funds - Continued

E. Long-Term Obligations - Continued

D. Utility revenue debt

Annual debt service requirements to maturity of utility revenue debt are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 855,142	\$ 347,398	\$ 1,202,540
2017	877,109	324,590	1,201,699
2018	899,507	301,196	1,200,703
2019	922,348	277,205	1,199,553
2020	950,640	252,320	1,202,960
2021 - 2025	4,434,282	890,040	5,324,322
2026 - 2030	3,749,652	357,185	4,106,837
2031 - 2032	1,093,748	26,942	1,120,690
Totals	<u>\$ 13,782,428</u>	<u>\$ 2,776,876</u>	<u>\$ 16,559,304</u>

Proprietary fund indebtedness represented by revenue bonds totaled \$13,782,428 on December 31, 2015. The debt is pledged by the assets and revenues of the utilities. The city's full faith and credit do not back these revenue bonds. Transactions for 2015 are summarized as follows:

Balance - January 1, 2015	\$ 14,616,023
Principal reductions	<u>(833,595)</u>
Balance - December 31, 2015	<u>\$ 13,782,428</u>

E. Lease purchase agreements

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

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 161,723	\$ 35,463	\$ 197,186
2017	165,699	31,487	197,186
2018	169,776	27,410	197,186
2019	70,082	23,234	93,316
2020	71,997	21,319	93,316
2021 - 2025	390,583	75,997	466,580
2026 - 2029	352,766	20,605	373,371
Totals	<u>\$ 1,382,626</u>	<u>\$ 235,515</u>	<u>\$ 1,618,141</u>

Lease purchase agreement balances total \$1,382,626 on December 31, 2015. The debt is pledged by the assets acquired, the city's full faith and credit do not back the agreements. Transactions for 2015 are summarized as follows:

Balance - January 1, 2015	\$ 1,540,362
Principal reductions	<u>(157,736)</u>
Balance - December 31, 2015	<u>\$ 1,382,626</u>

Note 4 - Detailed Notes on All Funds - Continued

E. Long-Term Obligations - Continued

F. 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, 2015:

Equalized Value - 2015	<u>\$ 826,054,600</u>
Margin of Indebtedness:	
5% of Equalized Value	41,302,730
Outstanding General Obligation Debt - December 31, 2015	<u>25,725,000</u>
Margin of Indebtedness	<u>\$ 15,577,730</u>

G. Industrial development revenue bonds

The city issued industrial development revenue bonds during 1998 and 2008 for the benefit of private entities. The bonds outstanding as of December 31, 2015 totaled \$2,075,000 and \$2,572,500 for the 1998 and 2008 bonds, respectively. The city has no liability for repayment of these bonds and, consequently, they are not included in the financial statements.

Note 5 - Other Information

A. Risk Management

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

The city is also exposed to various risks of loss related to medical claims. The city's risk management fund (an internal service fund) is used to account for and finance its uninsured health risks of loss. Under this program the risk management fund provides coverage for up to a maximum of \$25,000 for each individual's total claims with group claims limited to 125% of expected claims. The city purchases commercial insurance for health claims in excess of coverage provided by the fund. Settled claims have not exceeded this commercial insurance coverage since inception of the fund.

All funds of the city participate in the health program and are charged amounts needed to pay prior and current year claims and to establish a reserve for future insurance costs. That reserve was \$55,228 at December 31, 2015 and is reported as the internal service fund net position. The accounts payable of \$98,778 reported in the fund at December 31, 2015 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 years ended December 31, 2015 and 2014 follows:

Year	Beginning Of Year Liability	Incurred Claims	Claim Payments	End of Year Liability
2015	\$ 84,143	\$ 1,374,233	\$ 1,359,598	\$ 98,778
2014	76,769	1,337,774	1,330,400	84,143

Note 5 - Other Information - Continued

B. Compensated Absences

City employees earn vacation time in varying amounts and it must generally be taken by the employee's anniversary date according to city policy. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the statement of net position.

Management has determined that there was no accumulated vacation time and sick leave at year end to be liquidated with expendable available resources. The amount of accumulated vacation time at December 31, 2015 that has been recorded in the governmental activities of the statement of net position is \$142,186.

Employees may accumulate sick leave to a maximum number of days ranging from 150 to 252. It is the city's policy to pay for unused sick leave upon retirement or death at a rate of \$25 per day or apply it to future retiree health insurance premiums at a rate of \$50 per day. Eligible accumulated sick days of employees totaled approximately 3,355 at December 31, 2015. The city determined its liability for accumulated sick pay benefits payable based on the option of applying \$50 per day toward health insurance premiums. At December 31, 2015, estimated sick leave termination benefits of \$167,734 have been recorded in the governmental activities of the statement of net position.

Accumulated vacation and sick pay benefits for employees of the city's proprietary funds are recorded as a liability directly in those funds as they are earned by the employees. An additional \$36,781 and \$35,003 of accumulated vacation and sick pay, respectively, has been recorded as a liability in the proprietary funds.

C. 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 City of Burlington on or after July 1, 2011, and expected to work at least 1200 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.

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

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

Note 5 - Other Information - Continued

B. WRS Pension Plan - Continued

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. 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 \$369,564 in contributions from the employer.

Note 5 - Other Information - Continued

B. WRS Pension Plan - Continued

Contribution rates as of December 31, 2015 are:

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.63%
Protective without Social Security	6.8%	13.23%

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

At December 31, 2015, the City of Burlington reported an asset of \$935,748 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. 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 asset was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the city's proportion was 0.03809625% , which was a decrease of 0.00020144% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the city recognized pension expense of \$350,616.

At December 31, 2015, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$135,654	\$0
Changes in assumptions	\$0	\$0
Net differences between projected and actual earnings on pension plan investments	\$453,134	\$0
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$4,297	\$0
Employer contributions subsequent to the measurement date	\$366,189	\$0
Total	\$959,274	\$0

Note 5 - Other Information - Continued

B. WRS Pension Plan - Continued

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

\$366,189 reported as deferred outflows related to pension resulting from the city’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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflow of Resources	Deferred Inflow of Resources
2015	\$116,610	\$0
2016	\$116,610	\$0
2017	\$116,610	\$0
2018	\$116,610	\$0
2019	\$116,610	\$0
Thereafter	\$10,035	\$0

Actuarial assumptions. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 - 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

Note 5 - Other Information - Continued

B. WRS Pension Plan - Continued

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

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7	23%
Fixed Income	1.7	36%
Inflation Sensitive Assets	2.3	20%
Real Estate	4.2	7%
Private Equity/Debt	6.9	7%
Multi-Asset	3.9	6%
Cash	0.9%	-20%

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
Proportionate share of the net pension liability (asset)	\$2,639,907	\$(935,748)	\$(3,759,656)

Note 5 - Other Information - Continued

B. WRS Pension Plan - Continued

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://legis.wisconsin.gov/lab/> and reference report number 15-11.

Payable to the WRS. At December 31, 2015 the city reported a payable of \$59,227 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2015.

D. Tax Incremental Financing Districts

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

During November 2014, the city adopted a resolution amending Tax Incremental District No. 3 to allow for the sharing of revenues with Tax Incremental E.R. District No. 1 for a five year period as provided for in section 66.1105(6) of the Wisconsin statutes. Positive tax increments in excess of District No. 3’s (the donor) project costs are to be allocated to E. R. District No. 1 (the recipient) beginning in 2016.

Summary information on TIF district no. 3 follows:

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

Note 5 - Other Information - Continued

D. Tax Incremental Financing Districts - Continued

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

	<u>Year Ended</u>	<u>From Date of Creation</u>
Accumulated project expenditures (including interest costs)	\$ 400,807	\$ 60,884,460
<u>Project Revenues</u>		
Tax increments received	4,150,561	48,127,054
Intergovernmental revenues	18,451	730,290
Special assessments/property sales	---	231,751
Rental income	---	2,794
Investment income	12,669	2,300,553
City contribution for Wehmhoff Park	---	60,000
Increment allocations from TIF district no. 4	---	2,009,000
Premium on bonds issued	69,151	69,151
All other	---	3,000
Total project revenues	<u>4,250,832</u>	<u>53,533,593</u>
Net Costs Recoverable (Recovered)	<u>\$ (3,850,025)</u>	<u>\$ 7,350,867</u>

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

The city created an environmental remediation tax incremental financing district in 2009 pursuant to the Wisconsin Statutes. The following summarizes the transactions to date of the environmental remediation tax incremental financing district.

	<u>Year Ended</u>	<u>From Date of Creation</u>
Accumulated project expenditures (including interest costs)	\$ 51,556	\$ 5,253,452
<u>Project Revenues</u>		
Tax increments received	33,683	192,495
Intergovernmental revenues	149	332,214
Interest earned on note receivable	75,749	404,390
Loan repayments	<u>32,755</u>	<u>127,131</u>
Total project revenues	<u>142,336</u>	<u>1,056,230</u>
Net Costs Recoverable (Recovered)	<u>\$ (90,780)</u>	<u>\$ 4,197,222</u>

Note 5 - Other Information - Continued

D. Tax Incremental Financing Districts - Continued

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

Summary information on TIF district no. 5 follows:

<u>Creation Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Final Dissolution Date</u>
December 2, 2014	October 1, 2016	October 1, 2022

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

	<u>Year Ended</u>	<u>From Date of Creation</u>
Accumulated project expenditures (including interest costs)	<u>\$ 4,571,223</u>	<u>\$ 4,766,028</u>
<u>Project Revenues</u>		
Developer reimbursements	113,622	113,622
Investment income	<u>2,463</u>	<u>2,463</u>
Total project revenues	<u>116,085</u>	<u>116,085</u>
Net Costs Recoverable	<u>\$ 4,455,138</u>	<u>\$ 4,649,943</u>

E. Litigation and Contingencies

The city filed a lawsuit against its garbage and recycling collection provider on October 27, 2015 for overpayments made to the provider during the period 2010 through 2014. The overpayments are estimated to total approximately \$240,000 and the city believes the outcome of the litigation will be favorable.

F. Restatement of Fund Balance/Net Position

The January 1, 2015 funds and net position balances were restated for certain adjustments made. The adjustments made corrects prior year balances carried forward into 2015 consisting of a decrease in the January 1, 2015 fund balance and net position of the general fund/governmental activities of \$36,462 and an increase in the net position of the sewer utility fund/business-type activities of \$122,780.

G. Cumulative Effect of a Change in Accounting Principle

The city adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, which revised and established new financial reporting requirements for governments that provide their employees with pension benefits. The new standards recognize pension costs as employment services are provided, rather than when the pensions are funded. Financial statements for the year ended December 31, 2014 have not been restated. The cumulative effect of this change was to increase the December 31, 2015 net position of the governmental-type activities by \$1,579,490 and business-type activities by \$299,960.

H. Subsequent Events

Management has evaluated the need for disclosure or recording of transactions resulting from subsequent events through June 28, 2016, the date the financial statements were available to be issued; and concluded there were no matters to be disclosed.

I. Housing Authority Component Unit

The Housing Authority of the City of Burlington is a component unit of the city. The fiscal year end of the housing authority is August 31, 2015. The following is a summary of significant disclosures of the housing authority.

1. 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.

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

2. Cash and investments

The housing authority's cash and investments consist of deposits at local banks. At August 31, 2015, the housing authority's deposits totaled \$328,699. The carrying value of those deposits on the housing authority's financial statements was \$323,059. All of the housing authority's deposits at August 31, 2015 were covered by FDIC insurance.

3. 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, 2015 consisted of the following:

Reserve account	\$ 240,712
Security deposits	<u>33,668</u>
Totals	<u>\$ 274,380</u>

Note 5 - Other Information - Continued

I. Housing Authority - Continued

4. Long-term debt

Long-term debt of the housing authority at August 31, 2015 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 after which time monthly principal and net interest payments of \$896 will be due from July 1, 2034 to June 30, 2084. \$ 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%. The loan has been deferred for 20 years after which time monthly principal and net interest payments of \$707 will be due from July 1, 2034 to June 30, 2084. 333,867

2014 USDA Rural Development loan. This loan was authorized on July 10, 2014 for \$1,475,978 with principal payments to commence in September 2015. Interest is not charged on the loan. Monthly principal payments for the loan will be \$2,464 based on a 50 year amortization. 1,475,978

Total notes payable 2,232,168
Less: current maturities (29,568)

Total long-term debt \$ 2,202,600

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>	<u>Total</u>
2016 - 2020	\$ 147,840	\$ - - -	\$ 147,840
2021 - 2025	147,840	- - -	147,840
2026 - 2030	147,840	- - -	147,840
2031 - 2035	161,537	8,748	170,285
2035 - 2040	208,383	35,649	244,032
2041 - 2050	426,235	61,830	488,065
2051 - 2060	439,959	48,106	488,065
2061 - 2070	304,865	32,938	337,803
2071 - 2080	176,209	16,176	192,385
2080 - 2084	<u>71,460</u>	<u>1,392</u>	<u>72,852</u>
Total notes payable - August 31, 2015	<u>\$ 2,232,168</u>	<u>\$ 204,839</u>	<u>\$ 2,437,007</u>

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Required Supplementary Information

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Wisconsin Retirement System

	2014
Proportion of the net pension asset	0.03809625%
Proportionate share of the net pension asset	\$935,748
Covered-employee payroll	\$4,351,295
Plan fiduciary net position as a percentage of the total pension asset	102.74%

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

SCHEDULE OF CONTRIBUTIONS
Wisconsin Retirement System

	2014
Contractually required contributions	\$369,564
Contributions in relation to the contractually required contributions	\$369,564
Contribution deficiency (excess)	\$0
Covered-employee payroll	\$4,351,295
Contributions as a percentage of covered-employee payroll	8.49%

**Notes to Required Supplementary Information
for the Year Ended December 31, 2015**

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

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

SUPPLEMENTARY INFORMATION

A two-page combining balance
sheet follows.

CITY OF BURLINGTON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Special Revenue Funds						
	Library Operations	Community Development Block Grant	TIF No. 3 Revolving Loan	Park Develop- ment	Library Trust	Police Donations	Wehmhoff
<u>Assets</u>							
Cash and investments	\$ 65,968	\$ 34,189	\$ -	\$ 27,629	\$ 125,241	\$ 11,550	\$ 50,497
Taxes receivable	405,500	-	-	-	-	-	-
Account receivable	-	19,840	-	-	-	-	-
Notes receivable	-	686,825	658,229	-	-	-	-
Total Assets	<u>471,468</u>	<u>740,854</u>	<u>658,229</u>	<u>27,629</u>	<u>125,241</u>	<u>11,550</u>	<u>50,497</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>							
<u>Liabilities:</u>							
Accounts payable	9,433	-	-	1,263	-	-	-
Due to other funds	-	-	91,827	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-
Total liabilities	<u>9,433</u>	<u>-</u>	<u>91,827</u>	<u>1,263</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Deferred Inflows of Resources:</u>							
Deferred revenue	<u>405,500</u>	<u>686,825</u>	<u>658,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>							
Permanent				-	-	-	50,000
Assigned	56,535	54,029	(91,827)	26,366	125,241	11,550	497
Total Fund Balances	<u>56,535</u>	<u>54,029</u>	<u>(91,827)</u>	<u>26,366</u>	<u>125,241</u>	<u>11,550</u>	<u>50,497</u>
Total Liabilities and Fund Balances	<u>\$ 471,468</u>	<u>\$ 740,854</u>	<u>\$ 658,229</u>	<u>\$ 27,629</u>	<u>\$ 125,241</u>	<u>\$ 11,550</u>	<u>\$ 50,497</u>

Capital Projects Funds

General Debt Service Fund	Energy Improvement	Revolving Capital Projects	Infrastructure	Storm Water Management	Economic Development	Facade Grants	Total Nonmajor Funds
\$ -	\$ -	\$ 1,539,542	\$ -	\$ 2,088	\$ -	\$ -	\$ 1,856,704
406,157	-	-	-	-	-	-	811,657
-	-	-	-	-	-	-	19,840
-	-	-	-	-	-	-	1,345,054
<u>406,157</u>	<u>-</u>	<u>1,539,542</u>	<u>-</u>	<u>2,088</u>	<u>-</u>	<u>-</u>	<u>4,033,255</u>
-	-	57,637	-	12,791	-	-	81,124
-	-	-	-	-	-	8,955	100,782
-	-	-	1,062,607	-	-	-	1,062,607
<u>-</u>	<u>-</u>	<u>57,637</u>	<u>1,062,607</u>	<u>12,791</u>	<u>-</u>	<u>8,955</u>	<u>1,244,513</u>
<u>406,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,156,711</u>
-	-	-	-	-	-	-	50,000
-	-	1,481,905	(1,062,607)	(10,703)	-	(8,955)	582,031
<u>-</u>	<u>-</u>	<u>1,481,905</u>	<u>(1,062,607)</u>	<u>(10,703)</u>	<u>-</u>	<u>(8,955)</u>	<u>632,031</u>
<u>\$ 406,157</u>	<u>\$ -</u>	<u>\$ 1,539,542</u>	<u>\$ -</u>	<u>\$ 2,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,033,255</u>

A two-page combining statement of revenues, expenditures and changes in fund balances follows.

CITY BURLINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	Special Revenue Funds						
	Library Operations	Community Development Block Grant	TIF No. 3 Revolving Loan	Park Develop- ment	Library Trust	Police Donations	Wehmhoff
Revenues							
Taxes	\$ 405,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	256,504	-	-	-	-	-	-
Charges for services	22,815	-	-	9,050	-	-	-
Investment income	304	10,707	148	8	336	5	-
Repayment of note receivable principal	-	54,067	2,392	-	-	-	-
All other	2,967	-	-	68	19,266	5,030	-
Total Revenues	688,090	64,774	2,540	9,126	19,602	5,035	-
Expenditures							
Public safety	-	-	-	-	-	4,987	-
Public works	-	-	-	-	-	-	-
Culture, recreation & education	693,624	-	-	8,824	12,689	-	3,305
Conservation and development	-	30,992	150,000	-	-	-	-
Capital outlay	-	-	-	21,010	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total Expenditures	693,624	30,992	150,000	29,834	12,689	4,987	3,305
Excess (deficiency) of revenues over (under) expenditures	(5,534)	33,782	(147,460)	(20,708)	6,913	48	(3,305)
Other Financing Sources (Uses)							
Transfers in	-	-	-	25,000	-	-	-
Transfers out	-	-	(29,511)	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(29,511)	25,000	-	-	-
Net change in fund balances	(5,534)	33,782	(176,971)	4,292	6,913	48	(3,305)
Fund balances - beginning	62,069	20,247	85,144	22,074	118,328	11,502	53,802
Fund balances - ending	\$ 56,535	\$ 54,029	\$ (91,827)	\$ 26,366	\$ 125,241	\$ 11,550	\$ 50,497

Capital Projects Funds

General Debt Service Fund	Energy Improvement	Revolving Capital Projects	Infrastructure	Storm Water Management	Economic Development	Facade Grants	Total Nonmajor Funds
\$ 200,000	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 855,500
-	-	-	-	-	205,000	-	461,504
-	-	-	-	-	-	-	31,865
327	-	-	-	4	-	7	11,846
-	-	-	-	-	-	-	56,459
53,567	-	-	-	-	-	-	80,898
<u>253,894</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>4</u>	<u>205,000</u>	<u>7</u>	<u>1,498,072</u>
-	-	-	-	-	-	-	4,987
-	-	-	27,605	-	-	-	27,605
-	-	-	-	-	-	-	718,442
-	-	-	-	12,790	205,000	10,888	409,670
-	139,126	299,983	-	11,209	-	-	471,328
315,778	-	-	-	-	-	-	315,778
217,809	-	-	-	-	-	-	217,809
<u>533,587</u>	<u>139,126</u>	<u>299,983</u>	<u>27,605</u>	<u>23,999</u>	<u>205,000</u>	<u>10,888</u>	<u>2,165,619</u>
<u>(279,693)</u>	<u>(139,126)</u>	<u>(49,983)</u>	<u>(27,605)</u>	<u>(23,995)</u>	<u>-</u>	<u>(10,881)</u>	<u>(667,547)</u>
231,472	31,345	-	-	-	-	20,000	307,817
(31,345)	-	-	-	-	-	-	(60,856)
-	-	6,591	-	-	-	-	6,591
<u>200,127</u>	<u>31,345</u>	<u>6,591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>253,552</u>
(79,566)	(107,781)	(43,392)	(27,605)	(23,995)	-	9,119	(413,995)
<u>79,566</u>	<u>107,781</u>	<u>1,525,297</u>	<u>(1,035,002)</u>	<u>13,292</u>	<u>-</u>	<u>(18,074)</u>	<u>1,046,026</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,481,905</u>	<u>\$ (1,062,607)</u>	<u>\$ (10,703)</u>	<u>\$ -</u>	<u>\$ (8,955)</u>	<u>\$ 632,031</u>

CITY OF BURLINGTON
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
<u>Taxes</u>			
General property taxes	\$ 4,890,498	\$ 4,887,519	\$ (2,979)
Payments in lieu of taxes	32,000	38,161	6,161
Room tax	102,000	98,342	(3,658)
Interest on personal property taxes	150	184	34
Total Taxes	<u>5,024,648</u>	<u>5,024,206</u>	<u>(442)</u>
<u>Intergovernmental</u>			
Shared taxes from state	653,658	663,764	10,106
Exempt computer aid	17,534	38,018	20,484
Fire insurance from state	36,000	33,238	(2,762)
Municipal services	1,812	1,907	95
General transportation aid	546,929	587,837	40,908
Connecting streets	2,807	2,811	4
LRIP and other transportation aid	-	13	13
Recycling grants	30,311	30,271	(40)
Clean sweep grant	15,000	12,965	(2,035)
State aid for police training	-	3,200	3,200
Safety aid	2,500	3,633	1,133
Forestry grant	-	25,000	25,000
DNR aid in lieu of tax	681	679	(2)
Other intergovernmental revenue	-	3,947	3,947
Total Intergovernmental	<u>1,307,232</u>	<u>1,407,283</u>	<u>100,051</u>
<u>Licenses and Permits</u>			
Business and occupational licenses	33,390	35,519	2,129
Weights and measures	7,400	7,420	20
Wisconsin cable TV licenses	135,000	133,293	(1,707)
Parking permits	700	-	(700)
Cell tower permit	50,000	53,252	3,252
Building and electrical permits	224,400	217,438	(6,962)
Right of way and zoning permits	7,000	8,717	1,717
Total Licenses and Permits	<u>457,890</u>	<u>455,639</u>	<u>(2,251)</u>
<u>Fines and Forfeitures</u>			
Court penalty costs	135,000	129,051	(5,949)
Parking violations	60,000	52,132	(7,868)
Total Fines and Forfeitures	<u>\$ 195,000</u>	<u>\$ 181,183</u>	<u>\$ (13,817)</u>

CITY OF BURLINGTON
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
<u>Charges for Services</u>			
Clerk's revenue	\$ 6,000	\$ 6,121	\$ 121
Police department	5,000	4,675	(325)
Fire department	12,500	20,400	7,900
Street department	12,500	18,816	6,316
Zoning and developer fees	40,000	37,288	(2,712)
Parks fees	17,000	9,784	(7,216)
Total Charges for Services	<u>93,000</u>	<u>97,084</u>	<u>4,084</u>
<u>Special Assessments</u>			
Sidewalks and all other	<u>15,000</u>	<u>33,772</u>	<u>18,772</u>
<u>Interest</u>			
Investment earnings	10,000	35,394	25,394
Interest on special assessments	<u>250</u>	<u>777</u>	<u>527</u>
Total interest	<u>10,250</u>	<u>36,171</u>	<u>25,921</u>
<u>Other</u>			
Lease of city property	15,000	11,650	(3,350)
Insurance recoveries	5,000	13,681	8,681
All other	<u>2,600</u>	<u>508</u>	<u>(2,092)</u>
Total Other	<u>22,600</u>	<u>25,839</u>	<u>3,239</u>
Total Revenues	<u><u>\$ 7,125,620</u></u>	<u><u>\$ 7,261,177</u></u>	<u><u>\$ 135,557</u></u>

CITY OF BURLINGTON
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
<u>General Government</u>			
Mayor and city council	\$ 55,200	\$ 49,630	\$ 5,570
Municipal court	54,582	53,245	1,337
Administration	380,947	358,340	22,607
Finance - treasurer	189,460	193,171	(3,711)
City clerk	50,429	48,429	2,000
Elections	11,220	6,092	5,128
Assessor and board of review	49,500	52,660	(3,160)
City attorney	98,000	98,823	(823)
Total General Government	<u>889,338</u>	<u>860,390</u>	<u>28,948</u>
<u>Public Safety</u>			
Police department	2,780,744	2,715,457	65,287
Fire department	721,044	697,789	23,255
Building inspector	114,210	100,953	13,257
Total Public Safety	<u>3,615,998</u>	<u>3,514,199</u>	<u>101,799</u>
<u>Public Works</u>			
Street administration and maintenance	1,087,322	1,027,895	59,427
Street lighting	260,000	266,537	(6,537)
Sidewalks, curb and gutters	33,000	31,358	1,642
Storm sewers	7,500	4,836	2,664
Parking structure	4,500	17,547	(13,047)
Garbage collection	363,272	337,915	25,357
Recycling	94,740	95,391	(651)
Landfill	24,238	38,387	(14,149)
Clean sweep	8,000	25,698	(17,698)
Total Public Works	<u>1,882,572</u>	<u>1,845,564</u>	<u>37,008</u>
<u>Health and Human Services</u>			
Health officer	76,367	73,367	3,000
Cemetery	-	343	(343)
Animal shelter	6,800	8,739	(1,939)
Total Health and Human Services	<u>\$ 83,167</u>	<u>\$ 82,449</u>	<u>\$ 718</u>

CITY OF BURLINGTON
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original and Final Budget	Actual	Variance Positive (Negative)
<u>Culture, Recreation and Education</u>			
Historical society	\$ 1,000	\$ 1,000	\$ -
Senior citizens	2,600	2,508	92
Celebrations and festivals	-	12,877	(12,877)
Swimming pool	-	6,146	(6,146)
Parks and forestry	579,467	567,759	11,708
Total Culture, Recreation and Education	583,067	590,290	(7,223)
<u>Conservation and Development</u>			
Economic development	78,000	108,843	(30,843)
Plan commission	65,500	79,235	(13,735)
Town annexation revenue sharing	65,922	33,036	32,886
Total Conservation and Development	209,422	221,114	(11,692)
Total Expenditures	<u>\$ 7,263,564</u>	<u>\$ 7,114,006</u>	<u>\$ 149,558</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2015

The following is a summary of the bonds and notes payable of the city as of December 31, 2015.

<u>General Obligation Debt</u>	<u>Original Principal</u>	<u>Outstanding Principal 12/31/2015</u>
2007 refunding bonds	\$ 1,500,000	\$ 1,500,000
2010 refunding bonds	4,290,000	680,000
2011 refunding bonds	9,120,000	4,835,000
2012 street bonds	3,155,000	3,105,000
2012 refunding bonds	1,460,000	855,000
2014A refunding bonds	6,200,000	5,735,000
2015A refunding bonds	4,215,000	4,215,000
2015B promissory notes	4,500,000	4,500,000
2015 Fox River Bank loan	300,000	300,000
		<u>\$ 25,725,000</u>

2007 General Obligation Refunding Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 1, 2016	-	31,988	31,988
October 1, 2016	-	31,988	31,988
April 1, 2017	100,000	31,988	131,988
October 1, 2017	-	29,800	29,800
April 1, 2018	110,000	29,800	139,800
October 1, 2018	-	27,545	27,545
April 1, 2019	120,000	27,545	147,545
October 1, 2019	-	25,055	25,055
April 1, 2020	130,000	25,055	155,055
October 1, 2020	-	22,325	22,325
April 1, 2021	140,000	22,325	162,325
October 1, 2021	-	19,350	19,350
April 1, 2022	150,000	19,350	169,350
October 1, 2022	-	16,162	16,162
April 1, 2023	150,000	16,162	166,162
October 1, 2023	-	12,975	12,975
April 1, 2024	150,000	12,975	162,975
October 1, 2024	-	9,750	9,750
April 1, 2025	150,000	9,750	159,750
October 1, 2025	-	6,525	6,525
April 1, 2026	150,000	6,525	156,525
October 1, 2026	-	3,262	3,262
April 1, 2027	150,000	3,262	153,262
	<u>\$ 1,500,000</u>	<u>\$ 441,462</u>	<u>\$ 1,941,462</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2015

2010 Refunding Bonds

The proceeds from this issue were used to advance refund previously issued debt used for TIF No. 3, TIF No. 4 and general capital projects. Interest is charged at rates of 2.0% to 2.375%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 1, 2016	680,000	8,075	688,075
	<u>\$ 680,000</u>	<u>\$ 8,075</u>	<u>\$ 688,075</u>

2011 General Obligation Refunding Bonds

The proceeds from this issue were used to refund 2001 bonds issued for TIF No. 3 purposes and 2004 bonds issued for sewer purposes. The bonds are attributed 80.8% to TIF No. 3 and 19.2% to the sewer utility. Interest is charged at rates of 2.0% to 3.0%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 1, 2016	875,000	62,953	937,953
October 1, 2016	-	53,657	53,657
April 1, 2017	905,000	53,657	958,657
October 1, 2017	-	43,475	43,475
April 1, 2018	940,000	43,475	983,475
October 1, 2018	-	31,725	31,725
April 1, 2019	970,000	31,725	1,001,725
October 1, 2019	-	17,175	17,175
April 1, 2020	1,145,000	17,175	1,162,175
	<u>\$ 4,835,000</u>	<u>\$ 355,017</u>	<u>\$ 5,190,017</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2015

2012 General Obligation Street Bonds

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 1, 2016	50,000	37,917	87,917
October 1, 2016	-	37,417	37,417
April 1, 2017	50,000	37,417	87,417
October 1, 2017	-	36,917	36,917
April 1, 2018	50,000	36,917	86,917
October 1, 2018	-	36,418	36,418
April 1, 2019	165,000	36,418	201,418
October 1, 2019	-	34,768	34,768
April 1, 2020	170,000	34,768	204,768
October 1, 2020	-	33,067	33,067
April 1, 2021	120,000	33,067	153,067
October 1, 2021	-	31,718	31,718
April 1, 2022	125,000	31,718	156,718
October 1, 2022	-	30,311	30,311
April 1, 2023	165,000	30,311	195,311
October 1, 2023	-	28,455	28,455
April 1, 2024	200,000	28,455	228,455
October 1, 2024	-	26,205	26,205
April 1, 2025	190,000	26,205	216,205
October 1, 2025	-	24,068	24,068
April 1, 2026	195,000	24,068	219,068
October 1, 2026	-	21,776	21,776
April 1, 2027	200,000	21,776	221,776
October 1, 2027	-	19,326	19,326
April 1, 2028	205,000	19,326	224,326
October 1, 2028	-	16,713	16,713
April 1, 2029	215,000	16,713	231,713
October 1, 2029	-	13,864	13,864
April 1, 2030	220,000	13,864	233,864
October 1, 2030	-	10,894	10,894
April 1, 2031	385,000	10,894	395,894
October 1, 2031	-	5,600	5,600
April 1, 2032	400,000	5,600	405,600
	<u>\$ 3,105,000</u>	<u>\$ 852,951</u>	<u>\$ 3,957,951</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2015

2012 General Obligation Refunding Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 1, 2016	145,000	7,069	152,069
October 1, 2016	-	6,307	6,307
April 1, 2017	145,000	6,307	151,307
October 1, 2017	-	5,401	5,401
April 1, 2018	150,000	5,401	155,401
October 1, 2018	-	4,276	4,276
April 1, 2019	145,000	4,276	149,276
October 1, 2019	-	2,972	2,972
April 1, 2020	155,000	2,972	157,972
October 1, 2020	-	1,383	1,383
April 1, 2021	55,000	1,383	56,383
October 1, 2021	-	750	750
April 1, 2022	60,000	750	60,750
	<u>\$ 855,000</u>	<u>\$ 49,247</u>	<u>\$ 904,247</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2015

2014 General Obligation Refunding Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 1, 2016	480,000	59,538	539,538
November 1, 2016	-	58,338	58,338
May 1, 2017	485,000	58,338	543,338
November 1, 2017	-	56,640	56,640
May 1, 2018	245,000	56,640	301,640
November 1, 2018	-	55,415	55,415
May 1, 2019	245,000	55,415	300,415
November 1, 2019	-	53,884	53,884
May 1, 2020	255,000	53,884	308,884
November 1, 2020	-	51,971	51,971
May 1, 2021	340,000	51,971	391,971
November 1, 2021	-	49,081	49,081
May 1, 2022	360,000	49,081	409,081
November 1, 2022	-	45,661	45,661
May 1, 2023	370,000	45,661	415,661
November 1, 2023	-	41,776	41,776
May 1, 2024	380,000	41,776	421,776
November 1, 2024	-	37,406	37,406
May 1, 2025	390,000	37,406	427,406
November 1, 2025	-	32,531	32,531
May 1, 2026	410,000	32,531	442,531
November 1, 2026	-	26,996	26,996
May 1, 2027	425,000	26,996	451,996
November 1, 2027	-	20,940	20,940
May 1, 2028	435,000	20,940	455,940
November 1, 2028	-	14,415	14,415
May 1, 2029	450,000	14,415	464,415
November 1, 2029	-	7,440	7,440
May 1, 2030	465,000	7,440	472,440
	<u>\$ 5,735,000</u>	<u>\$ 1,164,526</u>	<u>\$ 6,899,526</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2015

2015A General Obligation Refunding Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 1, 2016	1,400,000	49,150	1,449,150
November 1, 2016	-	28,150	28,150
May 1, 2017	1,405,000	28,150	1,433,150
November 1, 2017	-	14,100	14,100
May 1, 2018	1,410,000	14,100	1,424,100
	<u>\$ 4,215,000</u>	<u>\$ 133,650</u>	<u>\$ 4,348,650</u>

2015B General Obligation Promissory Notes

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 1, 2016	-	34,914	34,914
November 1, 2016	-	34,914	34,914
May 1, 2017	700,000	34,914	734,914
November 1, 2017	-	32,463	32,463
May 1, 2018	715,000	32,464	747,464
November 1, 2018	-	28,531	28,531
May 1, 2019	735,000	28,531	763,531
November 1, 2019	-	23,386	23,386
May 1, 2020	755,000	23,386	778,386
November 1, 2020	-	16,968	16,968
May 1, 2021	780,000	16,969	796,969
November 1, 2021	-	9,169	9,169
May 1, 2022	815,000	9,169	824,169
	<u>\$ 4,500,000</u>	<u>\$ 325,778</u>	<u>\$ 4,825,778</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2015

2015 Fox River Bank Loan

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 1, 2016	-	1,988	1,988
November 1, 2016	-	3,431	3,431
May 1, 2017	-	3,413	3,413
November 1, 2017	-	3,431	3,431
May 1, 2018	60,000	3,413	63,413
November 1, 2018	-	3,050	3,050
May 1, 2019	60,000	3,033	63,033
November 1, 2019	-	2,516	2,516
May 1, 2020	60,000	2,516	62,516
November 1, 2020	-	1,830	1,830
May 1, 2021	60,000	1,820	61,820
November 1, 2021	-	991	991
May 1, 2022	60,000	986	60,986
	<u>\$ 300,000</u>	<u>\$ 32,418</u>	<u>\$ 332,418</u>

Other Long-Term Obligations

	<u>Original Principal</u>	<u>Outstanding Principal 12/31/2015</u>
2013 vactor lease/purchase - U.S. Bancorp	342,149	209,640
2013 energy conservation program lease purchase - U.S. Bancorp	1,147,507	1,084,692
2014 DPW chipper lease purchase	147,220	88,294
		<u>\$ 1,382,626</u>

2013 Vactor Lease Purchase

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 5, 2016	68,399	4,507	72,906
December 5, 2017	69,869	3,037	72,906
December 5, 2018	71,372	1,535	72,907
	<u>\$ 209,640</u>	<u>\$ 9,079</u>	<u>\$ 218,719</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2015

2013 Energy Conservation Program Lease/Purchase

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
February 15, 2016	\$ 15,997	\$ 7,332	\$ 23,329
May 15, 2016	16,105	7,224	23,329
August 15, 2016	16,214	7,115	23,329
November 15, 2016	16,324	7,005	23,329
February 15, 2017	16,434	6,895	23,329
May 15, 2017	16,545	6,784	23,329
August 15, 2017	16,657	6,672	23,329
November 15, 2017	16,769	6,560	23,329
February 15, 2018	16,883	6,446	23,329
May 15, 2018	16,997	6,332	23,329
August 15, 2018	17,112	6,217	23,329
November 15, 2018	17,228	6,101	23,329
February 15, 2019	17,344	5,985	23,329
May 15, 2019	17,461	5,868	23,329
August 15, 2019	17,579	5,750	23,329
November 15, 2019	17,698	5,631	23,329
February 15, 2020	17,818	5,511	23,329
May 15, 2020	17,938	5,391	23,329
August 15, 2020	18,059	5,270	23,329
November 15, 2020	18,182	5,147	23,329
February 15, 2021	18,305	5,024	23,329
May 15, 2021	18,428	4,901	23,329
August 15, 2021	18,553	4,776	23,329
November 15, 2021	18,678	4,651	23,329
February 15, 2022	18,804	4,525	23,329
May 15, 2022	18,932	4,397	23,329
August 15, 2022	19,060	4,269	23,329
November 15, 2022	19,188	4,141	23,329
February 15, 2023	19,318	4,011	23,329
May 15, 2023	19,449	3,880	23,329
August 15, 2023	19,580	3,749	23,329
November 15, 2023	19,713	3,616	23,329
February 15, 2024	19,846	3,483	23,329
Balance carried forward	<u>\$ 589,198</u>	<u>\$ 180,659</u>	<u>\$ 769,857</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2015

2013 Energy Conservation Program Lease/Purchase - Continued

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Balance brought forward	\$ 589,198	\$ 180,659	\$ 769,857
May 15, 2024	19,980	3,349	23,329
August 15, 2024	20,115	3,214	23,329
November 15, 2024	20,251	3,078	23,329
February 15, 2025	20,388	2,941	23,329
May 15, 2025	20,526	2,803	23,329
August 15, 2025	20,665	2,664	23,329
November 15, 2025	20,804	2,525	23,329
February 15, 2026	20,945	2,384	23,329
May 15, 2026	21,086	2,243	23,329
August 15, 2026	21,229	2,100	23,329
November 15, 2026	21,373	1,956	23,329
February 15, 2027	21,517	1,812	23,329
May 15, 2027	21,663	1,666	23,329
August 15, 2027	21,809	1,520	23,329
November 15, 2027	21,956	1,373	23,329
February 15, 2028	22,105	1,224	23,329
May 15, 2028	22,254	1,075	23,329
August 15, 2028	22,405	924	23,329
November 15, 2028	22,556	773	23,329
February 15, 2029	22,709	620	23,329
May 15, 2029	22,862	467	23,329
August 15, 2029	23,017	312	23,329
November 15, 2029	23,279	156	23,435
	<u>\$ 1,084,692</u>	<u>\$ 221,838</u>	<u>\$ 1,306,530</u>

2014 DPW Chipper Lease Purchase

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
October 1, 2016	28,685	2,279	30,964
October 1, 2017	29,425	1,538	30,963
October 1, 2018	30,184	779	30,963
	<u>\$ 88,294</u>	<u>\$ 4,596</u>	<u>\$ 92,890</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Utility Revenue Debt</u>	<u>Original Principal</u>	<u>Outstanding Principal 12/31/2015</u>
2008 sewer revenue bonds - Clean Water Fund (No. 5096-02)	\$ 4,465,837	\$ 3,180,269
2008 sewer revenue bonds - Clean Water Fund (No. 5096-04)	926,948	632,226
2011 water revenue refunding bonds	2,050,000	1,420,000
2012 water revenue bonds - Clean Water Fund (No. 5475-01)	2,044,276	1,724,664
2012 sewer revenue bonds - Clean Water Fund (No. 5096-09)	7,439,911	6,825,269
		<u>\$ 13,782,428</u>

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 1, 2016	\$ 209,156	\$ 40,851	\$ 250,007
November 1, 2016	-	38,164	38,164
May 1, 2017	214,529	38,164	252,693
November 1, 2017	-	35,408	35,408
May 1, 2018	220,040	35,408	255,448
November 1, 2018	-	32,582	32,582
May 1, 2019	225,693	32,582	258,275
November 1, 2019	-	29,683	29,683
May 1, 2020	231,491	29,683	261,174
November 1, 2020	-	26,709	26,709
May 1, 2021	237,438	26,709	264,147
November 1, 2021	-	23,660	23,660
May 1, 2022	243,538	23,660	267,198
November 1, 2022	-	20,531	20,531
May 1, 2023	249,794	20,531	270,325
November 1, 2023	-	17,323	17,323
May 1, 2024	256,211	17,323	273,534
November 1, 2024	-	14,032	14,032
May 1, 2025	262,794	14,032	276,826
November 1, 2025	-	10,656	10,656
May 1, 2026	269,545	10,656	280,201
November 1, 2026	-	7,193	7,193
May 1, 2027	276,469	7,193	283,662
November 1, 2027	-	3,642	3,642
May 1, 2028	283,571	3,642	287,213
	<u>\$ 3,180,269</u>	<u>\$ 560,017</u>	<u>\$ 3,740,286</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2015

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 1, 2016	\$ 46,179	\$ 7,476	\$ 53,655
November 1, 2016	-	6,930	6,930
May 1, 2017	47,271	6,930	54,201
November 1, 2017	-	6,371	6,371
May 1, 2018	48,389	6,371	54,760
November 1, 2018	-	5,799	5,799
May 1, 2019	49,534	5,799	55,333
November 1, 2019	-	5,213	5,213
May 1, 2020	50,705	5,213	55,918
November 1, 2020	-	4,614	4,614
May 1, 2021	51,904	4,614	56,518
November 1, 2021	-	4,000	4,000
May 1, 2022	53,132	4,000	57,132
November 1, 2022	-	3,371	3,371
May 1, 2023	54,388	3,371	57,759
November 1, 2023	-	2,728	2,728
May 1, 2024	55,675	2,728	58,403
November 1, 2024	-	2,070	2,070
May 1, 2025	56,991	2,070	59,061
November 1, 2025	-	1,396	1,396
May 1, 2026	58,339	1,396	59,735
November 1, 2026	-	706	706
May 1, 2027	59,719	706	60,425
	<u>\$ 632,226</u>	<u>\$ 93,872</u>	<u>\$ 726,098</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2015

2011 Water Revenue Refunding Bonds

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 1, 2016	\$ 185,000	\$ 22,449	\$ 207,449
November 1, 2016	-	19,674	19,674
May 1, 2017	190,000	19,674	209,674
November 1, 2017	-	16,823	16,823
May 1, 2018	195,000	16,823	211,823
November 1, 2018	-	13,898	13,898
May 1, 2019	200,000	13,898	213,898
November 1, 2019	-	10,899	10,899
May 1, 2020	210,000	10,899	220,899
November 1, 2020	-	7,539	7,539
May 1, 2021	215,000	7,539	222,539
November 1, 2021	-	3,938	3,938
May 1, 2022	225,000	3,938	228,938
	<u>\$ 1,420,000</u>	<u>\$ 167,991</u>	<u>\$ 1,587,991</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2015

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 1, 2016	\$ 91,100	\$ 18,971	\$ 110,071
November 1, 2016	-	17,969	17,969
May 1, 2017	93,105	17,969	111,074
November 1, 2017	-	16,945	16,945
May 1, 2018	95,153	16,945	112,098
November 1, 2018	-	15,898	15,898
May 1, 2019	97,246	15,898	113,144
November 1, 2019	-	14,829	14,829
May 1, 2020	99,386	14,829	114,215
November 1, 2020	-	13,735	13,735
May 1, 2021	101,572	13,735	115,307
November 1, 2021	-	12,618	12,618
May 1, 2022	103,807	12,618	116,425
November 1, 2022	-	11,476	11,476
May 1, 2023	106,090	11,476	117,566
November 1, 2023	-	10,309	10,309
May 1, 2024	108,424	10,309	118,733
November 1, 2024	-	9,117	9,117
May 1, 2025	110,810	9,117	119,927
November 1, 2025	-	7,898	7,898
May 1, 2026	113,248	7,898	121,146
November 1, 2026	-	6,652	6,652
May 1, 2027	115,739	6,652	122,391
November 1, 2027	-	5,379	5,379
May 1, 2028	118,285	5,379	123,664
November 1, 2028	-	4,078	4,078
May 1, 2029	120,888	4,078	124,966
November 1, 2029	-	2,748	2,748
May 1, 2030	123,547	2,748	126,295
November 1, 2030	-	1,389	1,389
May 1, 2031	126,264	1,389	127,653
	<u>\$ 1,724,664</u>	<u>\$ 321,051</u>	<u>\$ 2,045,715</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2015

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 1, 2016	\$ 323,707	\$ 89,582	\$ 413,289
November 1, 2016	-	85,333	85,333
May 1, 2017	332,204	85,333	417,537
November 1, 2017	-	80,973	80,973
May 1, 2018	340,925	80,973	421,898
November 1, 2018	-	76,498	76,498
May 1, 2019	349,874	76,498	426,372
November 1, 2019	-	71,906	71,906
May 1, 2020	359,058	71,906	430,964
November 1, 2020	-	67,193	67,193
May 1, 2021	368,483	67,193	435,676
November 1, 2021	-	62,357	62,357
May 1, 2022	378,156	62,357	440,513
November 1, 2022	-	57,394	57,394
May 1, 2023	388,083	57,394	445,477
November 1, 2023	-	52,300	52,300
May 1, 2024	398,270	52,300	450,570
November 1, 2024	-	47,073	47,073
May 1, 2025	408,724	47,073	455,797
November 1, 2025	-	41,709	41,709
May 1, 2026	419,453	41,709	461,162
November 1, 2026	-	36,203	36,203
May 1, 2027	430,464	36,203	466,667
November 1, 2027	-	30,553	30,553
May 1, 2028	441,764	30,553	472,317
November 1, 2028	-	24,755	24,755
May 1, 2029	453,360	24,755	478,115
November 1, 2029	-	18,805	18,805
May 1, 2030	465,261	18,805	484,066
November 1, 2030	-	12,698	12,698
May 1, 2031	477,474	12,698	490,172
November 1, 2031	-	6,431	6,431
May 1, 2032	490,009	6,431	496,440
	<u>\$ 6,825,269</u>	<u>\$ 1,633,944</u>	<u>\$ 8,459,213</u>