

# **City of Burlington, Iowa**

Comprehensive Annual  
Financial Report

For the Year Ended  
June 30, 2013

**CITY OF BURLINGTON, IOWA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2013**

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# **INTRODUCTORY SECTION**



December 18, 2013

To the Honorable Mayor, Members of the City Council,  
and Citizens of the Burlington, Iowa:

The City of Burlington is required by various state and federal regulations to publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants or by the State Auditor's Office. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Burlington, Iowa (City), for the fiscal year ended June 30, 2013.

Management assumes full assumes full responsibility for the completeness and reliability of all of the information presented in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

McGladrey, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Burlington's financial statements for the year ended June 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### ***Profile of the Government***

The City of Burlington, incorporated in 1836 is located on the Mississippi River in the southeastern corner of the state. Burlington serves as the county seat of Des Moines County and as a regional trade center. The City of Burlington currently occupies a land area of 14 square miles and serves a population of 25,663. The City of Burlington is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City of Burlington has operated under the council-manager form of government since 1982. Policy-making and legislative authority are vested in a governing council consisting of five members elected at large. The mayor is selected by the City Council from their members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the city manager, city clerk, and attorney. The city manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with council members elected every two years.

The City of Burlington provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure, wastewater treatment, refuse collection, and recreational activities and cultural events. The City of Burlington is financially accountable for the legally separate Burlington Municipal Waterworks and the legally separate Southeast Iowa Regional Airport Authority (SEIRAA) both of which are reported separately within the City of Burlington's financial statements. The Friends of the Burlington Public Library Foundation is reported as a component unit since they raise funds for the exclusive use of the Burlington Public Library.

The annual budget serves as the foundation for the City of Burlington's financial planning and control. All agencies of the City of Burlington are required to submit requests for appropriation to the Director of Administrative Services before the end of November of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review prior to the end of January. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than March 15. The appropriated budget is prepared by fund, function (e.g., Public Safety), and department (e.g., police). Department heads may make transfers of appropriations within a department with the manager's approval. Transfers of appropriations between departments, however, require the special approval of the governing council. The legal level of control (the level at which expenditures may not legally exceed appropriations) is the function level for all funds combined rather than at the individual fund level. The nine functions mandated by the State are: (1) Public Safety (2) Culture and Recreation (3) Community and Economic Development (4) Health and Social Services (5) Public Works (6) General Government (7) Debt Service (8) Capital Projects and (9) Business Type Activities. Since the City maintains its budgets at the individual fund level, it is necessary to aggregate the expenditures of the budgeted activities within the individual funds on a function basis and to compare such function totals with the function budgeted totals in order to demonstrate legal compliance with the budget.

### ***Local Economy***

The local economy continued to make movements in a positive direction during fiscal year 2013 despite economic problems at the State and National levels. Case-New Holland Corporation announced during 2010 that they were moving another line of production to the Burlington facility, which has added nearly 200 jobs to the area with a potential for more.

In addition, the City's agreement with Federal Mogul Ignition Products to utilize the targeted jobs withholding program to keep the Burlington manufacturing plant open appears to have been very successful. As a result of this program, the City was able to save over 350 jobs, the amount of the income tax withholding payments from Federal Mogul have risen, and the company was successful in obtaining additional work from automotive manufacturers including General Motors and Chrysler.

A new fertilizer plant was announced for the area, 10 miles south of Burlington, a \$1.2 Billion project currently under construction and scheduled to be online in 2015. The Burlington area is anticipating seeing a peak of 2,000 workers on the construction project in 2014, and the plant is expected to create 300 full-time jobs on a permanent basis.

The City also continued to aggressively market the Flint Ridge Business Park with moderate success as well as the 28 acres acquired in the Flint Hills area. The Flint Hills property is located near the Catfish Bend Casino and Fun City and near the intersection of Highways 34 and 61. The land is highly attractive for commercial development and is being marketed to developers as one piece of ground rather than being split into smaller parcels.

In addition to these positive developments, the City had continued strength in hotel/motel tax revenues, sales tax receipts, and gambling revenues from the Catfish Bend Casino during the year.

### ***Long-term financial planning and major initiatives***

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 2.60 percent of General Fund expenditures. The City Council recently reviewed the Financial Management Policies and plans to increase the general fund balance.

The City maintains a five year Capital Improvement Program which serves as its planning document to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. This program allows the City to plan for its capital needs and allocate short and long-term resources appropriately. Currently the major capital project for the City is the Cascade sewer separation project.

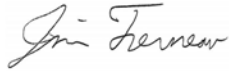
### ***Relevant financial policies***

The City has adopted a comprehensive set of financial management policies. The City has a policy that a working fund balance for general operations will be maintained in order to support expenditures prior to the collection of taxes. The working balance will be at least ten percent of the budgeted level of expenditures. The City has a transition plan for the General Fund to work towards 15% of a working fund balance beginning for fiscal year 2014. Within five years the City will have built a five percent working fund balance. By year ten, the City will have increased the working fund balance to fifteen percent operating reserve.

### ***Acknowledgments***

The preparation of this report would not have been possible without the skill, effort and dedication of the entire staff of the Finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must also be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Burlington's finances.

Respectfully submitted,



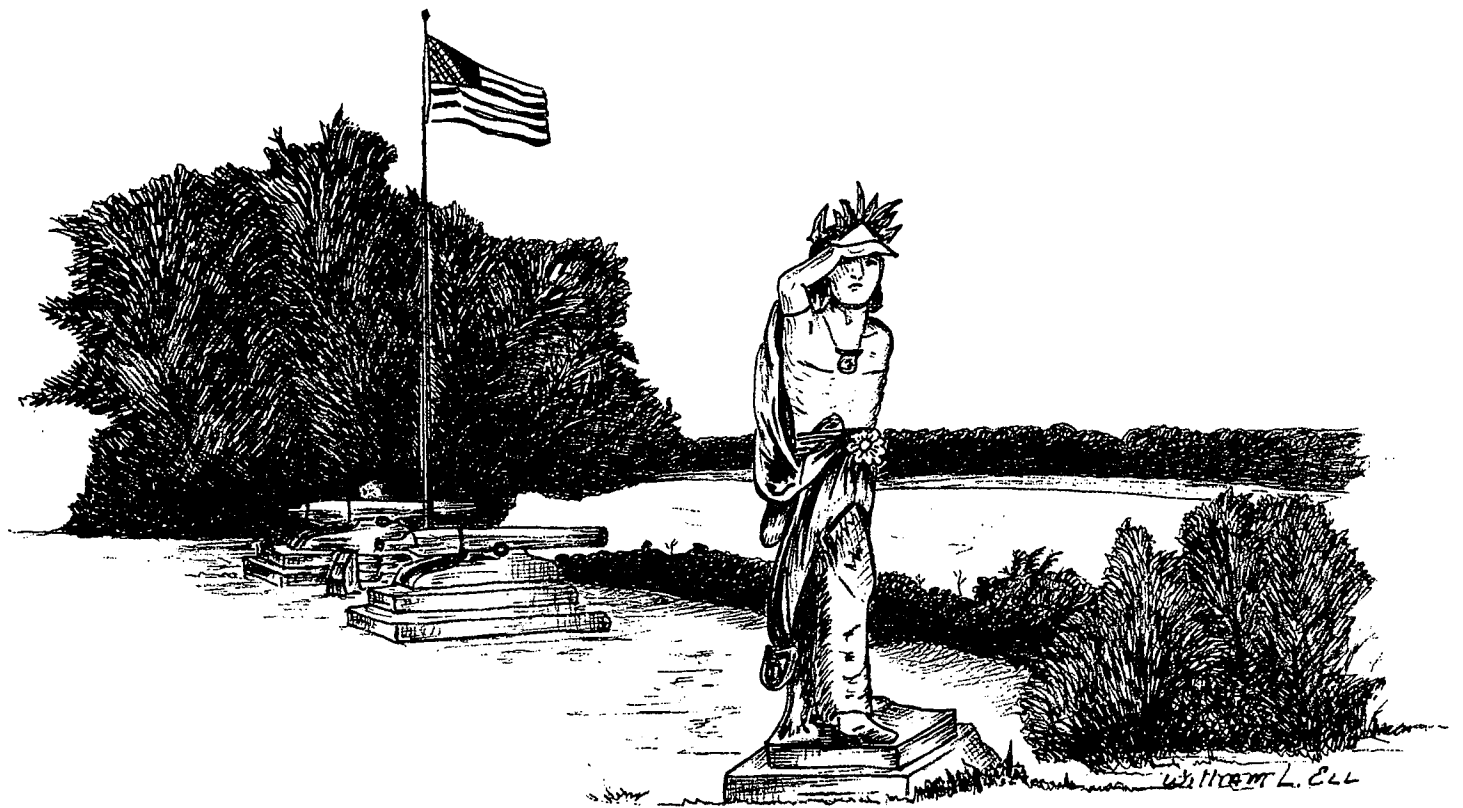
Jim Ferneau  
City Manager



Stephanie Stuecker, CPA  
Director of Administrative Services

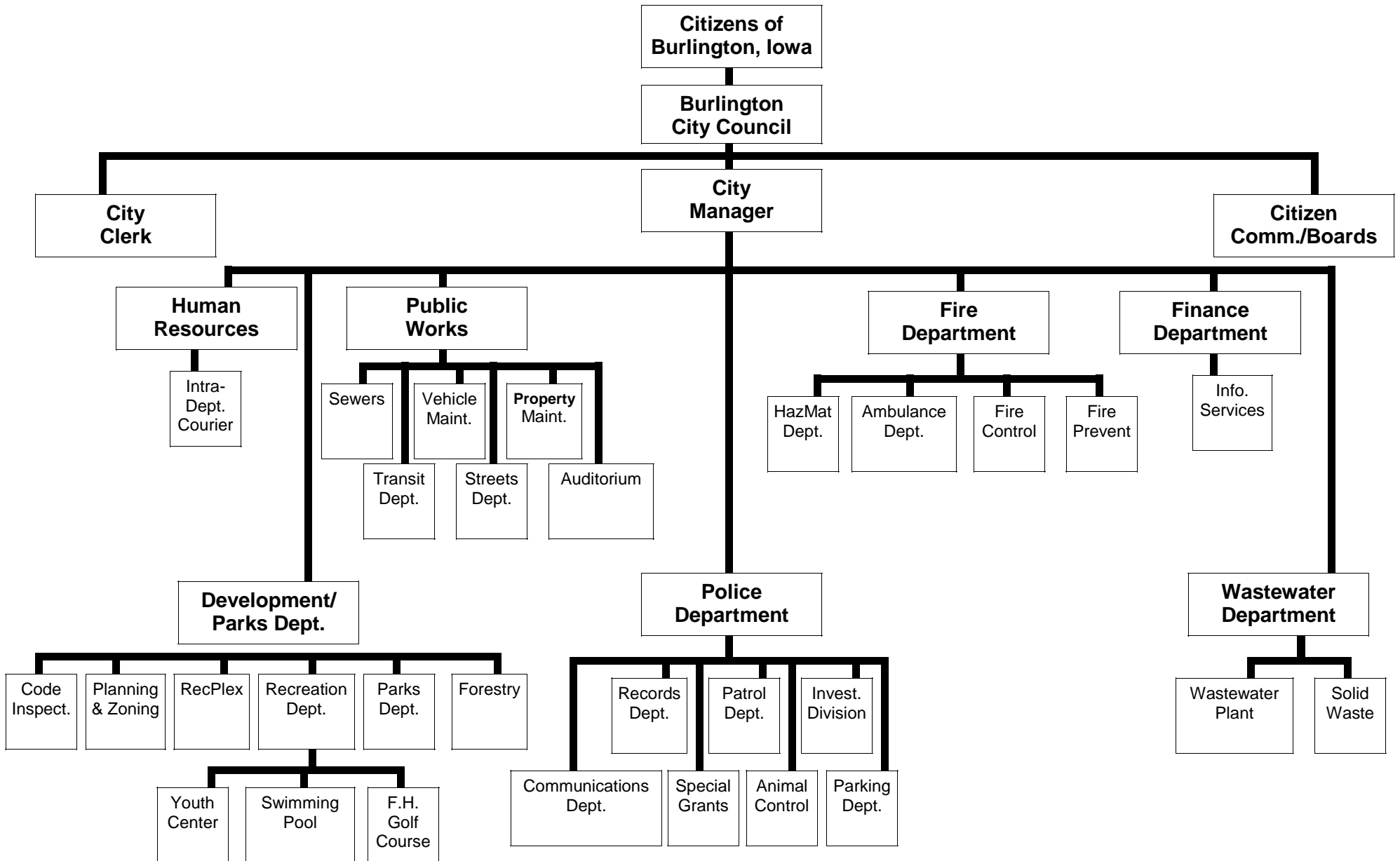








# City of Burlington Organizational Chart



# CITY OF BURLINGTON, IOWA

## List of Principal Officials June 30, 2013

### ELECTED OFFICIALS

Mayor  
Mayor Pro tem  
Council Member  
Council Member  
Council Member

Jim Davidson  
Christopher Reed  
Robert Fleming  
Becky Anderson  
Shane McCampbell

### APPOINTED OFFICIALS

City Manager  
City Attorney  
City Clerk  
Development and Parks Director  
Director of Administrative Services  
Fire Chief  
Library Director  
Police Chief  
Public Works Director  
Wastewater Treatment Facility Superintendent

Jim Ferneau  
Scott Power  
Kathleen Salisbury  
Eric Tysland  
Stephanie Stuecker  
Matt Trexel  
Rhonda Frevert  
Doug Beaird  
Steve Hoambrecker  
Donald Fitting

# **CITY OF BURLINGTON**

## **Mission Statement**

The Mission of the City of Burlington is to provide consistent quality services to support a safe and healthy community. This commitment to excellence is based on the belief that well informed and involved citizens, in partnership with trained service oriented city employees will maintain and implement cost effective services which enable the community to meet future challenges and opportunities.



City of  
**Burlington**

## **VISION**

**Burlington is a great place to live, work and play.**

- Proud of our past, building for our future**
- Community of pride and caring**
- Commitment to financial responsibility**

## **VALUES**

### **P**ARTNERSHIP

We encourage teamwork between individuals and organizations to inspire innovation and effective service, creating a great place to live, work and play.

### **R**ESPECT

We respond to the diverse views of the community and incorporate these into discussions and decision-making with consistent follow-through and accountability.

### **I**NTEGRITY

We are transparent, honest and ethical in our interactions and conduct our business in accordance with the highest standards of professional behavior.

### **D**EDICATION

We are passionate, progressive individuals striving for a cohesive community, enthusiastic about achieving excellence.

### **E**FFICIENCY

We pursue continuous learning, adaptability and fiscal responsibility to create a sustainable and safe community.

# **FINANCIAL SECTION**







## Independent Auditor's Report

The Honorable Mayor and  
Members of the City Council  
City of Burlington, Iowa  
Burlington, Iowa

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burlington, Iowa (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Burlington Municipal Waterworks, Southeast Iowa Regional Airport Authority and Friends of the Burlington Public Library, discretely presented component units of the City, which represents all of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for Burlington Municipal Waterworks, Southeast Iowa Regional Airport Authority and Friends of the Burlington Public Library, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The Friends of the Burlington Public Library was not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 17 through 27, Schedule of Funding Progress, Other Post Employment Benefits, Budgetary Comparison Schedule of Receipts, Disbursements and Change in Fund Balances, Budget and Actual (Budget Basis), Budgetary Basis to GAAP Reconciliation and Notes to Required Supplementary Information on pages 74 through 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules and schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations* that are listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*McGladrey LLP*

Davenport, Iowa  
December 18, 2013

## Management's Discussion and Analysis

Our discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2013 is intended to give the readers an overview of and additional insight into the financial activities of the City over the past year. This will be done most effectively by reading this discussion in conjunction with the letter of transmittal and the financial statements.

### Financial Highlights

- The assets and deferred outflows of resources of the City of Burlington exceeded its liabilities and deferred inflows at June 30, 2013 by \$43,507,198 (net position), a decrease of \$182,502 from the previous year.
- At the close of the current fiscal year, the City of Burlington's governmental funds reported combined ending fund balance of \$6,013,463, a decrease of \$788,577 in comparison with the prior year. The decrease was attributed to an increase in capital project spending. The Debt Service Fund decreased by \$174,917. The General Fund increased by \$711,885. The Road Use Tax Fund increased by \$1,607,787, the Local Option Sales Tax Fund decreased by \$126,784, the Tax Increment Financing Fund increased by \$250,958, the Capital Projects Fund decreased by \$3,207,046, and all other governmental funds increased by \$149,540.
- At the end of the current fiscal year, the unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$445,948 and is 2.60 percent of total General Fund expenditures.

### Using this annual report

This discussion and analysis is intended to serve as an introduction to the City of Burlington's basic financial statements. The statements comprise three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in manner similar to a private-sector business.

The *Statement of Net Position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

On the right side of the statement, the Burlington Municipal Waterworks and the Southeast Iowa Regional Airport Authority are presented. The City appoints a majority of their board members and has a substantial financial responsibility for these organizations. Therefore, the City's financial statements would not be complete without reporting their activities. The focus of the statements, however, is clearly on the primary government. There are separately issued financial statements for these component units. Additionally, the Friends of the Burlington Public Library Foundation is reported since they raise funds exclusively for the benefit of the Burlington Public Library.

The *Statement of Activities* presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods. (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include sewer, solid waste, RecPlex, Flint Hills Golf Course and parking operations.

The government-wide financial statements can be found on pages 31-33 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are divided into two major categories: governmental funds and proprietary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities (the government-wide level). However, unlike the government-wide level, governmental funds focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City has six major funds: the General fund, the Debt Service fund, the Road Use Tax fund, the Local Option Sales Tax fund, the Tax Increment Financing fund, and the Capital Projects fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances. The City also has seven non-major governmental funds. These funds are combined and reported in a single column in the governmental fund financial statements, but are reported individually in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City uses funds to prepare its annual budget, but is not the legal level of control. The State of Iowa instead requires City's to budget at a higher "function" level that crosses funds and fund types. The eight levels are Public Safety, Culture and Recreation, Community and Economic Development, Health and Social Services, Public Works, General Government, Debt Service, and Capital Projects. Legal compliance is demonstrated in the Budget to Actual Schedule in the required supplementary information immediately following the notes to the financial statements.

The basic governmental fund financial statements can be found on pages **31 - 36** of this report.

**Proprietary Funds.** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains five enterprise funds: the Sewer fund, the Solid Waste fund, the Recplex fund, the Parking fund, and the Flint Hills Golf Course fund. Only the Sewer and Solid Waste funds are presented as major funds. The other three funds are combined and reported in a single column in the proprietary fund financial statements, but are reported individually elsewhere in the report.

The internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The internal service funds are consolidated into the governmental activities at the government-wide level.

The City maintains four internal services funds: the Property Maintenance fund, the Vehicle Maintenance fund, the Safety Coordination fund, and the Self Insurance fund. They are combined into a single, aggregated column in the proprietary fund financial statements, but are reported individually elsewhere in the report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer and Solid Waste, both of which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual data for the internal service funds and non-major proprietary funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found on pages 41-43 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages **44 - 71** of this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor proprietary funds and internal service funds are presented immediately following the required supplementary information. Combining statements and schedules can be found on pages **80 – 89** of this report.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Burlington, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$43,507,198 at the close of the most recent fiscal year.

By far the largest portion of the City's net position is its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Burlington uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Burlington's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Burlington Net Position (000's)

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Current assets	\$ 23,178	\$ 21,022	\$ 8,029	\$ 5,314	\$ 31,207	\$ 26,336
Noncurrent assets	54,999	55,371	38,201	40,445	93,200	95,816
Total Assets	<u>78,177</u>	<u>76,393</u>	<u>46,230</u>	<u>45,759</u>	<u>124,407</u>	<u>122,152</u>
Deferred Outflows of Resources	-	185	-	-	-	185
Current liabilities	18,427	5,763	2,130	2,175	20,557	7,938
Noncurrent liabilities	37,375	36,370	22,786	21,582	60,161	57,952
Total Liabilities	<u>55,802</u>	<u>42,133</u>	<u>24,916</u>	<u>23,757</u>	<u>80,718</u>	<u>65,890</u>
Deferred Inflows of Resources	-	12,939	-	-	-	12,939
Net investment in capital assets	39,962	40,805	14,606	17,852	54,568	58,657
Restricted	12,369	4,473	1,351	114	13,720	4,587
Unrestricted	(29,956)	(23,773)	5,357	4,036	(24,599)	(19,737)
Total Net Position	<u>\$ 22,375</u>	<u>\$ 21,505</u>	<u>\$ 21,314</u>	<u>\$ 22,002</u>	<u>\$ 43,689</u>	<u>\$ 43,507</u>

A portion of the City's net position (11.00%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the City's ongoing obligations.

At the end of the current fiscal year, the City reported deficit balances in its unrestricted net position but not in its invested in capital assets, net of related debt or its restricted assets for the government as a whole, as well as for its separate business-type activities. The net position of the City decreased by \$182,502 during the current fiscal year. The decrease was due to an increase in capital project spending.

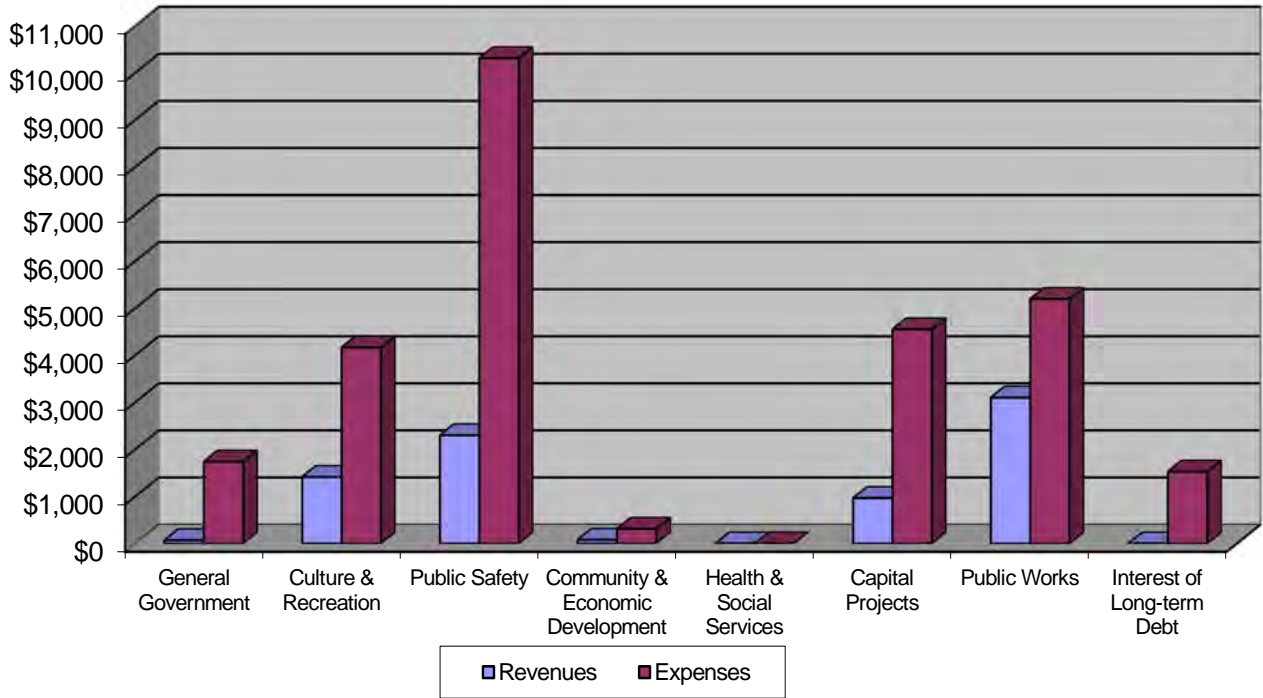
The following table summarizes the City's operating activities for the fiscal year 2013:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,613	\$ 2,458	\$ 7,692	\$ 8,109	\$ 10,305	\$ 10,567
Operating grants and contributions	3,985	4,028			3,985	4,028
Capital grants and contributions	1,384	1,444	35	18	1,419	1,462
General revenues:						
Property taxes	11,443	12,025			11,443	12,025
Other taxes	5,505	5,110			5,505	5,110
Other	1,215	2,290	106	96	1,321	2,386
Total revenues	<u>26,145</u>	<u>27,355</u>	<u>7,833</u>	<u>8,223</u>	<u>33,978</u>	<u>35,578</u>
Expenses:						
General government	1,609	1,741			1,609	1,741
Public safety	10,424	10,311			10,424	10,311
Public works	5,189	5,196			5,189	5,196
Culture and recreation	4,315	4,165			4,315	4,165
Community and economic development	572	314			572	314
Health and social services	-	-			-	-
Capital projects	2,142	4,551			2,142	4,551
Interest on long-term debt	1,560	1,528			1,560	1,528
Sewer			4,802	5,305	4,802	5,305
Solid waste			1,401	1,396	1,401	1,396
Recplex			662	673	662	673
Parking			133	123	133	123
Flint Hills golf course			510	458	510	458
Total expenses	<u>25,811</u>	<u>27,806</u>	<u>7,508</u>	<u>7,955</u>	<u>33,319</u>	<u>35,761</u>
Increase (decrease) in net position before transfers	334	(451)	325	268	659	(183)
Transfers in (out)	490	(419)	(490)	419	-	-
Increase (decrease) in net position	824	(870)	(165)	687	659	(183)
Net position beginning	21,551	22,375	21,480	21,315	43,031	43,690
Net position ending	<u>\$ 22,375</u>	<u>\$ 21,505</u>	<u>\$ 21,315</u>	<u>\$ 22,002</u>	<u>\$ 43,690</u>	<u>\$ 43,507</u>

**Governmental activities.** Governmental activities decreased the City of Burlington's net position by \$869,561, which accounted for the decrease in the City's net position. Most of this decrease is due to an increase in capital project expenditures of \$2,408,205 and a decrease of other expenses of \$414,000. An increase in property tax and other taxes revenues of \$186,263, an increase in other revenues of \$1,073,799 also contributed to net position. The change in net position due to program activities is represented as follows:

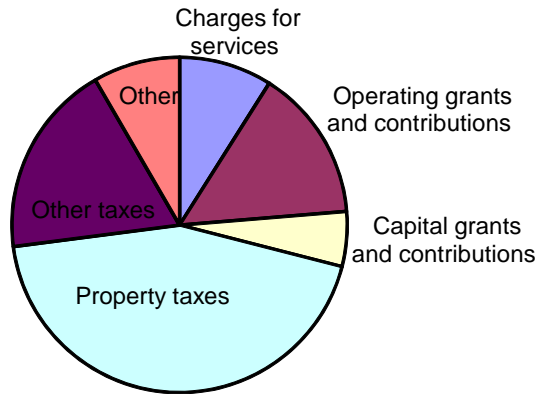


### Expenses and Program Revenues - Governmental Activities (000's)

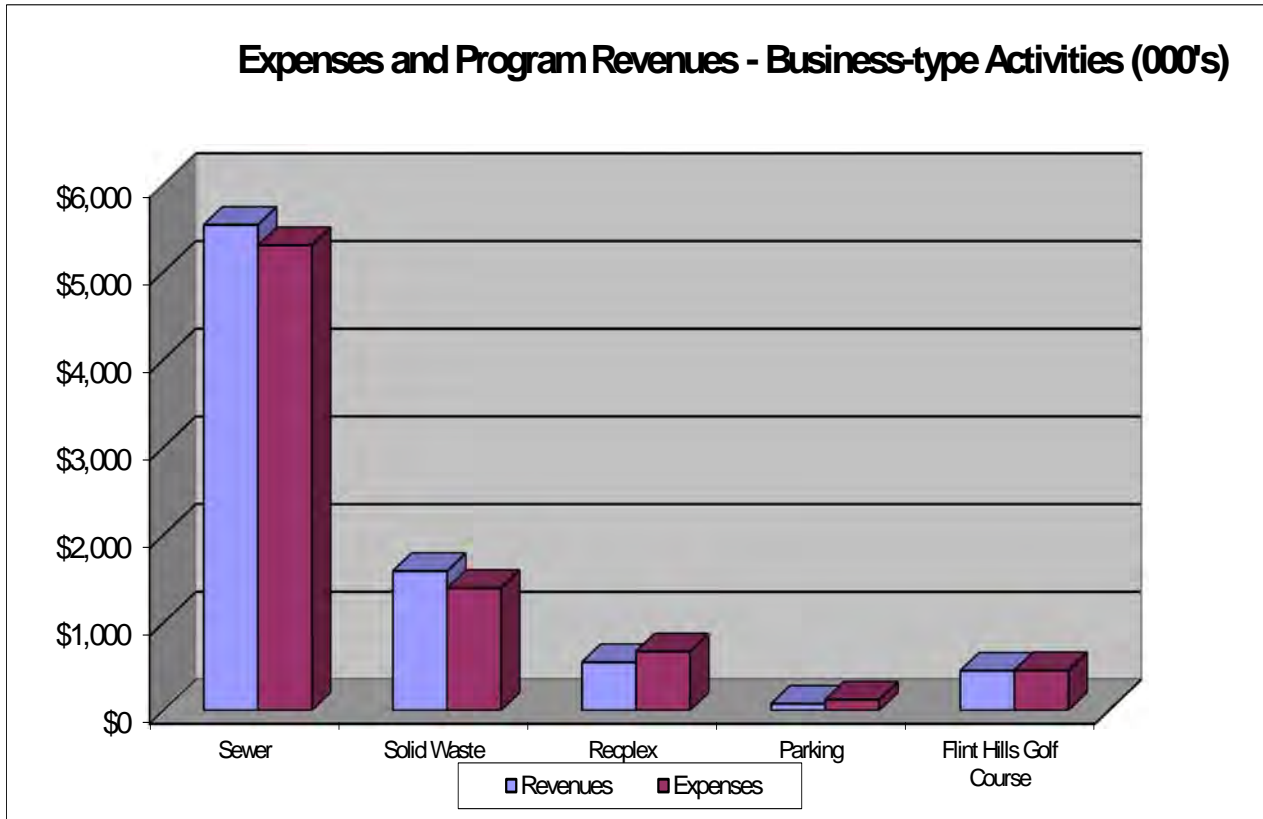


Expenses are higher than revenues for all of these programs due to the fact that many of the governmental activities are supported by general governmental revenues including property taxes and other taxes and other revenues. Revenues for the governmental activities are derived as follows:

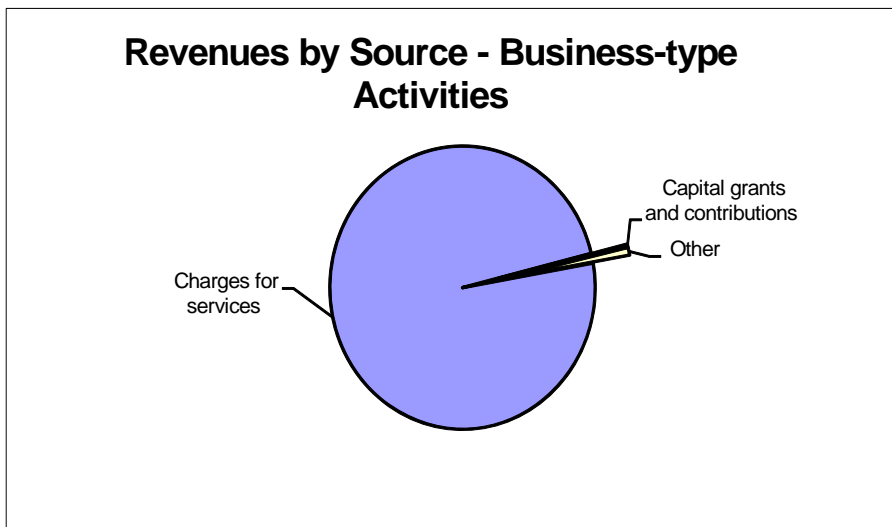
### Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the City of Burlington's net position by \$687,059. The increase in net position from all of the business-type activities is primarily due to an increase in charges for services. The business-type funds also recorded transfers in \$418,910 from the governmental funds.



The program revenues were near even with expenses for each business-type activity. The graph reflects the fact that business-type activities are operated in a business-like manner and are intended to be self-supporting through service charges. Service charges by source are reflected in the chart below:



## **Financial Analysis of the Government's Funds**

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

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assisting the City of Burlington's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,013,463 a decrease of \$788,577 in comparison with the prior year.

The General fund is the chief operating fund of the City of Burlington. At the end of the current fiscal year, total fund balance of the General Fund was \$1,091,611, which \$439,410 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance unassigned to total fund expenditures. Total unassigned fund balance represents 2.57 percent of total General Fund expenditures.

The fund balance of the City of Burlington's General fund increased by \$711,885 during the current fiscal year to \$1,091,611. The increase was primarily due to an increase in transfers to the general fund.

The Debt Service fund decreased its fund balance by \$174,917 during the year to \$17,260. The decrease was primarily due to the decrease of transfers in to cover debt payments.

The Road Use Tax fund has a fund balance of \$1,231,229, an increase of \$1,607,787. The increase was primarily due to reimbursement of debt paid in the past for the public works building.

The Local Option Sales Tax fund has a balance of \$1,354,356, which is a decrease from the previous year of \$126,784. This balance represents funds allocated for projects, but not expended as of June 30, 2013, funds received in the prior year and carried forward for property tax relief in the ensuing fiscal year, and funds set aside for economic development purposes and not as of yet committed.

The Tax Increment Financing fund has a fund balance of \$80,543, which is an increase from the previous year of \$250,958. This increase is primarily due to the issuance of bond proceeds for prior year capital and other projects, which will be repaid with future tax increment financing tax collections.

The Capital Projects fund has a fund balance of \$1,759,797 at the end of the current fiscal year. This represents a decrease from the previous year of \$3,207,046. The decrease in fund balance is primarily due to the reclassification of sewer projects to the sewer fund.

**Proprietary funds.** The City of Burlington's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position for the City's enterprise funds as of June 30, 2013 was \$22,001,922, which was an increase of \$687,059 from the previous year. The increase results from removing the debt owed on the public works building from the sewer and solid waste fund that will now be paid from the tax increment fund.

The Recplex, Parking, and Golf Course funds all recorded net operating losses before contributions and transfers for the year. Depreciation expense is the primary reason for the operating losses. After removing depreciation expense from each of these funds, the Golf Course and Parking had positive net income. The Recplex still had operating losses of \$23,226. Revenue in each of these funds also remained steady or grew.

The Sewer fund recorded a net operating income before contributions and transfers of \$973,012. Revenues increased from the previous year by \$309,711 or 6.04%.

The Solid Waste Fund recorded a net operating income before transfers and contributions of \$192,503. Revenues increased from the previous year by \$128,919 or 8.83%.

### **Budget Analysis**

The amended budget for all funds was \$13,700,000 or 25.92% greater than the original budget. The final amended budget expenditures were \$66,562,693. The budget amendment included increases in expenditures for public works, culture and recreation, community and economic development, general government for flood related expenses, debt service for refunding of bonds and business type activities for both capital projects expenditures and debt service for refunding of bonds.

Even with these amendments, the City exceeded the budgeted amount in the business type functions for the year ended June 30, 2013.

### **Capital Asset and Debt Administration**

**Capital assets.** The City of Burlington's investment in capital assets for its governmental and business type activities as of June 30, 2013, amounts to \$93,339,709 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and park facilities and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was \$139,937 or 0.15% (1.16% decrease for governmental activities and a 2.03% increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- The capitalization of new assets during the year amounted to \$4,626,115 during the year.
- Major asset additions in the governmental funds include the construction and rehabilitation of three homes for \$392,744, a bus for \$3,000, police cars and equipment totaling \$116,162, a new animal shelter totaling \$907,294, a generator and equipment for the fire department totaling \$87,270, a park shelter house roof and other equipment totaling \$45,350, road use equipment including a front loader, truck, salt spreader and snow plow totaling \$57,666, sidewalks totaling \$169,502, a concrete street totaling \$131,747 and the Flint River trail for \$122,350.
- Major asset additions in the business-type funds include the design of the cascade sewer separation project for \$1,020,651, the design of the MASL sewer separation project for

\$11,256, front loader for \$67,153, a mower, spreader, tractor enclosure and a truck totaling \$61,528 and \$1,432,441 for the design and construction of the wastewater treatment plant expansion.

- The value of work in progress amounted to \$2,303,703. Of this amount, the Cascade Sewer separation at \$1,855,846, the design of the MASL sewer separation project at \$11,256, concrete street project at \$26,781, park shelter house roof at \$17,076 and three house remodels at \$392,744 were incomplete projects at June 30, 2013.

**City of Burlington's Capital Assets (000's)**  
(net of depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2013	2012	2013	2012	2013
Land	\$ 2,010	\$ 2,005	\$ 399	\$ 399	\$ 2,409	\$ 2,404
Buildings and system	18,205	18,316	9,429	16,149	27,634	34,465
Improvements other than buildings	231	212	464	390	695	602
Fixtures and equipment	3,879	3,521	1,104	1,014	4,983	4,535
Infrastructure	30,359	29,871	19,760	19,159	50,119	49,030
Construction in progress	315	437	7,045	1,867	7,360	2,304
<b>Total</b>	<b>\$ 54,999</b>	<b>\$ 54,362</b>	<b>\$ 38,201</b>	<b>\$ 38,978</b>	<b>\$ 93,200</b>	<b>\$ 93,340</b>

Additional information on the City of Burlington’s capital assets can be found in note III on pages 57 - 59 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Burlington had total long-term bonded debt outstanding of \$61,050,000. Of this amount, \$38,072,000 comprises debt backed by the full faith and credit of the government and \$17,938,000 is revenue bonds and notes repayable with revenues from the City’s sewer utility and \$5,040,000 of Urban Renewal Tax Increment Revenue bonds. In addition, notes payable of \$238,551 to the Waterworks for water mains.

**City of Burlington's Outstanding Debt (000's)**  
General Obligation and Revenue Bonds

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2013	2012	2013	2012	2013
General obligation bonds	\$ 33,408	\$ 33,742	\$ 5,399	\$ 4,330	\$ 38,807	\$ 38,072
Sewer revenue bonds			18,299	17,938	18,299	17,938
Notes payable	798	238			798	238
Tax increment revenue bonds	5,525	5,040			5,525	5,040
<b>Total</b>	<b>\$ 39,731</b>	<b>\$ 39,020</b>	<b>\$ 23,698</b>	<b>\$ 22,268</b>	<b>\$ 63,429</b>	<b>\$ 61,288</b>

The City’s total long-term debt decreased by \$2,140,871 during the current fiscal year. The City of Burlington maintains an “A2” rating from Moody’s for general obligation bonds and an “A2” rating for sewer revenue bonds.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total assessed valuation. The current debt limitation for the City of Burlington is \$56,140,945. The City's current applicable debt is \$43,350,551, which is 77.22% of the statutory limit.

Additional information on the City of Burlington's long-term debt can be found in note V on pages **61 - 64** of this report.

### **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the City of Burlington, as of June 2013 was 6.3%, which was lower than the June 2012 of 6.5%. Total labor force shrank from 13,350 in 2012 to 13,050 in 2013.
- Per capita income increased from the 2010 level of \$36,965 to the 2011 level of \$38,869 or 5.15%.
- For the fiscal 2013-2014 budget, the City's property tax rate increased from the previous year \$15.0573 to \$15.804 per \$1,000 of property valuation.
- The City's total valuation increased by \$9,022,325 or 1.37%, the regular valuation (less utilities) was up by \$9,986,436 or 1.56%. This increase is at least partly attributed to an increase in the rollback on residential property, which increased from 50.75% to 52.82%, the rollback on commercial and industrial property remained at 100%.
- Sewer revenues for FY 2014 budget include a 9% increase to sewer charges due to.
- The City's health insurance premiums are projected to increase 5%. Over the past eight years, the average annual increase in health care premiums has been 3%. This low level of increase may be contributed to our employee bargaining units working with us to make plan design changes and mitigate the impact of any increases.
- Departmental budget reductions were implemented in recognition of our declining financial situation.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Burlington's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, City of Burlington, 400 Washington, Burlington, IA 52601.



**BASIC  
FINANCIAL  
STATEMENTS**





City of Burlington, Iowa

Statement of Net Position  
June 30, 2013

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Burlington Municipal Waterworks	Southeast Iowa Regional Airport Authority	Friends of the Burlington Public Library
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 1,431,481	\$ 6,687,344	\$ 8,118,825	\$ 1,887,246	\$ 147,850	\$ 439,229
Receivables:						
Property taxes	13,176,662	-	13,176,662	-	-	-
Accounts	395,376	127,065	522,441	461,219	348,006	52,353
Special assessments	228,378	-	228,378	-	-	-
Intergovernmental	1,702,802	-	1,702,802	-	65,682	-
Interest	93	-	93	72,945	-	5,962
Loan receivable	215,402	-	215,402	-	-	-
Land held for resale	2,053,500	-	2,053,500	-	-	-
Internal balances	1,584,249	(1,584,249)	-	-	-	-
Inventories	109,618	21,643	131,261	58,762	-	-
Prepaid contracts	124,215	62,177	186,392	136,966	5,071	-
Total current assets	21,021,776	5,313,980	26,335,756	2,617,138	566,609	497,544
Noncurrent assets:						
Restricted cash and cash equivalents	-	1,467,526	1,467,526	686,752	-	-
Loan receivable	1,009,736	-	1,009,736	-	-	-
Investments, at fair value	-	-	-	-	-	3,742,286
Bond issue costs	-	-	-	16,037	2,218	-
Capital assets:						
Land and Work in Progress	2,441,203	2,265,645	4,706,848	563,786	2,018,675	-
Buildings, infrastructure, and equipment, net	51,920,602	36,712,259	88,632,861	9,908,549	10,872,963	-
Total noncurrent assets	55,371,541	40,445,430	95,816,971	11,175,124	12,893,856	3,742,286.00
Total assets	\$ 76,393,317	\$ 45,759,410	\$ 122,152,727	\$ 13,792,262	\$ 13,460,465	\$ 4,239,830
Deferred Outflows of Resources						
Deferred amount on refunding	184,641	-	184,641	-	-	-
Total deferred outflows of resources	\$ 184,641	\$ -	\$ 184,641	\$ -	\$ -	\$ -
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	\$ 1,313,664	\$ 482,236	\$ 1,795,900	\$ 441,204	\$ 37,433	-
Claims payable	129,542	-	129,542	-	-	-
Accrued expense	-	-	-	-	21,220	1,922
Customers deposits	-	-	-	1,000	-	-
Lime removal liability	-	-	-	422,479	-	-
Unearned revenue	-	490,574	490,574	152,123	13,850	-
Bond interest payable	110,845	53,315	164,160	8,235	-	-
Current portion of long-term obligations	4,209,538	1,148,976	5,358,514	234,795	207,211	-
Total current liabilities	5,763,589	2,175,101	7,938,690	1,259,836	279,714	1,922
Noncurrent liabilities:						
Long-term obligations	36,369,849	21,582,387	57,952,236	3,124,925	111,859	-
Total liabilities	42,133,438	23,757,488	65,890,926	4,384,761	391,573	1,922
Deferred Inflows of Resources						
Unavailable revenue - property taxes	10,549,690	-	10,549,690	-	-	-
Unavailable revenue - tax increment financing	2,389,554	-	2,389,554	-	-	-
Total deferred inflows of resources	\$ 12,939,244	\$ -	\$ 12,939,244	\$ -	\$ -	\$ -
<b>Net Position</b>						
Net investment in capital assets	\$ 40,805,638	\$ 17,852,028	\$ 58,657,666	\$ 7,178,335	\$ 12,548,732	\$ -
Restricted for:						
Public Safety	114,693	-	114,693	-	-	-
Road Use	1,154,140	-	1,154,140	-	-	-
Culture and Recreation	460,815	-	460,815	-	-	1,522,244
Public Works	2,239	-	2,239	-	-	-
Community and Economic Development	242,461	-	242,461	-	-	-
Capital Projects	1,408,689	-	1,408,689	-	-	-
Property tax relief	568,421	-	568,421	630,436	-	-
Debt service	521,260	114,271	635,531	56,316	-	-
Unrestricted (deficit)	(23,773,080)	4,035,623	(19,737,457)	1,542,414	520,160	2,715,664
Total net position	21,505,276	22,001,922	43,507,198	9,407,501	13,068,892	4,237,908

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

City of Burlington, Iowa  
Statement of Activities  
For The Year Ended June 30, 2013

Programs/Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 1,741,098	\$ 8,364	\$ 62,074	\$ -	\$ (1,670,660)	-	\$ (1,670,660)
Culture and Recreation	4,164,515	624,453	310,982	478,316	(2,750,764)	-	(2,750,764)
Public Safety	10,310,527	1,678,596	622,497	-	(8,009,434)	-	(8,009,434)
Community and Economic Development	313,656	-	78,793	-	(234,863)	-	(234,863)
Health and Social Services	977	-	-	-	(977)	-	(977)
Capital Projects	4,550,591	-	-	965,983	(3,584,608)	-	(3,584,608)
Public works	5,196,487	146,888	2,954,140	-	(2,095,459)	-	(2,095,459)
Interest and charges on long-term debt	1,528,235	-	-	-	(1,528,235)	-	(1,528,235)
Total governmental activities	27,806,086	2,458,301	4,028,486	1,444,299	(19,875,000)	-	(19,875,000)
Business-type activities:							
Sewer	5,305,037	5,441,107	-	-	-	136,070	136,070
Solid waste	1,396,653	1,589,156	-	-	-	192,503	192,503
Recplex	672,695	550,311	-	-	-	(122,384)	(122,384)
Parking	123,061	76,288	-	-	-	(46,773)	(46,773)
Flint Hills golf course	458,246	452,432	-	18,305	-	12,491	12,491
Total business-type activities	7,955,692	8,109,294	-	18,305	-	171,907	171,907
Total primary government	\$ 35,761,778	\$ 10,567,595	\$ 4,028,486	\$ 1,462,604	\$ (19,875,000)	\$ 171,907	\$ (19,703,093)
<b>Component units:</b>							
Burlington Municipal Waterworks	\$ 3,647,083	\$ 3,825,393	\$ -	\$ 11,217	\$ -	\$ -	\$ -
Friends of the Burlington Public Library	54,734	-	18,358	-	-	-	-
Southeast Iowa Regional Airport	1,259,239	253,853	208,744	441,342	-	-	-
Total component units	\$ 4,961,056	\$ 4,079,246	\$ 227,102	\$ 452,559	\$ -	\$ -	\$ -
General revenues:							
Taxes:							
Property taxes					12,025,225	-	12,025,225
Local Option Sales					3,819,826	-	3,819,826
Other					1,289,722	-	1,289,722
Investment Income (loss), Net					25,930	23,471	49,401
Other Revenues					2,263,646	72,771	2,336,417
Transfers					(418,910)	418,910	-
Total general revenues and transfers					19,005,439	515,152	19,520,591
Changes in net position					(869,561)	687,059	(182,502)
Net position - beginning					22,374,837	21,314,863	43,689,700
Net position - ending					\$ 21,505,276	\$ 22,001,922	\$ 43,507,198

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

<b>Component Units</b>		
<b>Burlington Municipal Waterworks</b>	<b>Southeast Iowa Regional Airport Authority</b>	<b>Friends of the Burlington Public Library</b>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
\$ -	\$ -	\$ -
<u>\$ 189,527</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	(36,376)
-	(355,300)	-
<u>\$ 189,527</u>	<u>\$ (355,300)</u>	<u>\$ (36,376)</u>
-	-	-
-	-	-
-	-	-
3,491	112	594,868
-	31,472	-
-	-	-
<u>3,491</u>	<u>31,584</u>	<u>594,868</u>
193,018	(323,716)	558,492
<u>9,214,483</u>	<u>13,392,608</u>	<u>3,679,416</u>
<u>\$ 9,407,501</u>	<u>\$ 13,068,892</u>	<u>\$ 4,237,908</u>

City of Burlington, Iowa

Balance Sheet  
Governmental Funds  
June 30, 2013

	General	Debt Service	Road Use Tax	Local Option Sales Tax	Tax Increment Financing
<b>Assets</b>					
Cash and cash equivalents	\$ 581,915	\$ -	\$ -	\$ -	\$ 71,363
Receivables:					
Property taxes	6,374,437	2,664,668	-	-	2,398,734
Accounts	277,747	112,470	-	-	-
Special assessments	180,565	-	-	-	-
Intergovernmental	299,743	-	211,527	635,118	-
Interest	-	-	-	-	-
Loan receivable	-	1,225,138	-	-	-
Inventory	-	-	58,284	-	-
Land held for resale	-	-	-	-	-
Due from other funds	164,967	-	79,601	107,525	-
Prepaid contracts	94,156	-	18,805	-	-
Advances to other funds	421,598	-	971,481	612,768	-
<b>Total assets</b>	<b>\$ 8,395,128</b>	<b>\$ 4,002,276</b>	<b>\$ 1,339,698</b>	<b>\$ 1,355,411</b>	<b>\$ 2,470,097</b>
<b>Liabilities, deferred inflows of resources and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 847,348	\$ 29,989	\$ 108,469	\$ 1,055	\$ -
Due to other funds	-	105,284	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>847,348</b>	<b>135,273</b>	<b>108,469</b>	<b>1,055</b>	<b>-</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - property taxes	6,229,894	2,624,605	-	-	-
Unavailable revenue - special assessments	180,565	-	-	-	-
Unavailable revenue - tax increment financing	-	-	-	-	2,389,554
Unavailable revenue - other	32,262	1,225,138	-	-	-
Unavailable revenue - Intergovernmental	13,448	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>6,456,169</b>	<b>3,849,743</b>	<b>-</b>	<b>-</b>	<b>2,389,554</b>
<b>Fund balances</b>					
Nonspendable	515,754	-	77,089	-	-
Restricted	129,909	17,260	1,154,140	1,354,356	504,000
Assigned	6,538	-	-	-	-
Unassigned	439,410	-	-	-	(423,457)
<b>Total fund balances</b>	<b>1,091,611</b>	<b>17,260</b>	<b>1,231,229</b>	<b>1,354,356</b>	<b>80,543</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 8,395,128</b>	<b>\$ 4,002,276</b>	<b>\$ 1,339,698</b>	<b>\$ 1,355,411</b>	<b>\$ 2,470,097</b>

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

<b>Capital Projects</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 518,837	\$ 1,172,115
5,400	1,733,423	13,176,662
-	340	390,557
47,813	-	228,378
510,182	21,524	1,678,094
-	59	59
-	-	1,225,138
-	-	58,284
2,053,500	-	2,053,500
-	-	352,093
-	-	112,961
-	-	2,005,847
<u>\$ 2,616,895</u>	<u>\$ 2,274,183</u>	<u>\$ 22,453,688</u>
\$ 158,953	\$ 53,230	\$ 1,199,044
-	35,993	141,277
421,598	-	421,598
<u>580,551</u>	<u>89,223</u>	<u>1,761,919</u>
-	\$ 1,695,191	\$ 10,549,690
47,813	-	228,378
-	-	2,389,554
-	-	1,257,400
228,734	11,102	253,284
<u>276,547</u>	<u>1,706,293</u>	<u>14,678,306</u>
-	-	592,843
834,386	478,667	4,472,718
925,411	-	931,949
-	-	15,953
<u>1,759,797</u>	<u>478,667</u>	<u>6,013,463</u>
<u>\$ 2,616,895</u>	<u>\$ 2,274,183</u>	<u>\$ 22,453,688</u>

**City of Burlington, Iowa**

**Reconciliation of the Balance Sheet to the  
Governmental Funds to Statement of Net Position  
June 30, 2013**

Total governmental fund balances		\$ 6,013,463
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.		
Governmental capital assets:		
Land and work in progress	\$ 2,441,203	
Buildings, improvements, and equipment, net of depreciation	51,920,602	
Less: Internal service fund capital assets, net of depreciation	<u>(634,246)</u>	53,727,559
The assets and liabilities of internal service funds are included in the governmental activities in the statement of net position.		
		466,253
Other long-term assets are not available to pay for current period expenditures and, therefore are reported as unavailable revenue in the funds.		
General fund - accounts receivable	32,262	
Debt service fund - accounts receivable	1,225,138	
General fund - special assessments receivable	180,565	
General fund - intergovernmental receivable	13,448	
Community Development fund - intergovernmental receivable	11,102	
Capital projects fund - intergovernmental receivable	228,734	
Capital projects fund - special assessments receivable	<u>47,813</u>	1,739,062
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds	(33,742,000)	
Premium on general obligation bonds	(94,005)	
Deferred amount on refunding	184,641	
Tax increment revenue bonds	(5,040,000)	
Notes payable	(238,551)	
Compensated absences	(1,127,009)	
Less: Amount applicable to internal service funds	64,530	
Other post-employment benefits payable	(337,822)	
Bond interest payable	<u>(110,845)</u>	<u>(40,441,061)</u>
Net position of governmental activities		<u>\$ 21,505,276</u>

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





City of Burlington, Iowa

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)  
Governmental Funds

	General Fund	Debt Service	Road Use Tax	Local Option Sales Tax	Tax Increment Financing
Revenues:					
Property taxes	\$ 6,253,676	\$ 1,918,947	\$ -	\$ -	\$ 2,182,253
Other taxes and assessments	1,351,866	47,408	-	3,819,826	-
Licenses and permits	746,248	-	-	-	-
Fines and forfeitures	163,750	-	-	-	-
Intergovernmental	1,274,604	-	2,493,854	-	-
Charges for services	1,434,049	-	-	-	-
Use of money and property	219,529	-	-	-	-
Other	194,664	677,231	100	-	-
<b>Total revenues</b>	<b>11,638,386</b>	<b>2,643,586</b>	<b>2,493,954</b>	<b>3,819,826</b>	<b>2,182,253</b>
Expenditures:					
Current operating:					
Public Safety	10,044,196	-	-	-	-
Culture and Recreation	3,433,746	-	-	-	-
Public Works	1,975,173	-	1,888,390	-	-
Community and Economic Development	204,706	-	-	133,851	-
Health and Social Services	977	-	-	-	-
General Government	1,471,276	133,551	-	-	-
Debt service:					
Principal	-	3,315,000	-	447,642	-
Interest and other charges	-	1,418,960	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>17,130,074</b>	<b>4,867,511</b>	<b>1,888,390</b>	<b>581,493</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	(5,491,688)	(2,223,925)	605,564	3,238,333	2,182,253
Other financing sources (uses):					
Issuance of general obligation bonds	-	1,525,000	-	-	700,000
Refunding on general obligation bonds	-	(42,650)	-	-	-
Issuance of general refunding bonds	-	6,150,000	-	-	-
Premium payment for general refunding bonds	-	86,472	-	-	-
Payment to refunded bonds escrow agent	-	(6,110,000)	-	-	-
Impairment of land value	-	-	-	-	-
Transfers in	6,336,200	2,022,096	1,315,203	130,000	33,872
Transfers out	(132,627)	(1,581,910)	(312,980)	(3,495,117)	(2,665,167)
<b>Total other financing sources and uses</b>	<b>6,203,573</b>	<b>2,049,008</b>	<b>1,002,223</b>	<b>(3,365,117)</b>	<b>(1,931,295)</b>
Net change in fund balance	711,885	(174,917)	1,607,787	(126,784)	250,958
Fund balances (deficits), beginning	379,726	192,177	(376,558)	1,481,140	(170,415)
<b>Fund balances, ending</b>	<b>\$ 1,091,611</b>	<b>\$ 17,260</b>	<b>\$ 1,231,229</b>	<b>\$ 1,354,356</b>	<b>\$ 80,543</b>

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

<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 1,670,349	\$ 12,025,225
18,937	43,257	5,281,294
-	1,736	747,984
-	-	163,750
978,171	134,530	4,881,159
-	23,505	1,457,554
-	5,984	225,513
<u>1,617,896</u>	<u>289,607</u>	<u>2,779,498</u>
<u>2,615,004</u>	<u>2,168,968</u>	<u>27,561,977</u>
-	52,532	10,096,728
-	159,188	3,592,934
-	-	3,863,563
-	156,178	494,735
-	-	977
-	218	1,605,045
-	-	3,762,642
-	-	1,418,960
<u>4,799,874</u>	<u>-</u>	<u>4,799,874</u>
<u>4,799,874</u>	<u>368,116</u>	<u>29,635,458</u>
<u>(2,184,870)</u>	<u>1,800,852</u>	<u>(2,073,481)</u>
-	-	2,225,000
-	-	(42,650)
-	-	6,150,000
-	-	86,472
-	-	(6,110,000)
(1,275,945)	-	(1,275,945)
263,769	88,082	10,189,222
<u>(10,000)</u>	<u>(1,739,394)</u>	<u>(9,937,195)</u>
<u>(1,022,176)</u>	<u>(1,651,312)</u>	<u>1,284,904</u>
(3,207,046)	149,540	(788,577)
<u>4,966,843</u>	<u>329,127</u>	<u>6,802,040</u>
<u>\$ 1,759,797</u>	<u>\$ 478,667</u>	<u>\$ 6,013,463</u>

**City of Burlington, Iowa**

**Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For The Year Ended June 30, 2013**

Net change in fund balances--total governmental funds		\$ (788,577)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The following is the amount by which depreciation expense exceeds capital outlays capitalized in the current year:		
Capital outlay	2,033,086	
Loss on disposals of capital assets	(197,208)	
Depreciation	<u>(2,447,175)</u>	(611,297)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
General fund - accounts receivable	3,790	
Debt service fund - accounts receivable	(211,170)	
General fund - special assessments receivable	8,818	
General fund - intergovernmental receivable	13,448	
Special contribution fund - intergovernmental receivable	(50,000)	
Community Development fund - intergovernmental receivable	11,102	
Capital projects fund - intergovernmental receivable	(14,840)	
Capital projects fund - special assessments receivable	<u>24,473</u>	(214,379)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Governmental funds report the effect of premium and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:		
Repayment of bond principal	9,872,642	
Issuance of long-term debt	(8,375,000)	
Premiums	(86,472)	
Deferred amount on refunding, net	(30,321)	
Amortization of bond premiums and bond issuance costs	(60,337)	
Transfer of TIF debt from business type activities	(898,832)	
Forgiveness of note payable	112,328	
Adjustment to bond and note interest payable	(2,435)	
Transfer from internal service:		
TIF Long-term debt	(530,038)	
Deferred amount on refunding	<u>22,469</u>	24,004
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:		
Change in compensated absences	\$ 25,813	
Change in other post-employment benefits payable	(48,296)	(22,483)
Internal service funds are used by management to charge costs of certain activities, such as vehicle and property maintenance, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities.		
		<u>743,171</u>
Changes in net position of governmental activities		<u>\$ (869,561)</u>

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

City of Burlington, Iowa

Statement of Net Position  
Proprietary Funds  
June 30, 2013

	Business Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds	
	Sewer	Solid Waste	Total Non-Major Enterprise Funds		Total Enterprise Funds
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 6,672,612	\$ 14,732	\$ -	\$ 6,687,344	\$ 259,366
Receivables:					
Accounts	92,674	5,622	28,769	127,065	4,819
Intergovernmental	-	-	-	-	24,708
Interest	-	-	-	-	34
Inventories	-	-	21,643	21,643	51,334
Prepaid contracts	32,966	15,427	13,784	62,177	11,254
Total current assets	<u>6,798,252</u>	<u>35,781</u>	<u>64,196</u>	<u>6,898,229</u>	<u>351,515</u>
Noncurrent assets:					
Restricted cash and cash equivalents	1,467,526	-	-	1,467,526	-
Capital assets:					
Land and Work in Progress	1,867,102	-	398,543	2,265,645	-
Buildings, infrastructure, and equipment, net	33,389,906	335,481	2,986,872	36,712,259	634,246
Total noncurrent assets	<u>36,724,534</u>	<u>335,481</u>	<u>3,385,415</u>	<u>40,445,430</u>	<u>634,246</u>
Total assets	<u>\$ 43,522,786</u>	<u>\$ 371,262</u>	<u>\$ 3,449,611</u>	<u>\$ 47,343,659</u>	<u>\$ 985,761</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 326,178	\$ 71,260	\$ 84,798	\$ 482,236	\$ 114,620
Claims payable	-	-	-	-	129,542
Due to other funds	-	-	-	-	210,816
Unearned revenue	366,422	118,691	5,461	490,574	-
Bond interest payable	53,315	-	-	53,315	-
Current portion of long-term obligations	1,129,729	8,813	10,434	1,148,976	16,133
Total current liabilities	<u>1,875,644</u>	<u>198,764</u>	<u>100,693</u>	<u>2,175,101</u>	<u>471,111</u>
Noncurrent liabilities:					
Advances from other funds	-	-	1,584,249	1,584,249	-
Long-term obligations	21,524,643	26,439	31,305	21,582,387	48,397
Total liabilities	<u>23,400,287</u>	<u>225,203</u>	<u>1,716,247</u>	<u>25,341,737</u>	<u>519,508</u>
<b>Net Position</b>					
Net investment in capital assets	14,131,132	335,481	3,385,415	17,852,028	634,246
Restricted for:					
Debt service	114,271	-	-	114,271	-
Unrestricted (deficit)	5,877,096	(189,422)	(1,652,051)	4,035,623	(167,993)
Total net position	<u>20,122,499</u>	<u>146,059</u>	<u>1,733,364</u>	<u>22,001,922</u>	<u>466,253</u>

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

City of Burlington, Iowa

Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Funds  
 For The Year Ended June 30, 2013

	Business Type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Sewer	Solid Waste	Total Non-Major Enterprise Funds		
Operating revenues:					
Charges for services	\$ -	\$ 1,589,156	\$ 1,079,031	\$ 2,668,187	\$ 1,875,857
Sewer Charges Pledged as Security for Revenue Bonds	5,441,107	-	-	5,441,107	-
Other	-	-	-	-	17,244
<b>Total operating revenues</b>	<b>5,441,107</b>	<b>1,589,156</b>	<b>1,079,031</b>	<b>8,109,294</b>	<b>1,893,101</b>
Operating expenses:					
Personal services	1,767,752	531,959	504,256	2,803,967	935,186
Contractual services	729,526	752,870	219,414	1,701,810	154,936
Operating supplies	420,341	56,487	319,921	796,749	735,455
Depreciation	1,550,476	55,337	207,249	1,813,062	25,570
<b>Total operating expenses</b>	<b>4,468,095</b>	<b>1,396,653</b>	<b>1,250,840</b>	<b>7,115,588</b>	<b>1,851,147</b>
Operating income (loss)	973,012	192,503	(171,809)	993,706	41,954
Nonoperating revenues (expenses):					
Interest revenue	23,367	104	-	23,471	562
Intergovernmental	72,771	-	-	72,771	-
Interest expense	(836,942)	-	-	(836,942)	-
Gain (loss) on disposition of capital assets	-	-	(3,162)	(3,162)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(740,804)</b>	<b>104</b>	<b>(3,162)</b>	<b>(743,862)</b>	<b>562</b>
Net income (loss) before contributions and transfers	232,208	192,607	(174,971)	249,844	42,516
Capital contributions	-	-	18,305	18,305	-
Transfers in	867,566	267,975	35,677	1,171,218	1,059,946
Transfers out	(605,636)	(146,672)	-	(752,308)	(359,291)
<b>Change in net position</b>	<b>494,138</b>	<b>313,910</b>	<b>(120,989)</b>	<b>687,059</b>	<b>743,171</b>
<b>Total net position - beginning</b>	<b>19,628,361</b>	<b>(167,851)</b>	<b>1,854,353</b>	<b>21,314,863</b>	<b>(276,918)</b>
<b>Total net position - ending</b>	<b>\$ 20,122,499</b>	<b>\$ 146,059</b>	<b>\$ 1,733,364</b>	<b>\$ 22,001,922</b>	<b>\$ 466,253</b>

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

**City of Burlington, Iowa**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended June 30, 2013**

	Business Type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Sewer	Solid Waste	Total Non-Major Enterprise Funds		
Cash flows from operating activities:					
Receipts from customers	\$ 5,453,220	\$ 1,604,171	\$ 1,058,251	\$ 8,115,642	\$ 1,793,296
Payments to suppliers	(1,244,825)	(852,122)	(579,092)	(2,676,039)	(1,008,587)
Payments to employees	(1,594,751)	(520,626)	(477,611)	(2,592,988)	(736,470)
Net cash provided by operating activities	<u>\$ 2,613,644</u>	<u>\$ 231,423</u>	<u>\$ 1,548</u>	<u>\$ 2,846,615</u>	<u>\$ 48,239</u>
Cash flows from noncapital financing activities:					
Transfers to other funds	\$ (605,636)	\$ (146,672)	\$ -	\$ (752,308)	(336,822)
Transfers from other funds	89,610	147,100	35,677	272,387	529,909
Proceeds (payments) from/to interfund accounts	8,853,441	(217,119)	(5,402)	8,630,920	(224,070)
Net cash provided (used) by noncapital financing activities	<u>\$ 8,337,415</u>	<u>\$ (216,691)</u>	<u>\$ 30,275</u>	<u>\$ 8,150,999</u>	<u>\$ (30,983)</u>
Cash flows from capital and related financing activities:					
Proceeds from capital debt	\$ 9,730,000	\$ -	\$ -	\$ 9,730,000	\$ -
Purchase of capital assets	(2,486,226)	-	(31,823)	(2,518,049)	-
Principal paid on capital debt	(10,381,878)	-	-	(10,381,878)	-
Intergovernmental bond rebates	72,771	-	-	72,771	-
Premium from capital debt	211,778	-	-	211,778.00	-
Interest paid on capital debt	(759,509)	-	-	(759,509)	-
Net cash (used) by capital and related financing activities	<u>\$ (3,613,064)</u>	<u>-</u>	<u>\$ (31,823)</u>	<u>\$ (3,644,887)</u>	<u>-</u>
Cash flows from investing activities:					
Interest received	\$ 23,367	\$ -	\$ -	\$ 23,367	\$ 178
Net increase in cash and cash equivalents	<u>\$ 7,361,362</u>	<u>\$ 14,732</u>	<u>\$ -</u>	<u>\$ 7,376,094</u>	<u>\$ 17,434</u>
Balances - beginning of year	778,776	-	-	778,776	241,932
Balances - end of year	<u>\$ 8,140,138</u>	<u>\$ 14,732</u>	<u>\$ -</u>	<u>\$ 8,154,870</u>	<u>\$ 259,366</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 973,012	\$ 192,503	\$ (171,809)	\$ 993,706	\$ 41,954
Adjustments to reconcile operating income(loss) to net cash provided (used) by operating activities:					
Depreciation	1,550,476	55,337	207,249	1,813,062	25,570
Changes in assets and liabilities:					
Receivables, net	(16,118)	1,109	(23,494)	(38,503)	(14,119)
Inventories	-	-	2,030	2,030	14,854
Prepaid contracts	(1,833)	(1,299)	(824)	(3,956)	(1,063)
Accounts and other payables	79,877	(30,133)	(12,000)	37,744	(18,957)
Unearned revenue	28,230	13,906	396	42,532	-
Net cash provided by operating activities	<u>\$ 2,613,644</u>	<u>\$ 231,423</u>	<u>\$ 1,548</u>	<u>\$ 2,846,615</u>	<u>\$ 48,239</u>
Noncash capital and related financing activities:					
Capitalized interest	\$ 56,674	\$ -	\$ -	\$ 56,674	\$ -
Transfer long-term debt to governmental activities	777,956	120,876	-	898,832	530,038
Transfer deferred amount on refunding to governmental activities	30,136	4,672	-	34,808	22,469
TIF fund paid for interest payable	-	104	-	104	455
Contribution of capital assets	-	-	18,305	18,305	-

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

**I. Summary of significant accounting policies**

**A. Financial Reporting Entity**

The City of Burlington, Iowa (the City) operates under the Council/Manager form of government. A wide variety of services are provided by the City including garbage and sewer collection, wastewater treatment, police and fire protection, library facilities, street maintenance, public transportation, parks and recreation facilities, planning and zoning, and general administration.

The City is a municipal corporation governed by an elected mayor and a four member council, which is elected by the public and has the exclusive responsibility and accountability for the decisions it makes. The City has the statutory authority to adopt its own budget, to levy taxes, and to issue bonded debt without the approval of another government. It has the right to sue and be sued, and has the right to buy, sell, lease, or mortgage property in its own name. Based on these criteria, the City is considered a primary government.

For financial reporting purposes, the City has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City (primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

**Discretely Presented Component Units**

Burlington Municipal Waterworks (Waterworks) supplies water to the homes, businesses, and industries throughout the City of Burlington, the City of West Burlington, and to limited areas in Des Moines County.

Burlington Municipal Waterworks and the City of Burlington are separate legal entities. Burlington Municipal Waterworks meets the component unit definition as a voting majority of the Waterworks' Board of Trustees is appointed by the City, and Waterworks is fiscally dependent upon the City. Waterworks is a business-type activity.

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Complete financial statements for the component unit may be obtained at Burlington Municipal Waterworks, 500 North 3<sup>rd</sup> Street, Burlington, Iowa, 52601.

Southeast Iowa Regional Airport Authority (SIRAA) operates the airport within the City of Burlington's city limits. The City of West Burlington and the City of Burlington formed the SIRAA on July 1, 1996. Commercial air service from one commercial airline as well as other air transportation and recreation services are offered to the southeast Iowa and western Illinois regions.

SIRAA and the City of Burlington are separate legal entities. SIRAA meets the discretely presented component unit definition as a voting majority of the SIRAA's Board of Trustees is appointed by the City, and SIRAA is fiscally dependent upon the City. SIRAA is a business-type activity.

Complete financial statements for the component unit may be obtained at the Southeast Iowa Regional Airport Authority, 2515 Summer Street, Burlington, Iowa, 52601.

Friends of the Burlington Public Library Foundation (Foundation), a separate legal entity, exists for the purpose of attracting funds to benefit the Public Library, which serves the Burlington area and to disburse those funds in a manner that will benefit the Library. Foundation meets the definition of a component unit since its primary purpose is to raise funds on behalf of the Burlington Public Library. The Foundation is a business type activity. The Foundation's fiscal year ended on May 31, 2013.

Complete financial statements for the Foundation may be obtained from the Board of Directors of the Friends of the Burlington Public Library Foundation, 210 Court Street, Burlington, Iowa, 52601.

There are no other organizations or agencies whose financial statements should be combined and presented with the City's financial statements.

## **B. Basis of presentation - Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. 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.

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 between the government's solid waste and sewer functions and various



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other functions of the government. Elimination of the charges would distort the direct costs and program revenues reported for the various functions concerned.

The City adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items previously Reported as Assets and Liabilities*, in the current year. The adoption of these Statements changed the presentation of the basic financial statements to a statement of net position format.

The statement of net position presents the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for any borrowings that are attributed to the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. The sewer fund had \$1,353,255 of unspent bond proceeds.

Restricted net position results when constraints placed on their use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Net position restricted through enabling legislation consists of \$2,239 for public works, \$1,154,140 for road use, \$568,421 for property tax relief, \$504,000 for debt service (for tax increment debt), \$217,515 for economic development, \$568,421 for capital projects, and \$129,909 in culture and recreation.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

#### *Net Position Flow Assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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

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or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

These financial statements have been prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) that apply to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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 general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the servicing of general long-term debt not being financed by proprietary funds.

The *Road Use Tax Fund* accounts for state road use taxes allocated to the City to be used to maintain and improve the City's street system. This fund is presented as a major fund for public interest purposes.

The *Local Option Sales Tax Fund* accounts for revenue received from a one percent sales tax levied by the City to be used for community protection, property tax relief, and capital improvements.

The *Tax Increment Financing Fund* accounts for taxes collected on the incremental increase in the value of property located within the tax increment financing districts to be used for activities within those districts.

The *Capital Projects Fund* accounts for acquisition of capital assets or construction of major capital projects not being financed by proprietary or fiduciary funds.

The City reports the following major proprietary funds:

The *Sewer Fund* accounts for the operations of a municipally owned wastewater treatment plant and its related sewer infrastructure.

The *Solid Waste Fund* accounts for the activities associated with the collection and disposal of solid waste. This fund is presented as a major fund for public interest purposes.

Additionally, the City reports the following proprietary fund type:

Internal service funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. These include vehicle maintenance, property maintenance, safety coordination and self-insurance.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in the business-type activities (i.e. the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out; certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

### **C. Measurement focus and basis of accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied and budgeted for. 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 City 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, other postemployment benefits and claims and judgments, are recorded only when payment is due.

Other taxes and assessments, intergovernmental service charges, and fines and forfeitures associated with current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits and other receipts become measurable and available when cash is received by the City and are recognized as revenue at that time. Interest earnings are recorded as earned, since they are measurable and available.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, and the amount is available.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues from the City's proprietary funds are charges to customers for sales, rentals and services. Operating expenses for the proprietary funds include cost of personal services, contractual services, operating supplies, self-insurance claims, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Assets, liabilities, deferred inflows/outflows of resources and fund balance**

*Cash, Cash Equivalents and Investments*

The City maintains a cash pool in order to maximize interest returns. Income from the cash pool is allocated to individual funds based on the fund's average monthly cash balance and legal requirements. Accounting records are maintained to show the portion of the pooled account attributable to each participating fund. Fund cash deficits are treated as due to/from.

The City, SIRAA, Waterworks, and Foundation consider all highly liquid investments with maturities of three months or less to be considered cash equivalents.

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Investments are stated at their fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current year exchange rates.

*Interfund Balances*

Transactions between funds that are representative of long-term lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds” to indicate the non-current nature of the interfund loans. All other outstanding balances between funds are expected to be repaid within one year and reported as “due to/from other funds.”

Any residual outstanding balances between governmental activities and business-type activities are shown as internal balances in the government-wide financial statements.

*Property Tax Receivable, Including Tax Increment Financing*

Property taxes are recognized in the year in which the levy is due and collectable. The current tax levy, which is due and collectable during the year ending June 30, 2013 was certified on March 15, 2012 by the local taxing authority, Des Moines County, based on January 1, 2011 valuations establishing a lien date of March 15, 2012. Property taxes are due in two installments with the first half becoming delinquent after September 30 and the second half after March 31 of the following year. Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the City to the County. Any County collections on the 2011-2012 tax levy remitted to the City within sixty days subsequent to June 30, 2013, are recorded as property tax revenues. Taxes not collected and remitted to the City within sixty days subsequent to June 30, 2013, are delinquent and have been recorded as receivables and unavailable revenue.

By statute, the City is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable for 2013-2013 tax levy has been recorded, the related revenue is unavailable and will not be recognized as revenue until the year for which it is levied and budgeted for.

*Intergovernmental receivables*

Intergovernmental receivables represent amounts due from the State of Iowa for grants, entitlements, hotel/motel tax, and local option sales.

*Inventories and Prepaid Contracts*

City inventories are carried at cost using the first-in/first-out (FIFO) method. The cost of such inventories is recorded as expenditures/expenses when consumed

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rather than when purchased. Waterworks' inventory is valued at cost using the FIFO method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

*Restricted cash and cash equivalents*

Certain proceeds of the City's Sewer Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted cash and cash equivalents on the balance sheet. These assets are restricted due to revenue bond covenants requiring that monies be set aside and used solely for the protection and repayment of the revenue bond holders.

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

*Capital Assets*

Capital assets used in governmental and business-type activities of the City are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as construction-in-progress as the 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 the asset constructed. Capitalized interest was \$56,674 in the Sewer fund.

All assets capitalized by the City must have a useful life of two years or more and have a cost that exceeds the following minimum thresholds:

<u>Assets</u>	<u>Threshold</u>
Infrastructure	\$ 50,000
Land Improvements	50,000
Buildings	20,000
Building Improvements	20,000
Intangible Assets	20,000
Vehicles	5,000
Machinery and Equipment	2,500

NOTES TO FINANCIAL STATEMENTS  
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Property, plant and equipment are depreciated using the straight line method of depreciation with half-year convention over the following estimated useful lives:

Infrastructure	50
Land Improvements	12-20
Buildings	40
Building Improvements	20
Vehicles	4-12
Machinery and Equipment	5-10

Capital assets are reported at the fund level for proprietary funds, but not for governmental funds.

SIRAA records property and equipment at cost and depreciation is computed using the straight-line method at rates based on the following useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	5-38
Buildings and Improvements	5-40
Furniture and Equipment	5-10

Waterworks computes depreciation using the 150% declining balance method using the following useful lives:

<u>Assets</u>	<u>Years</u>
Distribution System	10-39
Land Improvements	15-22
Buildings and improvements	7-40
Furniture and Equipment	3-10

*Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is payable to employees upon termination or retirement while sick pay is payable only upon retirement. Additionally, since Firefighters are regularly scheduled to work in excess of 136 hours per regular work period as established under the Fair Labor Standards Act (FLSA) they shall accrue twelve (12) hours compensatory time per regular pay period. Compensatory time is scheduled time off on the same basis as overtime, however is accrued in lieu of overtime pay. A liability has been recorded in the government-wide and propriety fund financial statements for all earned but unused vacation benefits, Firefighter compensatory time benefits and earned but unused sick leave benefits. For governmental activities, compensated absences are generally liquidated by the General and Road Use Tax funds.

In governmental fund financial statements, these accrued benefits, including Firefighter compensatory time, are considered long-term liabilities similar to that of

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long-term debt and are not reported as a fund liability unless the liability has matured, for example, as a result of employee retirements and resignations.

*Long-term Debt*

In the government-wide financial statements and proprietary 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as an expense in the year they are incurred in interest and charges on long-term debt.

In the fund financial statements, governmental fund types recognize bond premium 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 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.

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred amount on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and balance sheet 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from five sources: property taxes, tax increment financing taxes, special assessments, intergovernmental and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the City's government-wide statements, only the property taxes and tax increment financing taxes remain under the full accrual basis of accounting and will become an inflow in the year for which the taxes are levied and budgeted for.



*Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*Fund Balance Flow Assumptions*

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**II. CASH AND INVESTMENTS**

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it.

As of June 30, 2013, the carrying amount of the City’s cash deposits, which includes certificates of deposit, total \$9,586,351 with bank balances of \$10,133,665. The bank balances are covered entirely by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

As of June 30, 2013, the carrying amount of deposits, related bank balances, and other cash, including fiduciary funds, were as follows:

	Carrying Amount	Bank Balance
Demand Deposits	\$ 9,553,123	\$ 10,104,932
Certificates of Deposit	28,733	28,733
Petty Cash	4,495	-
Total	<u>\$ 9,586,351</u>	<u>\$ 10,133,665</u>

SIRAA’s deposits at June 30, 2013 are entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of funds. Cash balances as of June 30, 2013, consisted of unrestricted cash of \$147,850. The cash balances are entirely from checking and savings deposits. SIRAA held no investments as of June 30, 2013.

Waterworks’ carrying amount of deposits was \$2,573,998 all of which are covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of funds. Waterworks’ held no investments as of June 30, 2013.

The Foundation had cash deposits of \$439,229. Investments held by the foundation were as follows:

U. S. Agency obligations	\$ 31,405
Municipal bonds and notes	53,352
Corporate debt securities	356,474
Fixed income funds	780,242
Equity securities	1,093,968
Equity funds	<u>1,426,845</u>
Total	<u>\$ 3,742,286</u>

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Additional information regarding the Foundation's investments can be obtained in the separately issued financial statements.

The City, SIRAA, and Waterworks are authorized by statute to invest in public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by City Council, Board of Trustees, Authority Board, or Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

*Interest Rate Risk.* The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within fifteen months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in instruments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City. The City did not hold any instruments with a maturity greater than 397 days during the year.

*Credit Risk.* The City's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The City did not invest in any commercial paper or other corporate debt during the year.

*Concentration of Credit Risk.* The City's investment policy does not allow for a prime bankers' acceptance or commercial paper and other corporate debt balances to be greater than ten percent of its total deposits and investments. The policy also limits the amount that can be invested in a single issue to five percent of its total deposits and investments. The City held no such investments during the year.

*Custodial Credit Risk - Investment.* For an investment, this is the risk that, in the event of the failure the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City did not hold any investment during the year.

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**III. CAPITAL ASSETS**

Capital asset activity for the City for the year ended June 30, 2013, is as follows:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,010,292	\$ -	\$ 5,690	\$ 2,004,602
Work-in-progress	314,799	436,601	314,799	436,601
Total, undepreciated	<u>2,325,091</u>	<u>436,601</u>	<u>320,489</u>	<u>2,441,203</u>
Capital assets being depreciated:				
Land improvements	1,325,197	-	-	1,325,197
Infrastructure	44,245,245	545,777	-	44,791,022
Buildings	19,666,028	1,073,134	204,707	20,534,455
Building improvements	7,344,127	-	-	7,344,127
Fixtures and equipment	6,484,634	162,832	96,560	6,550,906
Vehicles	6,829,353	129,541	170,654	6,788,240
Total, depreciated	<u>85,894,584</u>	<u>1,911,284</u>	<u>471,921</u>	<u>87,333,947</u>
Less accumulated depreciation for:				
Land improvements	1,094,251	18,327	-	1,112,578
Infrastructure	13,886,542	1,034,016	-	14,920,558
Buildings	4,498,836	486,486	13,189	4,972,133
Building improvements	4,305,940	283,736	-	4,589,676
Fixtures and equipment	4,912,773	254,572	96,560	5,070,785
Vehicles	4,522,661	395,608	170,654	4,747,615
Total accumulated depreciation	<u>33,221,003</u>	<u>2,472,745</u>	<u>280,403</u>	<u>35,413,345</u>
Total capital assets being depreciated, net	<u>52,673,581</u>	<u>(561,461)</u>	<u>191,518</u>	<u>51,920,602</u>
Governmental activities capital assets, net	<u>\$ 54,998,672</u>	<u>\$ (124,860)</u>	<u>\$ 512,007</u>	<u>\$ 54,361,805</u>

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 398,543	\$ -	\$ -	\$ 398,543
Work-in-progress	7,045,458	1,031,907	6,210,263	1,867,102
Total, undepreciated	<u>7,444,001</u>	<u>1,031,907</u>	<u>6,210,263</u>	<u>2,265,645</u>
Capital assets being depreciated:				
Land improvements	2,315,613	-	-	2,315,613
Infrastructure	27,779,026	-	-	27,779,026
Buildings	25,313,523	7,642,704	-	32,956,227
Building improvements	2,550,348	-	-	2,550,348
Fixtures and equipment	2,536,781	117,281	14,757	2,639,305
Vehicles	1,578,429	11,399	17,934	1,571,894
Total, depreciated	<u>62,073,720</u>	<u>7,771,384</u>	<u>32,691</u>	<u>69,812,413</u>
Less accumulated depreciation for:				
Land improvements	1,851,478	74,415	-	1,925,893
Infrastructure	8,018,464	601,767	-	8,620,231
Buildings	17,262,607	801,450	-	18,064,057
Building improvements	1,172,520	120,856	-	1,293,376
Fixtures and equipment	1,788,340	135,334	11,595	1,912,079
Vehicles	1,223,212	79,240	17,934	1,284,518
Total accumulated depreciation	<u>31,316,621</u>	<u>1,813,062</u>	<u>29,529</u>	<u>33,100,154</u>
Total capital assets being depreciated, net	<u>30,757,099</u>	<u>5,958,322</u>	<u>3,162</u>	<u>36,712,259</u>
Business-type activities capital assets, net	<u>\$ 38,201,100</u>	<u>\$ 6,990,229</u>	<u>\$ 6,213,425</u>	<u>\$ 38,977,904</u>

NOTES TO FINANCIAL STATEMENTS  
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Depreciation expense was charged to the activities of the primary government as follows:

Governmental activities:	
Public Safety	\$ 423,442
Cultural and Recreation	630,583
Public Works	1,366,191
Community and Economic Development	231
General government	26,728
Internal Service	25,570
Total depreciation expense - governmental activities	<u>\$ 2,472,745</u>
Business-type activities:	
Sewer	\$ 1,550,476
Solid waste	55,337
Recplex	99,158
Parking	60,685
Flint Hills golf course	47,406
Total depreciation expense - business-type activities	<u>\$ 1,813,062</u>

The following is a summary of capital assets for the Burlington Municipal Waterworks for the year ended June 30, 2013:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 151,981	\$ -	\$ -	\$ 151,981
Construction in progress	-	411,805	-	411,805
Total, not depreciated	<u>151,981</u>	<u>411,805</u>	<u>-</u>	<u>563,786</u>
Capital assets being depreciated:				
Building and tanks	4,551,796	-	-	4,551,796
Distribution miscellaneous equipment	145,636	14,816	-	160,452
Distribution mains	12,381,578	12,322	-	12,393,900
Emergency well water	77,072	-	-	77,072
Filter equipment	1,009,122	-	-	1,009,122
Furniture and office equipment	211,911	950	-	212,861
Land improvements	775,595	-	-	775,595
Miscellaneous plant equipment	185,232	1,770	-	187,002
Power/pumping equipment	3,387,314	-	-	3,387,314
Sludge equipment	105,527	27,776	-	133,303
Vehicles	478,782	-	-	478,782
Total, capital assets being depreciated	<u>23,309,565</u>	<u>57,634</u>	<u>-</u>	<u>23,367,199</u>
Accumulated depreciation:	12,897,714	560,936	-	13,458,650
Total capital assets being depreciated, net	<u>10,411,851</u>	<u>(503,302)</u>	<u>-</u>	<u>9,908,549</u>
Capital assets, net	<u>\$ 10,563,832</u>	<u>\$ (91,497)</u>	<u>\$ -</u>	<u>\$ 10,472,335</u>

NOTES TO FINANCIAL STATEMENTS  
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The following is a summary of capital assets for the Southeast Iowa Regional Airport Authority for the year ended June 30, 2013:

	June 30, 2012	Additions	Decreases	June 30, 2013
Capital assets not being depreciated:				
Land	\$ 1,786,905	\$ 231,770	\$ -	\$ 2,018,675
Capital assets being depreciated:				
Land improvements	16,892,290	130,414	-	17,022,704
Building and improvements	2,707,583	13,225	-	2,720,808
Furniture and equipment	1,538,432	1,999	-	1,540,431
Total capital assets being depreciated	<u>21,138,305</u>	<u>145,638</u>	<u>-</u>	<u>21,283,943</u>
Less accumulated depreciation for:				
Land improvements	7,263,664	783,185	-	8,046,849
Building and improvements	1,171,270	86,324	-	1,257,594
Furniture and equipment	1,033,927	72,610	-	1,106,537
Total accumulated depreciation:	<u>9,468,861</u>	<u>942,119</u>	<u>-</u>	<u>10,410,980</u>
Total capital assets being depreciated, net	<u>11,669,444</u>	<u>(796,481)</u>	<u>-</u>	<u>10,872,963</u>
Capital assets, net	<u>\$ 13,456,349</u>	<u>\$ (564,711)</u>	<u>\$ -</u>	<u>\$ 12,891,638</u>

IV. INTERFUND RECEIVABLES AND PAYABLES:

*Due to/from other funds:*

Receivable Fund	Payable Fund	Amount
General	Debt service	\$ 105,284
	Internal service funds	59,683
Road use tax	Internal service funds	43,608
	Nonmajor governmental fund - employee benefits	35,993
Local option sales tax	Internal service funds	107,525
		<u>\$ 352,093</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of internal borrowings to cover cash shortages which are expected to be collected in the subsequent year.

*Advances from/to other funds:*

Receivable Fund	Payable Fund	Amount
General	Capital project fund	\$ 421,598
Road use tax	Nonmajor enterprise funds	971,481
Local option sales tax	Nonmajor enterprise funds	612,768
		<u>\$ 2,005,847</u>

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2013

The amounts payable to the general fund, road use tax fund and local option sales tax fund relate to loans made for capital improvements. None of the balances are scheduled to be collected in the subsequent year.

Transfers generally move resources from the fund statutorily required to collect resources to the fund statutorily required to expend resources. In addition, payments in lieu of taxes from enterprise funds to the general fund are treated as a transfer between those funds. Interfund transfers for the year ended June 30, 2013 were as follows:

	Transfers In:					
	General Fund	Road Use	Debt Service Fund	Capital Projects Fund	Sewer Fund	Nonmajor Governmental Funds
Transfers out:						
General	\$ -	\$ -	\$ -	\$ 20,673	\$ -	\$ 88,082
Road use tax	192,980	-	-	-	-	-
Local option sales tax	3,166,860	71,304	18,857	238,096	-	-
Tax increment financing	22,995	-	1,965,166	-	-	-
Debt service	248,401	1,243,899	-	-	89,610	-
Capital projects	-	-	-	-	-	-
Nonmajor governmental	1,650,642	-	38,073	5,000	-	-
Sewer	575,500	-	-	-	-	-
Solid waste	142,000	-	-	-	-	-
Internal service	336,822	-	-	-	-	-
Governmental activities reconciling items:						
Transfer of long-term debt from enterprise funds	-	-	-	-	777,956	-
Transfer of long-term debt from internal service funds	-	-	-	-	-	-
	<u>\$ 6,336,200</u>	<u>\$ 1,315,203</u>	<u>\$ 2,022,096</u>	<u>\$ 263,769</u>	<u>\$ 867,566</u>	<u>\$ 88,082</u>

	Transfers In:						
	Tax Increment Financing Fund	Local Option Sales Tax Fund	Solid Waste Fund	Recplex Fund	Internal Service Funds	Governmental Activities	Total
Transfers out:							
General	\$ 23,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,627
Road use tax	-	120,000	-	-	-	-	312,980
Local option sales tax	-	-	-	-	-	-	3,495,117
Tax increment financing	-	-	147,099	-	529,908	-	2,665,167
Debt service	-	-	-	-	-	-	1,581,910
Capital projects	-	10,000	-	-	-	-	10,000
Nonmajor governmental	10,000	-	-	35,677	-	-	1,739,394
Sewer	-	-	-	-	-	30,136	605,636
Solid waste	-	-	-	-	-	4,672	146,672
Internal service	-	-	-	-	-	22,469	359,291
Governmental activities reconciling items:							
Transfer of long-term debt from enterprise funds	-	-	-	-	-	-	-
Transfer of long-term debt from internal service funds	-	-	120,876	-	-	-	898,832
	-	-	-	-	530,038	-	530,038
	<u>\$ 33,872</u>	<u>\$ 130,000</u>	<u>\$ 267,975</u>	<u>\$ 35,677</u>	<u>\$ 1,059,946</u>	<u>\$ 57,277</u>	<u>\$ 12,477,664</u>

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**V. LONG-TERM DEBT**

*General Obligation Bonds.* The City issues general obligation bonds to provide funds for the acquisition and construction of infrastructure, major capital facilities, other major capital assets, and repairs and maintenance of capital assets. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in proprietary funds if they are expected to be repaid from proprietary fund revenues.

During Fiscal Year 2013, the City issued multiple series of bonds included with the issuance was \$5,470,000 to current refund the bond anticipation notes and advance refund the General Obligation Corporate Purpose Bonds, Series 2004. The refunding was undertaken to reduce total future debt service payments. The transactions resulted in an economic gain of \$643,970 and a reduction of \$681,898 in future debt service payments.

General obligation bonds as of June 30, 2013 consist of the following individual issues:

<u>Debt</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Interest Rates</u>	<u>Balance June 30, 2013</u>
G.O. Refunding	07/01/06	\$ 4,520,000	3.90-4.15	\$ 3,075,000
General corporate	07/18/05	5,000,000	3.50-3.875	3,515,000
General corporate	11/01/07	3,350,000	4.00	2,950,000
G.O. Urban renewal	07/01/08	2,165,000	4.25-5.80	1,195,000
General corporate	07/01/08	3,455,000	3.50-4.50	1,070,000
General corporate	01/06/10	1,785,000	1.60-4.60	1,140,000
General corporate	02/01/11	9,000,000	2.70-3.40	9,000,000
G.O. Refunding	03/15/12	3,390,000	1.00-1.25	2,605,000
G.O. Refunding	06/28/12	817,000	1.37	817,000
G.O. Refunding and general corporate	05/22/13	2,225,000	1.65-3.05	2,225,000
G.O. Refunding	05/22/13	3,670,000	.50-2.85	3,670,000
G.O. Refunding	05/22/13	5,670,000	2.00-3.00	5,670,000
G.O. Refunding	05/22/13	1,140,000	2.00	1,140,000
		<u>\$ 46,187,000</u>		<u>\$ 38,072,000</u>

Future debt service requirements for the outstanding general obligation bonded indebtedness are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$ 3,400,000	\$ 999,818	\$ 325,000	\$ 85,254	\$ 4,810,072
2015	3,578,000	906,747	415,000	76,675	4,976,422
2016	3,557,000	810,016	420,000	68,375	4,855,391
2017	3,578,000	711,714	430,000	59,975	4,779,689
2018	3,444,000	602,453	440,000	51,375	4,537,828
2019-2023	13,745,000	1,488,751	2,300,000	131,400	17,665,151
2024-2029	2,440,000	137,603	-	-	2,577,603
	<u>\$ 33,742,000</u>	<u>\$ 5,657,102</u>	<u>\$ 4,330,000</u>	<u>\$ 473,054</u>	<u>\$ 44,202,156</u>



NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2013

*Sewer revenue bonds.* The City issues sewer revenue bonds to provide for the construction of sewer system infrastructure. These bonds are reported in the sewer fund in the enterprise funds and under the bond agreement are payable solely from net revenues derived from the operation of the sewer system. Annual principal and interest payments on the bonds are expected to require less than 55 percent of net revenues. These bonds are not general obligations of the City. Total principal and interest remaining on the bonds are \$24,374,376 payable through 2031. For the current year, principal and interest paid and net revenues generated were \$1,586,706 and \$2,523,488, respectively.

Sewer revenue bonds as of June 30, 2013 consist of the following issues:

<u>Debt</u>	<u>Date</u>	<u>Issued</u>	<u>Rates</u>	<u>June 30, 2013</u>
Sewer revenue	07/01/01	\$ 1,160,000	4.50-4.90	\$ 200,000
Sewer capital loan	07/01/08	3,846,000	3.00	3,248,000
Sewer revenue	01/06/10	4,350,000	3.00	3,850,000
Sewer revenue	07/19/11	5,340,000	1.00-4.20	5,240,000
Sewer revenue	05/22/13	5,400,000	2.00-3.00	5,400,000
		<u>\$ 20,096,000</u>		<u>\$ 17,938,000</u>

Future debt service requirements for the outstanding sewer revenue bonded indebtedness are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 748,000	\$ 623,256	\$ 1,371,256
2015	853,000	596,240	1,449,240
2016	873,000	573,230	1,446,230
2017	899,000	549,280	1,448,280
2018	920,000	523,710	1,443,710
2019-2023	5,074,000	2,182,080	7,256,080
2024-2028	6,021,000	1,225,835	7,246,835
2029-2031	2,550,000	162,745	2,712,745
	<u>\$ 17,938,000</u>	<u>\$ 6,436,376</u>	<u>\$ 24,374,376</u>

The following provisions are included in the sewer revenue bond indenture:

Cash from the Sewer Fund shall be transferred monthly into the Sewer Revenue Bond Sinking Fund to pay the interest on, and to redeem the principal amount of, the bonds at maturity. The monthly transfers must be equal to one-sixth of the interest due on the next payment date, plus one-twelfth of the principal maturing on the next retirement date.

The Sewer Reserve Fund maintains an amount equal to \$1,353,255, which is the maximum principal and interest coming due any fiscal year on all sewer revenue bonds.

NOTES TO FINANCIAL STATEMENTS  
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On or before the beginning of each fiscal year City Council will adopt or continue in effect rates for all services rendered by the Utility sufficient to produce “net revenues” for the next succeeding fiscal year sufficient to meet the requirements of the sinking funds and to create “net revenues” equal to at least 1.25 times the maximum annual combined debt service of the revenue bonds then outstanding. “Net revenues” are defined as gross revenues less operating expenses which shall include salaries, wages, cost of maintenance and operation, materials and supplies, and insurance, as well as other items that are normally included under recognized accounting practices, but shall not include allowance for depreciation in the value of physical properties.

*Urban Renewal Tax Increment Revenue Bonds.* In November 2006 the City issued \$6,520,000 of Urban Renewal Tax Increment Revenue Bonds to finance acquisition, demolition, and redevelopment of a World War II era housing development adjacent to Roosevelt Avenue (U. S. Highway 61). In addition this issue included funds to finance the construction of a street within Flint Ridge Business Park and economic development incentives for Dresser Rand Corporation. These bonds will be repaid with incremental property taxes generated by development within the area. Total principal and interest remaining on the bonds is \$6,618,350, payable through year 2021. For the current year, principal and interest paid and total incremental sales tax revenues were \$845,245 and \$1,850,014, respectively.

The following provisions are included in the tax increment revenue bond indenture:

The Debt Service Reserve shall be funded to a balance equal to the lesser of 1) the maximum amount of principal and interest becoming due on the bonds in any succeeding year, 2) 125% of the average amount of principal and interest becoming due on the bonds in any succeeding year, or 3) 10% of the principal amount of the bonds then outstanding. The amount restricted at June 30, 2013 under this bond provision is \$504,000.

Future Debt Service requirements for the Urban Renewal Tax Increment bonded indebtedness is as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 515,000	\$ 328,720	\$ 843,720
2015	545,000	295,245	840,245
2016	575,000	259,820	834,820
2017	605,000	222,445	827,445
2018	640,000	183,120	823,120
2019-2021	2,160,000	289,000	2,449,000
	\$ 5,040,000	\$ 1,578,350	\$ 6,618,350

NOTES TO FINANCIAL STATEMENTS  
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*Notes payable.* On July 2, 2007 the City entered into a Physical Infrastructure Assistance Agreement with the Iowa Department of Economic Development (IDED). This agreement provided \$1,000,000 at two percent (2%) interest for ten years to assist the city in purchasing a building from Dresser- Rand Corporation to be resold or utilized for redevelopment. On July 16, 2012, the City paid \$447,642 for the Physical Infrastructure Assistance Agreement with the Iowa Department of Economic Development. This amount was 80% of the remaining principal balance owed and the remaining 20% of the agreement was forgiven.

The City and the Burlington Municipal Waterworks entered an agreement in 1997 for the construction of five water main extensions in the Flint Hills Business Park. The water main extensions are to be repaid utilizing tax increment financing when tax increment financing revenue becomes available. Interest shall accrue annually based on the Public funds rate set by the State of Iowa for the one year to 397 day category. As of June 30, 2013 the principal of amount of \$165,606 and accrued interest of \$72,945 is outstanding. These amounts are classified as long term and do not have a payment schedule.

The following is a summary of the changes in the long-term debt of the City for the year ended June 30, 2013. Typically, long-term liabilities of the governmental activities, other than debt, are liquidated by the fund incurring the debt.

	June 30, 2012	Additions	Retirements	June 30, 2013	Due Within One Year
<i>Governmental activities:</i>					
General obligation bonds	\$ 33,408,168	\$ 9,273,832	\$ 8,940,000	\$ 33,742,000	\$ 3,400,000
Add: bond premiums	8,370	86,472	837	94,005	-
Notes payable	798,420	101	559,970	238,551	-
Tax increment revenue	5,525,000	-	485,000	5,040,000	515,000
Other post-employment benefits	289,526	48,296	-	337,822	-
Compensated absences	1,147,941	286,985	307,917	1,127,009	281,752
<b>Total governmental activities</b>	<b>41,177,425</b>	<b>9,695,686</b>	<b>10,293,724</b>	<b>40,579,387</b>	<b>4,196,752</b>
<i>Business-type activities:</i>					
General obligation bonds	5,398,834	4,330,000	5,398,834	4,330,000	325,000
Less: bond deferrals	(34,807)	-	(34,807)	-	-
Sewer revenue bonds	18,299,000	5,400,000	5,761,000	17,938,000	748,000
Less: bond deferrals	(72,921)	-	(72,921)	-	-
Add: bond premiums	-	211,778	647	211,131	-
Compensated absences	228,497	80,859	57,124	252,232	63,058
<b>Total business-type activities</b>	<b>23,818,603</b>	<b>10,022,637</b>	<b>11,109,877</b>	<b>22,731,363</b>	<b>1,136,058</b>
<b>Total long-term debt</b>	<b>\$ 64,996,028</b>	<b>\$ 19,718,323</b>	<b>\$ 21,403,601</b>	<b>\$ 63,310,750</b>	<b>\$ 5,332,810</b>

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

**VI. COMPONENTS OF FUND BALANCE**

	General	Debt Service	Tax Increment Financing	Road Use	Local Option Sales Tax	Capital Projects	Non-Major Governmental Funds	Total
<b>Nonspendable:</b>								
Advances	\$ 421,598	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 421,598
Inventory	-	-	-	58,284	-	-	-	58,284
Prepaid Items	94,156	-	-	18,805	-	-	-	112,961
Total Nonspendable	515,754	-	-	77,089	-	-	-	592,843
<b>Restricted for:</b>								
Debt Service	-	17,260	504,000	-	-	-	-	521,260
Capital improvements & equipment	-	-	-	-	568,420	834,386	5,883	1,408,689
Road Use	-	-	-	1,154,140	-	-	-	1,154,140
Public Safety	-	-	-	-	-	-	114,693	114,693
Economic Development	-	-	-	-	217,515	-	24,946	242,461
Property Tax Relief	-	-	-	-	568,421	-	-	568,421
Culture & Recreation	129,909	-	-	-	-	-	330,906	460,815
Public Works	-	-	-	-	-	-	2,239	2,239
Total Restricted	129,909	17,260	504,000	1,154,140	1,354,356	834,386	478,667	4,472,718
<b>Assigned to:</b>								
Capital improvements & equipment	6,538	-	-	-	-	925,411	-	931,949
Total Assigned	6,538	-	-	-	-	925,411	-	931,949
<b>Unassigned:</b>								
	439,410	-	(423,457)	-	-	-	-	15,953
Total Fund Balances	\$ 1,091,611	\$ 17,260	\$ 80,543	\$ 1,231,229	\$ 1,354,356	\$ 1,759,797	\$ 478,667	\$ 6,013,463

**VII. RETIREMENT SYSTEMS**

**Iowa Public Employees Retirement System (IPERS)**

The City of Burlington, the Burlington Municipal Waterworks, and the Southeast Iowa Regional Airport Authority contribute to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing, multiple-employer, defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.78% of their annual covered salary and the City, Waterworks, and SIRAA are required to contribute 8.67% of annual covered payroll. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2013, 2012, and 2011, were \$586,801, \$553,419, and \$490,467, respectively, equal to the required contributions for each year.

**Municipal Fire and Police Retirement System of Iowa (MFPRSI)**

The City contributes to the Municipal Fire and Police Retirement System of Iowa (MFPRSI), which is a cost-sharing, multiple-employer defined benefit plan administered by a Board of Trustees. MFPRSI provides retirement, disability and death benefits, which are established by State statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104<sup>th</sup> Street, Urbandale, Iowa 50322.

Plan members are required to contribute 9.4% of their earnable compensation and the City's contribution rate may not be less than 17% of earnable compensation. For fiscal year 2012-2013 the City's contribution rate was 26.12%. Contribution requirements are established by State statute. The City's contributions to MFPRSI for the years ended June 30, 2013, 2012, and 2011 were \$1,235,756, \$1,129,606, and \$903,565, respectively, which met the required minimum contributions for each year.

**VIII. DEFICIT BALANCES**

The following City funds have a deficit net position as of June 30, 2013:

	<u>Deficit Balance</u>
Internal Service:	
Property Maintenance	\$ 120,959
Enterprise:	
Flint Hills Golf Course	416,171

**IX. RISK MANAGEMENT**

The City, in conjunction with Des Moines County, Iowa, Burlington Municipal Waterworks, Southeast Iowa Regional Airport Authority, and other organizations participate in a multi-government pool for the purchase of health, dental and prescription drug insurance, which is funded through employer premiums. The plan purchases coverage through Wellmark Blue Cross/Blue Shield. Coverage includes a \$2,000/\$4,000 deductible per employee, with the plan self-insuring the difference between those amounts and the deductible elected by the employee. An independent claims administrator performs the handling of all dental and prescription drug claims. Settled claims have not exceeded the planned coverage during any of the past three fiscal years.

The City is insured for general and automotive liability, property, and other coverage through insurance purchased from Berkshire Hathaway. The City purchased insurance coverage of \$100,094,454 for buildings and contents with a deductible of \$10,000. The City purchased liability coverage of \$1,000,000 per occurrence and \$2,000,000 in aggregate with no deductible. The City also

NOTES TO FINANCIAL STATEMENTS  
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purchased an additional \$4,000,000 in umbrella coverage per incident and in aggregate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The City is self-insured for worker's compensation. Self-insurance is in effect up to a stop loss amount of approximately \$400,000 per incident for worker's compensation. Worker's compensation premiums and claims are accounted for in an internal service fund. Charges are billed to the operating funds based upon estimated workers compensation premiums based on budgeted wages. Unemployment claims are charged quarterly to the applicable funds based upon actual claims as assessed by the State.

The changes in the aggregate liability for claims for the years ended June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Claims payable, beginning of year	\$ 190,684	\$ 124,936
Incurred claims and other adjustments (including IBNR)	169,117	102,577
Claim payments	<u>(230,259)</u>	<u>(36,829)</u>
Claims payable, end of year	<u>\$ 129,542</u>	<u>\$ 190,684</u>

**X. OTHER POST EMPLOYMENT BENEFITS**

Plan Description - The City participates in a multi-government health insurance pool that provides medical, dental benefits, and prescription drug coverage to employees and retirees. Full-time fire fighters and police officers participate in MFPRSI and may retire after the age of 55 with 22 years of service or if disabled. All other full-time employees participate in IPERS and may retire with health coverage after the age of 55 with 33 years of service, under the Rule of 88, age 62 with 20 years of service or if disabled.

The City pays 100% of the health and dental insurance premiums for employees for the standard health and dental package. Premium growth is limited to 5% annually on a cumulative basis over the next five years. Employees must contribute premium costs above this level or change health and dental plan provision to reduce premium costs to less than 5% growth. Retirees pay 102% of the employee premium rates. Retirees may elect to stay on the City's group health and dental plan until they reach the age of 65.

Funding policy – The City's current funding policy is to pay health and dental costs as they occur or a pay-as-you-go basis. The City establishes and amends contribution requirements. Resources of the general fund will be used to liquidate the net other postemployment obligation for the City.

NOTES TO FINANCIAL STATEMENTS  
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Annual OPEB and Net OPEB Obligation – The City’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City’s annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan, and changes in the net OPEB obligation:

Annual required contribution	\$ 116,228
Interest on net OPEB obligation	11,581
Adjustment to annual required contribution	<u>(16,743)</u>
Annual OPEB cost	111,066
Contributions made	<u>62,770</u>
Increase in net OPEB obligation	48,296
Net OPEB obligation, beginning of year	<u>289,526</u>
Net OPEB obligation, end of year	<u><u>\$ 337,822</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations are as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 111,066	43.5%	\$ 337,822
6/30/2012	91,507	43.1%	289,526
6/30/2011	91,507	43.1%	245,837

Funding Status and Funding Progress – As of July 1, 2012, the actuarial accrued liability was \$992,123 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$992,123. The covered payroll (annual payroll of covered employees by the plan) was approximately \$11,877,100 and the ratio of UAAL to covered payroll was approximately 8.35%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality, and the health care trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the notes to the financial statements, will present multiyear trend information about whether the actuarial value of plan

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assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the June 30, 2013 actuarial valuation date, the projected unit credit with linear proration to decrement cost method was used. The actuarial assumptions include a 4% discount rate based on the City's funding policy and an inflation rate of 3%. The projected annual medical trend rate is 10% with an ultimate medical trend rate of 5%. The medical trend rate is reduced .5% each year until reaching the ultimate medical trend rate. The amortization is level dollar amount over thirty years based on an open group.

## **XI. JOINTLY GOVERNED ORGANIZATIONS**

The City participates in several jointly governed organizations. The City is a member of the Des Moines County Regional Solid Waste Commission (DMCRSWC). The Solid Waste Commission manages the landfill and the recycling center in Des Moines County. The City, along with ten other governmental entities, forms the DMCRSWC. The City provides three board members while each of the other entities provides one board member creating a thirteen member board. The City paid \$348,601 in recycling fees and \$281,147 in landfill charges in fiscal year 2013.

The City also participates in the Joint Safety Committee (JSC). The JSC is a cooperative effort by the City, Des Moines County, the Des Moines County Regional Solid Waste Commission, and the Burlington Municipal Waterworks to monitor and improve on-the-job safety conditions and to assist in complying with OSHA regulations. Board members are based on number of employees covered, with the City appointing two members, the County two members, the DMCRSC one member, and the Waterworks one member. The City contributed \$49,826 and the Waterworks contributed \$5,334 in fiscal year 2013 to the JSC for operating expenses and also provided accounting services at no cost.

## **XII. SIGNIFICANT TRANSACTIONS WITH COMPONENT UNITS**

In 2001 the City entered into an agreement with the Southeast Iowa Regional Airport Authority to help fund the re-construction of a taxiway. The construction was funded 90% from a Federal Aviation Administration grant. The City issued \$540,000 in general obligation bonds to assist the SIRAA with their share of the project of \$716,000. In fiscal year 2009, the general obligation bonds were



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refunded, and SIRAA's payment plan to the City was extended. SIRAA is making annual payments over ten years to the City to cover the debt service. As of June 30, 2013 the outstanding balance due to the city was \$135,695. This balance is included in loan receivables in the debt service fund financial statement and governmental activities financial statement.

### **XIII. COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

In 1984, under the terms of the Small Cities Community Development Block Grant Program, the City awarded \$1,200,000 to a local construction company for the redevelopment and operation of a housing project in the Flint Hills Manor subdivision of the City. The contract is guaranteed by the officers of the construction company and is due on October 16, 2024.

For the City to receive cash under this agreement, the construction company must meet the principal and interest requirements on all other debt relating to the project as well as all "normal" operating expenses of the project. In addition, the construction company is guaranteed ten percent return on its equity in the project. Funds available after satisfying the above conditions will be divided between the construction company and the City, sixty percent (60%) and 40 percent (40%), respectively.

Any amounts received by the City under these conditions will be considered interest. In no case will the City's rate of return on the \$1,200,000 award exceed the greater of: (1) the bond rate as of December 31 of the subject year on the First Mortgage Revenue bonds to be issued by the Iowa Housing Finance Authority in conjunction with the project, or (2) the cost of rollover financing on the project, or (3) ten percent (10%). Any funds received from the housing project in excess of the above limitations belong to the construction company. As of June 30, 2013, the City has not received any cash under this contract.

### **XIV. COMMITMENTS AND CONTINGENCIES**

The City also has outstanding commitments for construction projects including street and sewer improvements, and other miscellaneous construction. The City's commitment to these contracts, net of amounts funded through state and federal grants, is \$542,029.

The City has outstanding commitments for purchase orders that have been issued to various vendors. For budgetary purposes, these commitments are considered encumbrances. The City had encumbrances in the General Fund, Road Use Fund, Local Option Sales Tax Fund, Capital Projects Fund, nonmajor governmental funds, Sewer fund, Solid Waste Fund and nonmajor enterprise funds of \$43,639, \$55,941, \$1,281, \$20,901, \$7,172, \$39,772, \$1,864 and \$33,577, respectively.

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The City is a defendant in several claims and lawsuits. In the opinion of the City Attorney and management, the resolution of these matters will not have a material effect on the financial statements of the City.

**XV. NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARDS (GASB) STANDARDS**

The Governmental Accounting Standards Board (GASB) has issued five statements not yet implemented by the City. The statements which might impact the City are as follows:

Statement No. 66, *Technical Corrections* - an amendment of GASB Statements No. 10 and No.62, issued March 2012, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

Statement No. 68, Accounting and Financial Reporting for Pensions; an amendment of GASB Statement 27, issued June 2012, will be effective for the fiscal year ending June 30, 2015. The objective of this Statement is to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities. Under Statement No. 68, each employer participating in a multiple-employer defined benefit pension plan will be required to record a liability representing their "proportionate share" of the plan's net pension liability.

Statement No. 69, Government Combinations and Disposals of Government Operations issued January 2013, will be effective for the fiscal year ending June 30, 2015. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term government combinations is used in this Statement to refer to a variety of arrangements including mergers and acquisitions.

Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, issued April 2013, will be effective for the fiscal year ending June 30, 2014. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions.

The City has not yet determined the effect these statements will have on the City's financial statements.



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

City of Burlington, Iowa

Schedule of Funding Progress  
City of Burlington, Other Post Employment Benefits

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2012	\$ -	\$ 992,123	\$ 992,123	0.00%	\$ 11,877,100	8.35%
7/1/2011	\$ -	\$ 748,043	\$ 748,043	0.00%	\$ 11,829,800	6.32%
7/1/2011	\$ -	\$ 748,043	\$ 748,043	0.00%	\$ 11,829,800	6.32%

City of Burlington, Iowa

**Budgetary Comparison Schedule of  
Receipts, Disbursements and Changes in Balances-  
Budget and Actual (Budget Basis)  
Governmental Funds and Proprietary Funds**

**Required Supplementary Information**

**For The Year Ended June 30, 2013**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final To Actual Variance
				Original	Final	
Resources (inflows):						
Property taxes	\$ 9,842,972	\$ -	\$ 9,842,972	\$ 9,841,809	\$ 9,841,809	\$ (1,163)
Tax increment revenues	2,182,253	-	2,182,253	2,219,246	2,219,246	36,993
Other taxes	5,238,037	-	5,238,037	5,521,287	5,521,287	283,250
Licenses and permits	747,984	-	747,984	681,850	681,850	(66,134)
Use of money and property	225,513	26,859	252,372	226,719	226,719	(25,653)
Intergovernmental revenue	4,881,159	83,988	4,965,147	6,563,463	6,563,463	1,598,316
Charges for services	1,457,554	12,281,199	13,738,753	13,305,750	13,305,750	(433,003)
Miscellaneous	2,943,248	-	2,943,248	1,800,795	1,800,795	(1,142,453)
<b>Total Receipts</b>	<b>27,561,977</b>	<b>12,392,046</b>	<b>39,954,023</b>	<b>40,160,919</b>	<b>40,160,919</b>	<b>206,895</b>
Disbursements:						
Public Safety	10,119,704	-	10,119,704	10,304,258	10,304,258	184,554
Public Works	3,863,562	-	3,863,562	4,059,981	4,459,981	596,419
Health and Social Services	977	-	977	2,050	2,050	1,073
Culture and Recreation	3,642,935	-	3,642,935	3,909,321	4,009,321	366,386
Community and Economic Development	846,601	-	846,601	540,542	1,040,542	193,941
General Government	1,494,294	-	1,494,294	1,299,143	1,499,143	4,849
Debt Service	15,183,558	-	15,183,558	5,135,026	17,635,026	2,451,468
Capital Projects	4,825,609	-	4,825,609	16,753,672	11,253,672	6,428,063
Business Type Activities	-	18,460,903	18,460,903	10,858,700	16,358,700	(2,102,203)
<b>Total Disbursements</b>	<b>39,977,240</b>	<b>18,460,903</b>	<b>58,438,143</b>	<b>52,862,693</b>	<b>66,562,693</b>	<b>8,124,550</b>
Excess(deficiency) of receipts over (under) disbursements	(12,415,263)	(6,068,857)	(18,484,120)	(12,701,774)	(26,401,774)	(7,917,655)
Other financing sources (uses):						
Bond proceeds	11,749,395	5,475,204	17,224,599	5,898,172	19,598,172	2,373,573
Transfers in	10,202,359	7,321,867	17,524,226	10,443,602	15,943,602	(1,580,624)
Transfers out	(16,714,303)	(720,313)	(17,434,616)	(10,443,602)	(15,943,602)	1,491,014
Other financing sources (uses)	5,237,451	12,076,758	17,314,209	5,898,172	19,598,172	2,283,963
Excess(deficiency) of receipts and other financing sources over(under) disbursements and other financing uses	(7,177,812)	6,007,901	(1,169,911)	(6,803,602)	(6,803,602)	(5,633,691)
Balances beginning of year	12,470,727	5,837,403	18,308,130	9,041,535	18,825,517	517,387
Balances end of year	\$ 5,292,915	\$ 11,845,304	\$ 17,138,219	\$ 2,237,933	\$ 12,021,915	\$ (5,116,304)

**City of Burlington, Iowa**  
**Budgetary Basis to GAAP Reconciliation**  
**For The Year Ended June 30, 2013**

	<u>Governmental Funds</u>			<u>Proprietary Funds</u>		
	<u>Budget Basis</u>	<u>Adjustments</u>	<u>Modified Accrual Basis</u>	<u>Budget Basis</u>	<u>Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues & other financing sources	\$ 49,513,731	\$ (3,301,060)	\$ 46,212,671	\$ 25,189,117	\$ (15,794,058)	\$ 9,395,059
Expenditures & other financing uses	<u>56,691,543</u>	<u>(9,690,295)</u>	<u>47,001,248</u>	<u>19,181,216</u>	<u>(10,473,216)</u>	<u>8,708,000</u>
Excess revenues & other sources over (under) expenditures & other uses	(7,177,812)	6,389,235	(788,577)	6,007,901	(5,320,842)	687,059
Balances beginning of year	<u>12,470,727</u>	<u>(5,668,687)</u>	<u>6,802,040</u>	<u>5,837,403</u>	<u>15,477,460</u>	<u>21,314,863</u>
Balances end of year	<u>\$ 5,292,915</u>	<u>\$ 720,548</u>	<u>\$ 6,013,463</u>	<u>\$ 11,845,304</u>	<u>\$ 10,156,618</u>	<u>\$ 22,001,922</u>

The notes to the required supplementary information are an integral part of this schedule.

JUNE 30, 2013

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The City prepares, adopts and submits to the State of Iowa an annual budget on a program basis for all combined funds, except the internal service funds, as prescribed by Iowa statutes. The State of Iowa requires that annual budgets for the year beginning July 1 be certified to the County Auditor no later than March 15 preceding the beginning of the fiscal year. The adopted budget constitutes the City's appropriation for each program and purpose specified therein until amended.

After the initial budget is adopted, the budget may be amended for specific purposes. Budget amendments are required for budget transfers between funds as well as between programs. Management is not authorized to amend the budget without the approval of City Council. The City filed one budget amendment for the fiscal year ended June 30, 2013 for an increase in expenditures of \$13,700,000. The budget amendment included an increase in expenditures for debt service and flood related expenses.

The City Council also approves a five-year capital improvement program. This capital improvement program is reviewed and revised annually by the City Council. A public hearing is held in regard to proposed capital improvements for the City. The first year of this plan is integrated into the City's accounting and reporting system along with the annual operating budget.

The State of Iowa allows the total cost of a construction project to be budgeted in one annual budget even if the project extends beyond that fiscal year. The remaining appropriation continues until the project is completed as long as (1) the total cost of the project is adopted after a public hearing as required by State code, (2) the cost must be included in an adopted or amended city budget, and (3) if the cost of a project exceeds the continuing appropriation, an additional appropriation must be included in a subsequent budget or amendment.

The legal level of control (the level at which expenditures may not legally exceed appropriations) is the function level for all funds combined rather than at the individual fund level. The nine functions mandated by the State are: (1) Public Safety, (2) Culture and Recreation, (3) Community and Economic Development, (4) Health and Social Services, (5) Public Works, (6) General Government, (7) Debt Service, (8) Capital Projects, and (9) Business Type Activities. Since the City maintains its budgets at the individual fund level, it is necessary to aggregate the expenditures of the budgeted activities within the individual funds on a function basis and to compare such function totals with the function budgeted totals in order to demonstrate legal compliance with the budget.

Revenues are credited to the individual fund types while expenditures/expenses are classified according to function areas within the individual funds for budgetary control purposes. Encumbrances and expenditures/expenses are compared to budget appropriations according to the nine general function designations.



JUNE 30, 2013

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For budgetary purposes, encumbrances are recognized as a valid and proper charge against the budget appropriations in the year in which the commitment was issued. Encumbrances do not lapse at yearend and provide authorization for expenditure in the following year. Unencumbered appropriations, other than amounts appropriated for capital projects, lapse at yearend. Appropriations for unfinished capital projects are carried forward indefinitely.

All general obligation bond payments, including those for which financial reporting purposes are accounted for through the enterprise funds, are budgeted through the debt service fund.

A comparison of the actual expenditures/expenses with the City's final amended program budget amounts is presented as Required Supplementary Information.

A reconciliation of the expenditures as presented in accordance with generally accepted accounting principles (GAAP), to the amounts presented on the budgetary basis is also presented as Required Supplementary Information.

During the year ended June 30, 2013, disbursements exceed the amounts budgeted in the business type function.

**SUPPLEMENTARY  
INFORMATION**

## Nonmajor Governmental Funds

*Special revenue funds* are used to account for specific revenues that are legally or administratively restricted to expenditure for a particular purpose.

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**Library Fund** - Accounts for donations restricted by donors to specific activities and purposes for the library only.

**Community Development Fund** - Accounts for block grants received to rehabilitate and improve designated declining areas within the City.

**SEINT Operating Fund** - Accounts for the activities of the Southeast Iowa Narcotics Task Force.

**Bridge Fund** - Accounts for the revenues and expenses related to the annual Great River Bridge Run/Walk.

**Downtown SSMID District Fund** - Accounts for the self-imposed property tax levy by a downtown district, to be used for the promotion and improvement of that district.

**Employee Benefit Fund** - Accounts for taxes levied to pay the cost of benefits such as health care, retirement plans, worker's compensation, FICA, Medicare, etc. for employees paid through the City's General Fund.

**Special Contribution Fund** - Accounts for donations restricted by donors to specific activities and purposes.

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

	<u>Special Revenue</u>							<b>Total Governmental Funds</b>
	<u>Library</u>	<u>Community Development</u>	<u>SEINT Operating</u>	<u>Bridge</u>	<u>Downtown SSMID District</u>	<u>Employee Benefits</u>	<u>Special Contribution</u>	
<b>Assets</b>								
Cash and cash equivalents	\$ 175,116	\$ 32,804	\$ 54,108	\$ 12,370	\$ 31,743	\$ -	\$ 212,696	\$ 518,837
Receivables:								
Taxes	-	-	-	-	66,022	1,667,401	-	1,733,423
Accounts	-	-	-	-	-	-	340	340
Intergovernmental	-	21,524	-	-	-	-	-	21,524
Interest	-	-	-	-	-	-	59	59
<b>Total assets</b>	<u>\$ 175,116</u>	<u>\$ 54,328</u>	<u>\$ 54,108</u>	<u>\$ 12,370</u>	<u>\$ 97,765</u>	<u>\$ 1,667,401</u>	<u>\$ 213,095</u>	<u>\$ 2,274,183</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ -	\$ 18,280	\$ 1,108	\$ 475	\$ 31,743	\$ -	\$ 1,624	\$ 53,230
Due to other funds	-	-	-	-	-	35,993	-	35,993
<b>Total liabilities</b>	<u>-</u>	<u>18,280</u>	<u>1,108</u>	<u>475</u>	<u>31,743</u>	<u>35,993</u>	<u>1,624</u>	<u>89,223</u>
<b>Deferred inflows of resources</b>								
Unavailable revenue - property taxes	-	-	-	-	63,783	1,631,408	-	1,695,191
Unavailable revenue - intergovernmental	-	11,102	-	-	-	-	-	11,102
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>11,102</u>	<u>-</u>	<u>-</u>	<u>63,783</u>	<u>1,631,408</u>	<u>-</u>	<u>1,706,293</u>
<b>Fund balances</b>								
Restricted	175,116	24,946	53,000	11,895	2,239	-	211,471	478,667
Unassigned	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<u>175,116</u>	<u>24,946</u>	<u>53,000</u>	<u>11,895</u>	<u>2,239</u>	<u>-</u>	<u>211,471</u>	<u>478,667</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 175,116</u>	<u>\$ 54,328</u>	<u>\$ 54,108</u>	<u>\$ 12,370</u>	<u>\$ 97,765</u>	<u>\$ 1,667,401</u>	<u>\$ 213,095</u>	<u>\$ 2,274,183</u>

City of Burlington, Iowa

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)  
 Nonmajor Governmental Funds  
 For The Year Ended June 30, 2013

	Special Revenue							Total Governmental Funds	
	Hotel/Motel Tax	Library	Community Development	SEINT Operating	Bridge	Downtown SSMID District	Employee Benefits		Special Contribution
Revenues:									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,446	\$ 1,605,903	\$ -	\$ 1,670,349
Other taxes and assessments	-	-	-	-	-	-	43,257	-	43,257
Licenses and permits	-	-	-	-	-	-	-	1,736	1,736
Intergovernmental	-	15,681	67,691	-	-	-	-	51,158	134,530
Charges for services	-	12,660	-	-	10,845	-	-	-	23,505
Use of money and property	-	5,589	-	26	-	-	-	369	5,984
Other	-	73,548	38,600	23,240	3,000	-	-	151,219	289,607
Total revenues	-	107,478	106,291	23,266	13,845	64,446	1,649,160	204,482	2,168,968
Expenditures:									
Current operating:									
Public Safety	-	-	-	28,290	-	-	-	24,242	52,532
Culture and Recreation	-	91,097	-	-	12,513	-	-	55,578	159,188
Community and Economic Development	-	-	81,345	-	-	62,833	-	12,000	156,178
General Government	-	-	-	-	-	-	-	218	218
Total expenditures	-	91,097	81,345	28,290	12,513	62,833	-	92,038	368,116
Excess (deficiency) of revenues over (under) expenditures	-	16,381	24,946.00	(5,024)	1,332	1,613	1,649,160	112,444	1,800,852
Other financing sources (uses):									
Transfers in	-	-	85,242	-	375	-	-	2,465	88,082
Transfers out	(55,795)	-	-	-	-	-	(1,649,160)	(34,439)	(1,739,394)
Total other financing sources and uses	(55,795)	-	85,242	-	375.00	-	(1,649,160)	(31,974)	(1,651,312)
Net change in fund balance	(55,795)	16,381	110,188	(5,024)	1,707	1,613	-	80,470	149,540
Fund balances (deficits), beginning	55,795	158,735	(85,242)	58,024	10,188	626	-	131,001	329,127
Fund balances, ending	-	\$ 175,116	\$ 24,946	\$ 53,000	\$ 11,895	\$ 2,239	-	\$ 211,471	\$ 478,667

**City of Burlington, Iowa**  
**Non-Major Proprietary Funds**  
**Combining Statement of Net Position**  
**June 30, 2013**

	<u>Recplex</u>	<u>Parking</u>	<u>Flint Hills Golf Course</u>	<u>Total Non-Major Enterprise Funds</u>
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
<b>Receivables:</b>				
Accounts	17,948	3,199	7,622	28,769
Inventories	-	-	21,643	21,643
Prepaid contracts	7,135	1,958	4,691	13,784
<b>Total current assets</b>	<u>25,083</u>	<u>5,157</u>	<u>33,956</u>	<u>64,196</u>
<b>Noncurrent assets:</b>				
<b>Capital assets:</b>				
Land and Work in Progress	262,981	129,162	6,400	398,543
Buildings, infrastructure, and equipment, net	<u>2,410,921</u>	<u>374,607</u>	<u>201,344</u>	<u>2,986,872</u>
<b>Total noncurrent assets</b>	<u>2,673,902</u>	<u>503,769</u>	<u>207,744</u>	<u>3,385,415</u>
<b>Total assets</b>	<u><u>\$ 2,698,985</u></u>	<u><u>\$ 508,926</u></u>	<u><u>\$ 241,700</u></u>	<u><u>\$ 3,449,611</u></u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 50,732	\$ 2,984	\$ 31,082	\$ 84,798
Unearned revenue		5,461	-	5,461
obligations	<u>6,775</u>	<u>154</u>	<u>3,505</u>	<u>10,434</u>
<b>Total current liabilities</b>	57,507	8,599	34,587	100,693
<b>Noncurrent liabilities:</b>				
Advances from other funds	721,636	249,845	612,768	1,584,249
Noncurrent portion of long-term obligations	<u>20,326</u>	<u>463</u>	<u>10,516</u>	<u>31,305</u>
<b>Total liabilities</b>	<u>799,469</u>	<u>258,907</u>	<u>657,871</u>	<u>1,716,247</u>
<b>Net Position</b>				
Net Investment in capital assets	2,673,902	503,769	207,744	3,385,415
Unrestricted (deficit)	<u>(774,386)</u>	<u>(253,750)</u>	<u>(623,915)</u>	<u>(1,652,051)</u>
<b>Total net position</b>	<u>1,899,516</u>	<u>250,019</u>	<u>(416,171)</u>	<u>1,733,364</u>

**City of Burlington, Iowa**  
**Non-Major Proprietary Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**For The Year Ended June 30, 2013**

	<u>Replex</u>	<u>Parking</u>	<u>Flint Hills Golf Course</u>	<u>Total Non-Major Enterprise Funds</u>
Operating revenues:				
Charges for services	\$ 550,311	\$ 76,288	\$ 452,432	\$ 1,079,031
Total operating revenues	<u>550,311</u>	<u>76,288</u>	<u>452,432</u>	<u>1,079,031</u>
Operating expenses:				
Personal services	276,152	27,880	200,224	504,256
Contractual services	108,173	32,732	78,509	219,414
Operating supplies	189,212	1,764	128,945	319,921
Depreciation	99,158	60,685	47,406	207,249
Total operating expenses	<u>672,695</u>	<u>123,061</u>	<u>455,084</u>	<u>1,250,840</u>
Operating income (loss)	<u>(122,384)</u>	<u>(46,773)</u>	<u>(2,652)</u>	<u>(171,809)</u>
Nonoperating revenues (expenses):				
Gain (loss) on disposition of capital assets	-	-	(3,162)	(3,162)
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>(3,162)</u>	<u>(3,162)</u>
Net income (loss) before contributions and transfers	(122,384)	(46,773)	(5,814)	(174,971)
Capital contributions	-	-	18,305	18,305
Transfers in	35,677	-	-	35,677
Change in net position	(86,707)	(46,773)	12,491	(120,989)
Total net position - beginning	<u>1,986,223</u>	<u>296,792</u>	<u>(428,662)</u>	<u>1,854,353</u>
Total net position - ending	<u>\$ 1,899,516</u>	<u>\$ 250,019</u>	<u>\$ (416,171)</u>	<u>\$ 1,733,364</u>

**City of Burlington, Iowa**

**Non-Major Proprietary Funds  
Combining Statement of Cash Flows  
For The Year Ended June 30, 2013**

	<u>Recplex</u>	<u>Parking</u>	<u>Flint Hills Golf Course</u>	<u>Total Non-Major Enterprise Funds</u>
Cash flows from operating activities:				
Receipts from customers	\$ 538,628	\$ 74,175	\$ 445,448	\$ 1,058,251
Payments to suppliers	(321,302)	(35,826)	(221,964)	(579,092)
Payments to employees	(265,551)	(27,009)	(185,051)	(477,611)
Net cash provided (used) by operating activities	<u>\$ (48,225)</u>	<u>\$ 11,340</u>	<u>\$ 38,433</u>	<u>\$ 1,548</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	35,677	-	-	35,677
Proceeds (payments) from/to interfund accounts	44,371	(11,340)	(38,433)	(5,402)
Net cash provided (used) by noncapital financing activities	<u>\$ 80,048</u>	<u>\$ (11,340)</u>	<u>\$ (38,433)</u>	<u>\$ 30,275</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	\$ (31,823)	\$ -	\$ -	\$ (31,823)
Net cash provided (used) by capital and related financing activities	<u>\$ (31,823)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (31,823)</u>
Net increase in cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Balances - beginning of year	-	-	-	-
Balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (122,384)	\$ (46,773)	\$ (2,652)	\$ (171,809)
Adjustments to reconcile operating income(loss) to net cash provided (used) by operating activities:				
Depreciation	99,158	60,685	47,406	207,249
Changes in assets and liabilities:				
Receivables, net	(13,363)	(2,509)	(7,622)	(23,494)
Inventories	-	-	2,030	2,030
Prepaid contracts	(431)	(148)	(245)	(824)
Accounts and other payables	(11,205)	(311)	(484)	(12,000)
Unearned revenue	-	396	-	396
Net cash provided (used) by operating activities	<u>\$ (48,225)</u>	<u>\$ 11,340</u>	<u>\$ 38,433</u>	<u>\$ 1,548</u>
Noncash capital and related financing activities:				
Contribution of capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,305</u>	<u>\$ 18,305</u>



## Internal Service Funds

Internal service funds are used to finance and account for goods or services provided by one department or agency of the City to other departments or agencies of the City and to other government units, on a cost reimbursement basis.

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**Property Maintenance Fund** - Accounts for the activities associated with maintaining and servicing the City's buildings and grounds beyond traditional janitorial service on a cost reimbursement basis.

**Vehicle Maintenance Fund** - Accounts for the operations of a central vehicle maintenance garage and fuel distribution system. All costs incurred for vehicle maintenance, operations, and fuel are charged to departments and other governments on a cost reimbursement basis.

**Safety Coordination Fund** - Accounts for the operations of the safety coordinator. All costs incurred for such activities are charged to funds and other governments on a cost reimbursement basis.

**Self Insurance Fund** - Accounts for insurance claims against the City and the administration of the self insurance plan. All paid claims and administration costs are charged to departments as premiums based on departmental claims experience. Premiums are designed on a cost reimbursement basis.

**City of Burlington, Iowa**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2013**

	<u>Property Maintenance</u>	<u>Vehicle Maintenance</u>	<u>Safety Coordination</u>	<u>Self Insurance</u>	<u>Total</u>
<b>Assets</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 30,955	\$ 228,411	\$ 259,366
<b>Receivables:</b>					
Accounts	-	4,819	-	-	4,819
Intergovernmental	-	23,372	1,336	-	24,708
Interest	-	-	34	-	34
Inventories	-	51,334	-	-	51,334
Prepaid contracts	3,516	5,987	-	1,751	11,254
<b>Total current assets</b>	<b>3,516</b>	<b>85,512</b>	<b>32,325</b>	<b>230,162</b>	<b>351,515</b>
<b>Noncurrent assets:</b>					
<b>Capital assets:</b>					
Buildings, infrastructure, and equipment, net	113,107	520,535	604	-	634,246
<b>Total assets</b>	<b>\$ 116,623</b>	<b>\$ 606,047</b>	<b>\$ 32,929</b>	<b>\$ 230,162</b>	<b>\$ 985,761</b>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 9,543	\$ 64,089	\$ 3,046	\$ 37,942	\$ 114,620
Claims payable	-	-	-	129,542	129,542
Due to other funds	189,393	21,423	-	-	210,816
Long-term obligations	9,661	6,014	458	-	16,133
<b>Total current liabilities</b>	<b>208,597</b>	<b>91,526</b>	<b>3,504</b>	<b>167,484</b>	<b>471,111</b>
<b>Noncurrent liabilities:</b>					
Long-term obligations	28,985	18,040	1,372	-	48,397
<b>Total liabilities</b>	<b>237,582</b>	<b>109,566</b>	<b>4,876</b>	<b>167,484</b>	<b>519,508</b>
<b>Net Position</b>					
Net investment in capital assets	113,107	520,535	604	-	634,246
Unrestricted (deficit)	(234,066)	(24,054)	27,449	62,678	(167,993)
<b>Total net position</b>	<b>\$ (120,959)</b>	<b>\$ 496,481</b>	<b>\$ 28,053</b>	<b>\$ 62,678</b>	<b>\$ 466,253</b>

City of Burlington, Iowa

Combining Statement of Revenues, Expenses, and Changes in Net Position  
Internal Service Funds  
For The Year Ended June 30, 2013

	Property Maintenance	Vehicle Maintenance	Safety Coordination	Self Insurance	Total
Operating revenues:					
Charges for services	\$ 438,845	\$ 988,474	\$ 98,754	\$ 349,784	\$ 1,875,857
Other	-	17,030	214	-	17,244
Total operating revenues	438,845	1,005,504	98,968	349,784	1,893,101
Operating expenses:					
Personal services	388,603	255,772	97,367	193,444	935,186
Contractual services	34,292	15,132	11,850	93,662	154,936
Operating supplies	17,681	713,577	4,197	-	735,455
Depreciation	5,106	20,062	402	-	25,570
Total operating expenses	445,682	1,004,543	113,816	287,106	1,851,147
Operating income (loss)	(6,837)	961	(14,848)	62,678	41,954
Nonoperating revenues (expenses):					
Interest revenue	78	377	107	-	562
Total nonoperating revenues (expenses)	78	377	107	-	562
Net income (loss) before contributions and transfers	(6,759)	1,338	(14,741)	62,678	42,516
Transfers in	177,602	882,344	-	-	1,059,946
Transfers out	(8,343)	(350,948)	-	-	(359,291)
Change in net position	162,500	532,734	(14,741)	62,678	743,171
Total net position - beginning	(283,459)	(36,253)	42,794	-	(276,918)
Total net position - ending	\$ (120,959)	\$ 496,481	\$ 28,053	62,678	\$ 466,253

City of Burlington, Iowa

Combining Statement of Cash Flows  
Internal Service Funds  
For The Year Ended June 30, 2013

	Property Maintenance	Vehicle Maintenance	Safety Coordination	Self Insurance	Totals
Cash flows from operating activities:					
Receipts from customers	\$ 438,845	\$ 992,723	\$ 97,631	\$ 264,097	\$ 1,793,296
Payments to suppliers	(56,316)	(706,841)	(15,172)	(230,258)	(1,008,587)
Payments to employees	(383,835)	(253,593)	(99,042)	-	(736,470)
Net cash provided (used) by operating activities	(1,306)	32,289	(16,583)	33,839	48,239
Cash flows from noncapital financing activities:					
Transfers to other funds	(4,509)	(332,313)	-	-	(336,822)
Transfers from other funds	87,125	442,784	-	-	529,909
Proceeds (payments) from/to interfund accounts	(81,310)	(142,760)	-	-	(224,070)
Net cash provided (used) by noncapital financing activities	1,306	(32,289)	-	-	(30,983)
Cash flows from investing activities:					
Interest received	\$ -	\$ -	\$ 178	\$ -	\$ 178
Net increase (decrease) in cash and cash equivalents	-	-	(16,405)	33,839	17,434
Balances - beginning of year	-	-	47,360	194,572	241,932
Balances - end of year	\$ -	\$ -	\$ 30,955	\$ 228,411	\$ 259,366
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (6,837)	\$ 961	\$ (14,848)	\$ 62,678	\$ 41,954
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	5,106	20,062	402	-	25,570
Changes in assets and liabilities:					
Receivables, net	-	(12,783)	(1,336)	-	(14,119)
Inventories	-	14,854	-	-	14,854
Prepaid contracts	(267)	955	-	(1,751)	(1,063)
Accounts and other payables	692	8,240	(801)	(27,088)	(18,957)
Net cash provided (used) by operating activities	\$ (1,306)	\$ 32,289	\$ (16,583)	\$ 33,839	\$ 48,239
Noncash capital and related financing activities:					
Transfer long-term debt to the governmental activities	\$ 90,478	\$ 439,560	\$ -	\$ -	\$ 530,038
Transfer deferred amount on refunding to the governmental activities	3,834	18,635	-	-	22,469
TIF Fund paid for interest payable	78	377	-	-	455



**City of Burlington, Iowa**

**Statistical Section  
Contents**

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The statistical section of the City's comprehensive annual financial report represents detailed information as a context for understanding what the information presented in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain information to help the reader understand how the City's financial performance and well being have changed over time.	92
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	102
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	107
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment with which the City's financial activities take place.	115
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	118

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

**City of Burlington  
Primary Government Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

Activity	Fiscal Year Ended June 30				
	2013	2012	2011	2010	2009
Governmental Activities					
Net Investment in Capital Assets	\$ 40,805,638	\$ 39,961,600	\$ 41,867,298	\$ 43,862,027	\$ 41,203,425
Restricted	4,472,718	12,369,051	1,030,213	1,108,623	1,215,209
Unrestricted	(23,773,080)	(29,955,814)	(21,346,433)	(22,618,131)	(21,365,155)
Total governmental activities net position	<u>\$ 21,505,276</u>	<u>\$ 22,374,837</u>	<u>\$ 21,551,078</u>	<u>\$ 22,352,519</u>	<u>\$ 21,053,479</u>
Business Type Activities					
Net Investment in Capital Assets	\$ 17,852,028	\$ 14,606,326	\$ 20,053,622	\$ 23,323,859	\$ 24,354,343
Restricted	114,271	1,351,424	975,690	979,720	501,000
Unrestricted	4,035,623	5,357,113	450,806	(2,182,581)	(1,928,899)
Total business type activities net position	<u>\$ 22,001,922</u>	<u>\$ 21,314,863</u>	<u>\$ 21,480,118</u>	<u>\$ 22,120,998</u>	<u>\$ 22,926,444</u>
Primary Government					
Net Investment in Capital Assets	\$ 58,657,666	\$ 54,567,926	\$ 61,920,920	\$ 67,185,886	\$ 65,557,768
Restricted	4,586,989	13,720,475	2,005,903	2,088,343	1,716,209
Unrestricted	(19,737,457)	(24,598,701)	(20,895,627)	(24,800,712)	(23,294,054)
Total primary government net position	<u>\$ 43,507,198</u>	<u>\$ 43,689,700</u>	<u>\$ 43,031,196</u>	<u>\$ 44,473,517</u>	<u>\$ 43,979,923</u>

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 36,794,281	\$ 32,087,346	\$ 26,242,817	\$ 24,457,107	\$ 6,252,498
2,080,057	644,761	498,028	394,133	699,833
(12,756,557)	(5,716,176)	(880,509)	(1,442,056)	(542,790)
<u>\$ 26,117,781</u>	<u>\$ 27,015,931</u>	<u>\$ 25,860,336</u>	<u>\$ 23,409,184</u>	<u>\$ 6,409,541</u>
\$ 24,867,169	\$ 25,375,875	\$ 26,089,607	\$ 27,046,807	\$ 25,770,720
501,000	501,000	541,760	541,760	541,760
(1,702,655)	(1,603,052)	(1,480,324)	(1,101,168)	1,259,248
<u>\$ 23,665,514</u>	<u>\$ 24,273,823</u>	<u>\$ 25,151,043</u>	<u>\$ 26,487,399</u>	<u>\$ 27,571,728</u>
\$ 61,661,450	\$ 57,463,221	\$ 52,332,424	\$ 51,503,914	\$ 32,023,218
2,581,057	1,145,761	1,039,788	935,893	1,241,593
(14,459,212)	(7,319,228)	(2,360,833)	(2,543,224)	716,458
<u>\$ 49,783,295</u>	<u>\$ 51,289,754</u>	<u>\$ 51,011,379</u>	<u>\$ 49,896,583</u>	<u>\$ 33,981,269</u>



**City of Burlington, Iowa  
Change in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

Expenses	Fiscal Year Ending June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities:										
General government	\$ 1,741,098	\$ 1,608,915	\$ 1,302,747	\$ 1,432,096	\$ 1,407,686	\$ 1,314,315	\$ 1,525,097	\$ 1,466,664	\$ 1,468,785	\$ 1,221,354
Culture and Recreation	4,164,515	4,315,176	4,499,063	4,377,852	4,288,883	4,073,422	4,004,287	3,552,327	3,560,012	3,402,667
Public Safety	10,310,527	10,424,084	9,791,474	9,304,686	8,925,533	9,236,690	9,405,488	9,383,857	8,622,916	8,242,972
Community and Economic Development	313,656	571,563	745,160	809,430	405,557	380,320	307,679	321,534	304,048	716,776
Health and Social Services	977	490	2,185	2,143	2,223	2,420	3,470	1,027	2,052	1,481
Capital Projects	4,550,591	2,142,386	4,136,038	3,672,762	6,916,875	2,559,567	3,674,836	4,767,471	3,433,235	882,424
Public works	5,196,487	5,189,466	5,399,149	6,929,289	6,300,014	8,118,733	6,214,676	6,155,706	5,504,824	5,471,958
Interest and charges on long-term debt	1,528,235	1,560,195	1,606,771	1,728,474	1,783,112	1,720,794	1,457,941	1,180,074	1,059,329	1,071,062
<b>Total governmental activities expenses</b>	<b>27,806,086</b>	<b>25,812,275</b>	<b>27,482,587</b>	<b>28,256,732</b>	<b>30,029,883</b>	<b>27,406,261</b>	<b>26,593,474</b>	<b>26,828,660</b>	<b>23,955,201</b>	<b>21,010,694</b>
Business-type activities:										
Sewer	5,305,037	4,802,320	4,709,385	4,511,560	4,187,831	4,240,121	4,194,161	4,196,415	4,072,268	3,887,074
Solid waste	1,396,653	1,401,404	1,368,098	1,213,741	1,171,645	1,163,318	1,111,637	1,102,774	1,188,290	1,088,093
Recplex	672,695	661,996	659,849	653,524	632,083	618,287	595,717	527,352	520,097	508,042
Parking	123,061	133,062	130,902	127,429	131,822	162,354	164,361	143,453	137,152	134,993
Flint Hills golf course	458,246	509,546	485,277	463,066	479,613	456,565	480,494	500,965	536,944	534,187
<b>Total business-type activities expenses</b>	<b>7,955,692</b>	<b>7,508,328</b>	<b>7,353,511</b>	<b>6,969,320</b>	<b>6,602,994</b>	<b>6,640,645</b>	<b>6,546,370</b>	<b>6,470,959</b>	<b>6,454,751</b>	<b>6,152,389</b>
<b>Total primary government expenses</b>	<b>\$ 35,761,778</b>	<b>\$ 33,320,603</b>	<b>\$ 34,836,098</b>	<b>\$ 35,226,052</b>	<b>\$ 36,632,877</b>	<b>\$ 34,046,906</b>	<b>\$ 33,139,844</b>	<b>\$ 33,299,619</b>	<b>\$ 30,409,952</b>	<b>\$ 27,163,083</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 8,364	\$ 7,044	\$ 7,005	\$ 10,697	\$ 11,090	\$ 18,824	\$ 171,294	\$ 125,216	\$ -	\$ -
Culture and recreation	624,453	595,691	585,441	602,282	569,138	561,058	142,746	164,952	346,628	39,513
Public Safety	1,678,596	1,571,740	1,462,616	1,780,131	1,252,305	1,379,173	1,096,761	1,082,990	771,955	927,148
Community and Econ. Development	-	-	-	-	-	-	-	925	9,429	-
Public works	146,888	438,644	585,257	2,667,977	2,222,313	3,523,969	1,883,189	1,788,023	1,563,778	1,510,916
Operating Grants and Contributions	4,028,486	3,984,689	5,699,128	3,856,539	3,192,005	3,135,254	2,832,876	2,740,265	2,476,106	2,904,168
Capital grants and contributions	1,444,299	1,383,862	447,239	3,688,661	1,532,159	1,980,230	4,539,926	7,058,709	5,915,051	4,290,517
<b>Total governmental activities program revenue</b>	<b>\$ 7,931,086</b>	<b>\$ 7,981,670</b>	<b>\$ 8,786,686</b>	<b>\$ 12,606,287</b>	<b>\$ 8,779,010</b>	<b>\$ 10,598,508</b>	<b>\$ 10,666,792</b>	<b>\$ 12,961,080</b>	<b>\$ 11,082,947</b>	<b>\$ 9,672,262</b>
Business type activities:										
Charges for services:										
Sewer	\$ 5,441,107	\$ 5,131,396	\$ 4,794,049	\$ 4,498,611	\$ 4,094,765	\$ 3,952,836	\$ 3,790,159	\$ 3,282,090	\$ 3,096,581	\$ 3,016,446
Solid Waste	1,589,156	1,460,237	1,406,400	1,285,986	1,226,281	1,218,442	1,146,690	1,114,072	1,127,757	1,048,070
Recplex	550,311	545,100	511,104	488,979	465,324	457,403	123,916	83,818	81,097	80,793
Parking	76,288	57,648	53,299	57,546	54,752	63,771	36,573	39,163	36,076	36,778
Flint Hills golf course	452,432	497,480	438,441	424,317	425,870	414,011	200,303	207,782	209,340	197,677
Capital grants and contributions	18,305	35,150	97,551	59,454	11,238	386,000	292,049	275,206	727,233	3,066,811
<b>Total business type activities program revenues</b>	<b>\$ 8,127,599</b>	<b>\$ 7,727,011</b>	<b>\$ 7,300,844</b>	<b>\$ 6,814,893</b>	<b>\$ 6,278,230</b>	<b>\$ 6,492,463</b>	<b>\$ 5,589,690</b>	<b>\$ 5,002,131</b>	<b>\$ 5,278,084</b>	<b>\$ 7,446,575</b>
<b>Total primary government program revenues</b>	<b>\$ 16,058,685</b>	<b>\$ 15,708,681</b>	<b>\$ 16,087,530</b>	<b>\$ 19,421,180</b>	<b>\$ 15,057,240</b>	<b>\$ 17,090,971</b>	<b>\$ 16,256,482</b>	<b>\$ 17,963,211</b>	<b>\$ 16,361,031</b>	<b>\$ 17,118,837</b>
<b>Net (expense)/revenues</b>										
Governmental Activities	\$ (19,875,000)	\$ (17,830,605)	\$ (18,695,901)	\$ (15,650,445)	\$ (21,250,873)	\$ (16,807,753)	\$ (15,926,682)	\$ (13,867,580)	\$ (12,872,254)	\$ (11,338,432)

Business-type activities	171,907	218,683	(52,667)	(154,427)	(324,764)	(148,182)	(956,680)	(1,468,828)	(1,176,667)	1,294,186
Total primary government net expense	<u>\$ (19,703,093)</u>	<u>\$ (17,611,922)</u>	<u>\$ (18,748,568)</u>	<u>\$ (15,804,872)</u>	<u>\$ (21,575,637)</u>	<u>\$ (16,955,935)</u>	<u>\$ (16,883,362)</u>	<u>\$ (15,336,408)</u>	<u>\$ (14,048,921)</u>	<u>\$ (10,044,246)</u>

**General Revenues and Other Change in Net Assets**

Governmental activities:

Taxes										
Property taxes	\$ 12,025,225	\$ 11,443,115	\$ 11,082,102	\$ 10,614,886	\$ 10,068,175	\$ 9,778,727	\$ 9,603,728	\$ 9,707,204	\$ 9,256,709	\$ 8,592,113
Other city taxes	5,109,548	5,505,394	5,179,181	4,917,868	5,037,847	5,115,362	4,931,632	4,427,377	4,028,019	4,305,038
Unrestricted grants and contributions	-	-	-	-	-	45,067	116,944	1,460	10,451	229,926
Interest	25,930	19,527	28,354	17,778	19,569	21,534	24,897	22,421	11,482	21,848
Other	2,263,646	1,196,250	930,599	742,179	636,075	464,153	1,908,950	1,652,584	2,023,883	2,997,518
Gain(loss) on disposal of capital assets	-	-	-	-	-	-	-	-	(17,112)	34,389
Transfers	(418,910)	490,078	674,224	656,774	424,905	484,760	496,126	507,686	483,675	351,421
Total Governmental revenues and transfers	<u>\$ 19,005,439</u>	<u>\$ 18,654,364</u>	<u>\$ 17,894,460</u>	<u>\$ 16,949,485</u>	<u>\$ 16,186,571</u>	<u>\$ 15,909,603</u>	<u>\$ 17,082,277</u>	<u>\$ 16,318,732</u>	<u>\$ 15,797,107</u>	<u>\$ 16,532,253</u>

Business-type activities

Interest	\$ 23,471	\$ 28,500	\$ 7,072	\$ 5,755	\$ 10,599	\$ 17,776	\$ 13,322	\$ 11,873	\$ 7,374	\$ 15,333
Other	72,771	77,640	78,939	-	-	6,857	562,264	642,027	584,702	539,929
Gain(loss) on disposal of capital assets	-	-	-	-	-	-	-	(13,743)	-	66,852
Transfers	418,910	(490,078)	(674,224)	(656,774)	(424,905)	(484,760)	(496,126)	(507,686)	(483,675)	(351,421)
Total business-type activities	<u>\$ 515,152</u>	<u>\$ (383,938)</u>	<u>\$ (588,213)</u>	<u>\$ (651,019)</u>	<u>\$ (414,306)</u>	<u>\$ (460,127)</u>	<u>\$ 79,460</u>	<u>\$ 132,471</u>	<u>\$ 108,401</u>	<u>\$ 270,693</u>
Total Primary Government	<u>\$ 19,520,591</u>	<u>\$ 18,270,426</u>	<u>\$ 17,306,247</u>	<u>\$ 16,298,466</u>	<u>\$ 15,772,265</u>	<u>\$ 15,449,476</u>	<u>\$ 17,161,737</u>	<u>\$ 16,451,203</u>	<u>\$ 15,905,508</u>	<u>\$ 16,802,946</u>

**Change in Net Assets**

Governmental activities	\$ (869,561)	\$ 823,759	\$ (801,441)	\$ 1,299,040	\$ (5,064,302)	\$ (898,150)	\$ 1,155,595	\$ 2,451,152	\$ 2,924,853	\$ 5,193,821
Business-type activities	687,059	(165,255)	(640,880)	(805,446)	(739,070)	(608,309)	(877,220)	(1,336,356)	(1,068,266)	1,564,879
Total primary government	<u>\$ (182,502)</u>	<u>\$ 658,504</u>	<u>\$ (1,442,321)</u>	<u>\$ 493,594</u>	<u>\$ (5,803,372)</u>	<u>\$ (1,506,459)</u>	<u>\$ 278,375</u>	<u>\$ 1,114,796</u>	<u>\$ 1,856,587</u>	<u>\$ 6,758,700</u>

**City of Burlington, Iowa  
Governmental Funds Fund Balance  
Last Ten Fiscal Years**

Fund	Fiscal Year End June 30					
	2013	2012	2011	2010	2009	2008
General						
Reserved for Encumbrances (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	574,305	610,706
Nonspendable (2)	515,754	86,938	83,404	77,280	-	-
Restricted	129,909	-	-	-	-	-
Assigned	6,538	13,576	13,108	12,720	-	-
Unassigned	439,410	279,212	423,305	375,625	-	-
Total General Fund	<u>1,091,611</u>	<u>379,726</u>	<u>519,817</u>	<u>465,625</u>	<u>574,305</u>	<u>610,706</u>
All Other Governmental Funds						
Reserved for Encumbrances (1)	-	-	-	-	-	-
Unreserved In:						
Debt service Fund	-	-	-	-	95,677	(1,000)
Special revenue funds	-	-	-	-	981,955	190,141
Capital Projects Funds	-	-	-	-	(1,219,316)	2,276,237
Nonspendable (2)	77,089	17,475	16,681	16,262	-	-
Restricted	4,342,809	12,396,270	7,199,121	3,792,438	-	-
Assigned	925,411	-	-	-	-	-
Unassigned	(423,457)	(5,991,431)	(4,477,570)	(7,205,671)	-	-
Total All Other Governmental Funds	<u>4,921,852</u>	<u>6,422,314</u>	<u>2,738,232</u>	<u>(3,396,971)</u>	<u>(141,684)</u>	<u>2,465,378</u>
Total All Governmental Funds	<u>\$ 6,013,463</u>	<u>\$ 6,802,040</u>	<u>\$ 3,258,049</u>	<u>\$ (2,931,346)</u>	<u>\$ 432,621</u>	<u>\$ 3,076,084</u>

(1) Reserve for encumbrances eliminated in fiscal year 2008.

(2) The City implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, in fiscal year 2011.

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
\$	31,345	\$ 54,657	\$ 11,641	\$ 53,548
	857,630	878,067	894,764	1,017,109
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	<u>888,975</u>	<u>932,724</u>	<u>906,405</u>	<u>1,070,657</u>
	17,602	75,560	9,884	86,053
	59,911	(169,158)	(166,201)	(140,249)
	706,657	570,711	617,232	764,755
	1,442,283	(383,977)	(1,132,112)	(322,393)
	-	-	-	-
	-	-	-	-
	-	-	-	-
	<u>2,226,453</u>	<u>93,136</u>	<u>(671,197)</u>	<u>388,166</u>
\$	<u><u>3,115,428</u></u>	<u><u>1,025,860</u></u>	<u><u>235,208</u></u>	<u><u>1,458,823</u></u>

**City of Burlington**  
**Change in Fund Balance-Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	<b>Fiscal Year Ending June 30</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Revenues:</b>				
Property taxes	\$ 12,025,225	\$ 11,443,115	\$ 11,082,102	\$ 10,625,143
Other taxes and assessments	5,281,294	5,705,525	5,401,120	5,064,691
Licenses and permits	747,984	660,454	624,937	742,564
Fines and forfeitures	163,750	155,293	159,122	125,483
Intergovernmental	4,881,159	5,332,894	4,361,254	6,885,070
Charges for services	1,457,554	1,504,392	1,618,526	1,643,967
Use of money and property	225,513	167,834	172,701	187,579
Other	2,779,498	1,475,792	1,308,001	1,292,933
<b>Total revenues</b>	<b>27,561,977</b>	<b>26,445,299</b>	<b>24,727,763</b>	<b>26,567,430</b>
<b>Expenditures:</b>				
<b>Current operating:</b>				
Public Safety	10,096,728	10,032,889	9,558,168	9,307,639
Culture and Recreation	3,592,934	3,859,804	3,869,042	3,764,134
Public Works	3,863,563	3,838,322	4,025,977	4,589,875
Community and Economic Development	494,735	521,153	377,499	811,015
Health and Social Services	977	490	2,185	2,143
General Government	1,605,045	1,548,995	1,305,088	1,334,200
<b>Debt service:</b>				
Principal	3,762,642	3,339,446	3,079,936	4,310,041
Interest and other charges	1,418,960	1,557,006	1,569,278	1,775,423
Capital outlay	4,799,874	3,447,331	4,291,098	6,156,766
<b>Total expenditures</b>	<b>29,635,458</b>	<b>28,145,436</b>	<b>28,078,271</b>	<b>32,051,236</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,073,481)</b>	<b>(1,700,137)</b>	<b>(3,350,508)</b>	<b>(5,483,806)</b>
<b>Other financing sources (uses):</b>				
Proceeds from notes payable	-	-	-	-
Proceeds from general obligation refunding bonds net of bond discount/bond premium	6,193,822	4,207,000	-	-
Proceeds from general obligation bonds net of bond discount/bond premium	2,225,000	5,039,714	8,910,000	1,775,092
Refunding payment for general obligation bonds	(6,110,000)	(4,195,000)	-	-
Impairment of land value	(1,275,945)			
Transfers in	10,189,222	9,580,834	8,535,980	9,990,370
Transfers out	(9,937,195)	(9,388,420)	(7,906,077)	(9,347,464)
<b>Total other financing sources and uses</b>	<b>1,284,904</b>	<b>5,244,128</b>	<b>9,539,903</b>	<b>2,417,998</b>
<b>Net change in fund balance</b>	<b>\$ (788,577)</b>	<b>\$ 3,543,991</b>	<b>\$ 6,189,395</b>	<b>\$ (3,065,808)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>18.77%</b>	<b>19.83%</b>	<b>19.55%</b>	<b>23.50%</b>

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 10,057,918	\$ 9,798,256	\$ 9,585,099	\$ 9,706,907	\$ 9,240,703	\$ 8,592,113
4,995,182	5,130,107	4,685,584	4,427,377	4,182,801	4,305,038
561,608	786,634	310,543	324,326	260,275	219,816
129,262	123,896	108,916	92,629	92,958	102,293
3,917,695	4,293,553	4,805,047	5,720,967	2,989,316	3,593,726
1,567,066	1,469,105	1,517,622	1,488,086	1,425,570	1,465,067
171,242	200,578	329,962	303,075	308,962	310,965
949,163	430,630	1,127,200	1,016,001	578,515	1,621,280
<u>22,349,136</u>	<u>22,232,759</u>	<u>22,469,973</u>	<u>23,079,368</u>	<u>19,079,100</u>	<u>20,210,298</u>
8,622,210	8,900,098	8,515,122	8,431,159	7,990,261	7,550,767
3,809,686	3,490,816	3,443,628	3,281,080	3,234,453	3,098,643
4,039,784	3,860,364	3,626,934	3,836,492	3,454,777	3,329,587
405,557	454,933	303,682	315,418	231,124	524,932
2,223	2,420	3,470	1,027	2,052	1,481
1,283,283	1,293,138	1,242,467	1,184,274	1,285,467	1,138,810
2,349,849	2,016,234	2,357,602	2,225,094	2,024,600	2,041,615
1,731,934	1,802,276	1,183,286	1,139,196	1,014,855	1,036,722
6,916,875	4,288,778	6,641,559	7,312,284	4,278,342	3,419,463
<u>29,161,401</u>	<u>26,109,057</u>	<u>27,317,750</u>	<u>27,726,024</u>	<u>23,515,931</u>	<u>22,142,020</u>
<u>(6,812,265)</u>	<u>(3,876,298)</u>	<u>(4,847,777)</u>	<u>(4,646,656)</u>	<u>(4,436,831)</u>	<u>(1,931,722)</u>
-	1,000,000	-	-	-	-
3,545,000	-	-	-	-	-
2,699,020	3,361,718	6,454,800	4,937,507	2,925,000	1,827,613
(3,485,000)	-	-	-	-	-
8,526,118	7,608,995	8,152,912	7,131,640	6,998,729	6,797,721
(8,116,336)	(7,133,759)	(7,670,366)	(6,631,828)	(6,531,856)	(6,453,829)
<u>3,168,802</u>	<u>4,836,954</u>	<u>6,937,346</u>	<u>5,437,319</u>	<u>3,391,873</u>	<u>2,171,505</u>
<u>\$ (3,643,463)</u>	<u>\$ 960,656</u>	<u>\$ 2,089,569</u>	<u>\$ 790,663</u>	<u>\$ (1,044,958)</u>	<u>\$ 239,783</u>
18.35%	17.50%	17.13%	16.48%	15.80%	16.44%

City of Burlington, Iowa

General Governmental Revenues by Source (1)  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

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<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Tax Increment Revenues</u>	<u>Local Option Sales Tax</u>	<u>Hotel/Motel Tax</u>	<u>Total All Taxes</u>
2004	7,624,027	968,086	3,356,044	352,669	12,300,826
2005	8,026,705	1,231,998	2,993,058	335,145	12,586,906
2006	8,394,598	1,312,309	3,207,906	404,495	13,319,308
2007	8,296,663	1,288,436	3,492,988	496,684	13,574,771
2008	8,432,783	1,365,473	3,671,507	663,900	14,133,663
2009	8,684,020	1,373,898	3,564,857	632,740	14,255,515
2010	9,165,850	1,459,293	3,691,986	598,231	14,915,360
2011	9,428,724	1,653,377	4,005,732	666,127	15,753,960
2012	9,290,014	2,153,101	4,103,077	737,052	16,283,244
2013	9,842,972	2,182,253	3,819,826	-	15,845,051

(1) Includes General, Special Revenue, and Debt Service Funds.





City of Burlington, Iowa

Actual and Taxable Valuation  
Last Ten Fiscal Years

**Actual Valuation**

	As of January 1:				
	2011	2010	2009	2008	2007
Residential	\$ 753,141,375	\$ 757,629,741	\$ 755,175,191	\$ 753,231,209	\$ 744,730,429
Agricultural land	3,006,944	2,972,374	3,522,066	2,235,266	2,213,041
Agricultural buildings	32,900	38,360	55,200	104,200	104,200
Commercial	203,346,577	195,419,838	208,426,151	206,130,311	192,506,454
Industrial	47,852,099	49,264,944	51,985,261	52,080,624	50,107,443
Personal/Real estate			-	-	-
Railroad	-	2,849,604	2,486,839	2,119,074	2,210,969
Utilities	8,290,770	4,383,507	4,173,976	4,058,479	4,279,674
Utility Reimburse	46,690,118	44,529,685	39,466,851	35,255,739	34,042,228
Other			-	-	-
Gross valuation	\$ 1,062,360,783	\$ 1,057,088,053	\$ 1,065,291,535	\$ 1,055,214,902	\$ 1,030,194,438
Less: Military exemption	3,266,928	3,362,306	3,478,056	3,568,804	3,681,776
Net valuation	\$ 1,059,093,855	\$ 1,053,725,747	\$ 1,061,813,479	\$ 1,051,646,098	\$ 1,026,512,662
Incremental value	66,764,882	55,867,807	41,991,662	38,731,464	37,385,413
Actual valuation	\$ 1,125,858,737	\$ 1,109,593,554	\$ 1,103,805,141	\$ 1,090,377,562	\$ 1,063,898,075
Percent change	1.466%	0.524%	1.231%	2.489%	7.305%

**Taxable Valuation**

	As of January 1:		2009	2008	2007
	2011	2010			
Residential	\$ 382,232,782	\$ 362,049,069	\$ 349,989,812	\$ 340,312,409	\$ 324,480,255
Agricultural land	1,730,230	1,784,615	2,203,669	2,081,910	1,967,598
Agricultural buildings	18,931	21,257	36,583	97,799	93,886
Commercial	203,346,577	195,419,838	208,426,151	206,130,311	191,920,964
Industrial	47,852,099	49,264,944	51,985,261	52,080,624	50,107,443
Personal/Real estate			-	-	-
Railroad	-	2,849,604	2,486,839	2,119,074	2,205,026
Utilities	8,290,770	4,383,507	4,173,976	4,058,479	4,279,674
Utility Reimburse	17,877,352	17,394,745	17,097,426	19,451,004	21,834,155
Other			-	-	-
Gross valuation	\$ 661,348,741	\$ 633,167,579	\$ 636,399,717	\$ 626,331,610	\$ 596,889,001
Less: Military exemption	3,266,928	3,341,344	3,470,711	3,568,804	3,668,812
Net valuation	\$ 658,081,813	\$ 629,826,235	\$ 632,929,006	\$ 622,762,806	\$ 593,220,189
Incremental value	57,518,069	55,849,287	41,984,317	38,731,464	37,372,449
Taxable valuation	\$ 715,599,882	\$ 685,675,522	\$ 674,913,323	\$ 661,494,270	\$ 630,592,638
Percent change	4.364%	1.595%	2.029%	4.900%	3.475%

Total Direct Tax Rate      \$      15.0573      \$      15.0192      \$      15.0192      \$      14.9278      \$      14.9278

Taxable Valuation as a percentage of Actual Valuation      63.56%      61.80%      61.14%      60.67%      59.27%

Note: Property in Des Moines County is assessed by the Des Moines County Assessors Office. By law property is assessed at it's market value(Actual Valuation). Annually, the Iowa Department of Revenue issues rollback orders to be applied to Actual Valuation to determine taxable valuation. The rollback is intended to keep the Property tax burden from shifting between residential and agricultural property owners.

	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
\$	670,546,753	\$ 661,281,405	\$ 648,201,598	\$ 638,948,275	\$ 627,881,056
	1,440,510	1,619,367	1,397,977	1,367,127	1,975,080
	103,765	103,780	108,460	108,040	107,625
	190,687,821	192,116,644	191,298,473	183,565,011	172,873,480
	55,113,390	52,276,172	52,400,469	57,267,613	55,639,205
	-	-	-	-	-
	2,064,419	1,792,442	1,516,071	1,682,459	1,985,670
	3,943,387	5,149,950	4,782,920	4,488,137	5,297,421
	34,776,945	34,912,231	22,188,694	24,924,177	28,996,535
	-	-	-	-	-
\$	958,676,990	\$ 949,251,991	\$ 921,894,662	\$ 912,350,839	\$ 894,756,072
	3,760,484	3,838,452	-	-	-
\$	954,916,506	\$ 945,413,539	\$ 921,894,662	\$ 912,350,839	\$ 894,756,072
	36,554,199	34,468,312	34,978,222	36,444,742	29,806,623
\$	991,470,705	\$ 979,881,851	\$ 956,872,884	\$ 948,795,581	\$ 924,562,695
	1.183%	2.405%	0.851%	2.621%	0.619%

	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
\$	302,344,999	\$ 300,555,797	\$ 310,904,711	\$ 309,607,498	\$ 322,651,750
	1,440,510	1,619,367	1,397,977	1,367,127	1,975,080
	103,765	103,780	108,040	108,040	107,625
	190,687,821	190,280,895	191,298,473	182,201,123	172,873,480
	55,113,390	52,276,172	52,400,469	57,267,613	55,639,205
	-	-	-	-	-
	2,064,419	1,777,223	1,516,071	1,669,958	1,985,670
	3,943,387	5,142,950	4,782,920	4,488,137	5,297,421
	20,925,681	21,809,175	22,188,694	24,924,177	28,996,535
	-	-	-	-	-
\$	576,623,972	\$ 573,565,359	\$ 584,597,355	\$ 581,633,673	\$ 589,526,766
	3,760,484	3,827,340	3,969,898	4,318,457	4,399,923
\$	572,863,488	\$ 569,738,019	\$ 580,627,457	\$ 577,315,216	\$ 585,126,843
	36,554,199	34,457,200	34,978,222	36,444,742	29,806,623
\$	609,417,687	\$ 604,195,219	\$ 615,605,679	\$ 613,759,958	\$ 614,933,466
	0.864%	-1.854%	0.301%	-0.191%	0.230%

\$	14.9835	\$	14.8937	\$	14.7560	\$	14.2324	\$	13.2841
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	61.47%		61.66%		64.34%		64.69%		66.51%
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**City of Burlington, Iowa**

**Property Tax Rates - All Direct and Overlapping Governments  
Per \$1,000 Assessed Valuation  
Last Ten Fiscal Years**

Fiscal Year	City Direct Rates				Overlapping Rates*			Percent of City of Burlington Levy to Total Levy
	General Fund	City of Burlington Debt Service	Other Levies	Total	Burlington School District Levy	Des Moines County Levies	Total Levy	
2004	8.1000	2.9096	2.2745	13.2841	14.1205	8.8183	36.2229	36.67%
2005	8.1000	2.7048	3.4276	14.2324	15.5650	10.1901	39.9875	35.59%
2006	8.1000	2.6825	3.9735	14.7560	16.5145	10.2681	41.5387	35.52%
2007	8.1000	2.7343	4.0594	14.8937	16.7898	9.7491	41.4326	35.95%
2008	8.1000	2.8522	4.0313	14.9835	16.4811	9.7551	41.2197	36.35%
2009	8.1000	2.8880	3.9398	14.9278	16.3269	9.4329	40.6876	36.69%
2010	8.1000	2.8880	3.9398	14.9278	16.3564	10.1954	41.4797	35.99%
2011	8.1000	2.8880	4.0312	15.0192	17.8346	10.3847	43.2386	34.74%
2012	8.1000	2.8880	4.0693	15.0573	16.2457	10.1502	41.4532	36.32%
2013	8.1000	3.6891	3.2682	15.8043	15.0797	10.1600	41.0440	38.51%

Source: Des Moines County Auditor's Office

Note: The General Fund Levy is established by State Code and may only be exceeded by a vote of the people. The City is allowed to levy for specific items outside of the \$8.10 limit. Some of those levies may be levied upon approval of the City Council, others require a vote of the public.

\* Overlapping rates are those of the Burlington Community School District and Des Moines County, which are paid by citizens of Burlington.

City of Burlington, Iowa

Principal Taxpayers  
Current Year and Nine Years Prior

Taxpayer	2013			2004		
	January 1, 2011 Taxable Valuation	Rank	Percent of Total Taxable Value	January 1, 2002 Taxable Valuation	Rank	Percent of Total Taxable Value
Huckleberry Holdings LLC	\$ 27,817,900	1	4.06%			
Interstate Power and Light	16,131,989	2	2.35%			
Case New Holland (CNH)	11,000,000	3	1.60%	\$ 14,624,400	1	2.38%
Midwest Biscuit Company	7,393,400	4	1.08%	6,196,500	5	1.01%
Winegard Realty Company	6,971,989	5	1.02%	9,144,800	2	1.49%
Carlisle Real Estate Group	6,714,500	6	0.98%			
Mesker Investment Co	5,942,900	7	0.87%	5,606,700	6	0.91%
Dr Steam LLC	5,442,300	8	0.79%	5,086,800	9	0.83%
The Mt Pleasant Street Bakery	4,726,500	9	0.69%	5,527,600	7	0.90%
Federal Mogul Company	4,700,000	10	0.69%	7,240,859	4	1.18%
Qwest Communications				5,097,287	8	0.83%
Burlington Norther & Sante Fe Railroad				8,700,980	3	1.42%
	<u>\$ 96,841,478</u>		<u>14.12%</u>	<u>\$ 67,225,926</u>		<u>10.95%</u>

Source: Des Moines County Auditor

**City of Burlington, Iowa**

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Property Taxes Collected</b>	<b>Delinquent Property Tax Collections</b>	<b>Total Property Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>
2004	7,511,062	7,536,167	100.33%	87,211	7,623,378	101.50%
2005	8,018,819	7,998,364	99.74%	4,124	8,002,488	99.80%
2006	8,381,044	8,394,700	100.16%	(102)	8,394,598	100.16%
2007	8,307,683	8,291,334	99.80%	5,329	8,296,663	99.87%
2008	8,420,461	8,423,123	100.03%	1,422	8,424,545	100.05%
2009	8,677,890	8,667,634	99.88%	934	8,668,568	99.89%
2010	9,156,917	9,163,772	100.07%	-	9,163,772	100.07%
2011	9,408,434	9,420,639	100.13%	3,558	9,424,197	100.17%
2012	9,401,924	9,126,007	97.07%	5,094	9,131,101	97.12%
2013	9,841,979	9,621,741	97.76%	3,153	9,624,894	97.79%

City of Burlington, Iowa

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Population (1)	General Government			Business Type Activities			Total Primary Government	Debt Per Capita
		General Obligation Bonds	Notes Payable	Tax Increment	General Obligation Bonds	Sewer Revenue Bonds	Leases Payable		
2004	26,839	23,349,644	223,200	-	6,233,516	3,310,000	30,255	33,146,615	1,235.02
2005	26,839	24,334,438	268,085	-	6,185,562	2,955,000	15,543	33,758,628	1,257.82
2006	26,839	27,135,916	227,043	-	6,150,322	2,585,000	-	36,098,281	1,344.99
2007	26,839	25,177,377	148,800	6,520,000	6,078,679	2,195,000	-	40,119,856	1,494.83
2008	26,839	26,549,597	1,016,411	6,520,000	5,936,188	1,900,000	-	41,922,196	1,561.99
2009	26,839	27,137,406	894,218	6,470,000	5,793,472	4,491,837	-	44,786,933	1,668.73
2010	26,839	24,782,291	754,757	6,420,000	5,660,640	9,244,404	-	46,862,092	1,746.04
2011	25,663	31,214,240	896,401	5,985,000	5,527,808	8,654,000	-	52,277,449	2,037.07
2012	25,663	33,416,538	798,420	5,525,000	5,398,834	18,299,000	-	63,437,792	2,471.96
2013	25,663	33,836,005	238,551	5,040,000	4,330,000	17,938,000	-	61,382,556	2,391.87

(1) Source: U.S. Census Bureau.

City of Burlington, Iowa

Ratio of Net General Obligation Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	Population (1)	Taxable Valuation	Gross General Obligation Bonded Debt	Less Debt Service Fund	Debt Payable from Proprietary Funds	Debt Payable from TIF Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Valuation	Net Bonded Debt Per Capita
2004	26,839	614,933,466	29,585,000	(152,490)	6,860,010	5,386,238	17,491,242	2.8444%	651.71
2005	26,839	613,759,958	30,520,000	(166,201)	6,185,562	4,771,091	19,729,548	3.2145%	735.11
2006	26,839	615,605,679	33,286,238	(169,158)	6,137,296	3,816,141	23,501,959	3.8177%	875.66
2007	26,839	604,195,219	31,256,055	59,911	6,078,679	3,040,000	22,077,465	3.6540%	822.59
2008	26,839	607,873,412	32,485,785	(1,000)	5,936,188	5,568,483	20,982,114	3.4517%	781.78
2009	26,839	628,531,154	32,930,878	95,677	5,793,472	5,948,315	21,093,414	3.3560%	785.92
2010	26,839	659,314,561	30,442,931	137,303	5,660,640	5,769,853	18,875,135	2.8628%	703.27
2011	25,663	672,673,071	36,742,048	67,605	5,527,808	5,117,531	26,029,104	3.8695%	1,014.27
2012	25,663	683,869,650	38,815,372	192,177	5,398,834	8,252,765	24,971,596	3.6515%	973.06
2013	25,663	713,850,721	38,166,005	17,260	4,330,000	8,534,960	25,283,785	3.5419%	985.22

(1) Source: U.S. Census Bureau.

**City of Burlington, Iowa**

**Computation of Direct and Overlapping Bonded Debt  
June 30, 2013**

	<b>Net Bonded Debt June 30, 2013</b>	<b>Percent Applicable to City</b>	<b>Direct and Overlapping Bonded Debt</b>
City of Burlington	\$ 25,283,785 (1)	100.00%	\$ 25,283,785
Great Prairie Education Agency	7,800	8.08%	630
Southeastern Community College	5,705,000	19.28%	1,100,101
West Burlington Community School District	585,718	11.31%	66,262
Des Moines County	2,158,300	48.97%	1,056,833
Burlington Community School District	<u>-</u>	76.13%	<u>-</u>
Total direct and overlapping bonded debt	<u>\$ 33,740,603</u>		<u>\$ 27,507,611</u>

(1) Excludes general obligation bonds reported in proprietary funds and general obligation bonds payable from TIF revenues.

Note: The percent applicable is calculated based upon the amount of assessed valuation within the city limits of Burlington as a percent of that entity's total assessed valuation. The assessed valuation utilized is provided by the Des Moines County Assessor's Office.



**City of Burlington, Iowa**

**Computation Of Legal Debt Margin  
June 30, 2013**

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Total assessed valuation as of January 1, 2011	<u>\$ 1,122,818,893</u>
Debt limit - 5% of assessed valuation	<u>56,140,945</u>
Amount of debt applicable to limit:	
General obligation bonds	38,072,000
Tax increment revenue bonds	<u>5,278,551</u>
Total Applicable to Limit	<u>43,350,551</u>
Legal debt margin	<u>\$ 12,790,394</u>
Percent of debt limit	22.78%



**City of Burlington, Iowa  
Legal Debt Margin Information  
Last Ten Fiscal Years**

	<b>Fiscal Year</b>					
	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 56,140,945	\$ 55,329,141	\$ 55,011,394	\$ 54,401,905	\$ 53,194,904	\$ 49,573,535
Total Net Debt Applicable to Limit	<u>43,350,551</u>	<u>44,570,450</u>	<u>42,965,112</u>	<u>41,362,931</u>	<u>43,938,078</u>	<u>39,085,765</u>
Legal Debt Margin	<u>\$12,790,394</u>	<u>\$10,758,691</u>	<u>\$12,046,282</u>	<u>\$ 13,038,974</u>	<u>\$9,256,826</u>	<u>\$10,487,770</u>
Total debt applicable to the limit as a percentage of debt limit	77.22%	80.56%	78.10%	76.03%	82.60%	78.84%

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$48,994,093	\$47,843,644	\$47,439,779	\$46,228,135
<u>31,404,855</u>	<u>33,472,238</u>	<u>30,706,000</u>	<u>29,808,200</u>
<u>\$17,589,238</u>	<u>\$14,371,406</u>	<u>\$16,733,779</u>	<u>\$16,419,935</u>
64.10%	69.96%	64.73%	64.48%

City of Burlington, Iowa

Revenue Bond Coverage  
Sewer Fund  
Last Ten Years

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Maximum Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
2004	3,071,163	2,457,700	613,463	390,000	117,608	507,608	1.209
2005	3,181,296	2,513,876	667,420	390,000	117,608	507,608	1.315
2006	3,416,009	2,524,771	891,238	390,000	117,608	507,608	1.756
2007	3,807,777	2,552,565	1,255,212	370,000	100,273	470,273	2.669
2008	3,975,408	2,604,768	1,370,640	340,000	59,088	399,088	3.434
2009	4,105,364	2,525,815	1,579,549	493,000	174,618	667,618	2.366
2010	4,504,366	2,740,974	1,763,392	658,000	400,158	1,058,158	1.666
2011	4,801,121	2,704,402	2,096,719	678,000	376,340	1,054,340	1.989
2012	5,159,896	2,677,404	2,482,492	793,000	604,925	1,397,925	1.776
2013	5,464,474	2,917,619	2,546,855	1,160,000	296,050	1,456,050	1.749

(1) Total revenues (including interest) exclusive of tap fees.

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal and interest of revenue bonds only.

**City of Burlington, Iowa**

**Major Area Employers  
Current and Nine Years Ago**

2013		2004	
Name	Approximate Number of Employees	Name	Approximate Number of Employees
		Aldi, Inc	100-200
Alfa Gomma America	Under 100	Alfa Gomma America	Under 100
American Ordinance	500-1,000	American Ordinance	Over 1,000
Antennacraft, Division of RadioShack Corporation	Under 100	Antennacraft, Division of RadioShack Corporation	Under 100
		APAC Customer Service & Sales	100-200
Big River Resources, LLC	100-200		
Borghi International	100-200	Borghi International	Under 100
		Burlington Basket Company	100-200
Burlington Northern Santa Fe, Inc.	Under 100	Burlington Northern Santa Fe, Inc.	200-500
Case New Holland	500-1,000	Case New Holland	200-500
Chitenden & Eastman Company	Under 100	Chitenden & Eastman Company	Under 100
		Cessford Construction Company	100-200
Cobo International	100-200		
Federal Mogul Ignition Products	200-500	Champion Spark Plug, Division of Federal Mogul	500-1,000
CSI Employment	Under 100	CSI Employment	200-500
Diamond Vogel Paint Company	Under 100	Diamond Vogel Paint Company	Under 100
Dresser Rand	100-200	Tuthill Corporation, Murray Turbo Division	100-200
Flint Cliffs Mfg.	Under 100	Flint Cliffs Mfg.	Under 100
General Electric Company	200-500	General Electric	500-1,000
Great River Entertainment	500-1,000		
Great River Medical Center	Over 1,000	Great River Medical Center	Over 1,000
Hawk Eye, The	100-200	Hawk Eye, The	100-200
Hawkeye Concrete Products	100-200	Hawkeye Concrete Products	100-200
Hope Haven	200-500	Hope Haven	100-200
Industrial Service Corp	100-200	Industrial Service Corp	100-200
Lamont Limited	200-500	Lamont Limited	200-500
Lance Private Brand Inc.	500-1,000	Vista Bakery	500-1000
KPI Concepts, Inc	Under 100		
Manpower Temporary Services	100-200	Manpower Temporary Services	100-200
Modern Welding Company	Under 100	Modern Welding Company	Under 100
P.P.G. Industries	Under 100	P.P.G. Industries	Under 100
Precision Resistive Products	Under 100	Precision Resistive Products	Under 100
PCI	Under 100	Raider Precast Concrete	200-500
		Ron Weber & Associates	Under 100
Sterzing Food Company	Under 100	Sterzing Food Company	Under 100
The Baking Company	100-200		
U.S. Gypsum Company	200-500	U.S. Gypsum Company	200-500
Wal-Mart Stores	200-500	Wal-Mart Stores	200-500
Winegard Company	200-500	Winegard Company	200-500

Source: Grow Greater Burlington

Note: Since the only information available is estimated ranges, we are unable to calculate the percentages of total employment for each employer.

**City of Burlington, Iowa**

**Historical Economic Data  
Last Ten Years**

<b>Employment</b>				<b>Retail Sales (3)</b>		
<b>Calendar Year</b>	<b>Population (1)</b>	<b>Labor Force (2)</b>	<b>Unemployment Rate (2)</b>	<b>Fiscal Year</b>	<b>Retail Permits</b>	<b>Retail Sales</b>
2004	26,839	12,740	7.1%	2004	736	264,138,149
2005	26,839	12,686	5.1%	2005	712	255,202,262
2006	26,839	12,820	4.7%	2006	703	264,365,555
2007	26,839	12,847	4.4%	2007	686	282,230,876
2008	26,839	12,685	6.1%	2008	696	289,150,021
2009	26,839	12,841	7.4%	2009	724	297,807,457
2010	26,839	12,740	8.9%	2010	709	293,256,724
2011	25,663	12,530	8.1%	2011	741	295,246,223
2012	25,663	13,350	6.5%	2012	742	308,393,605
2013	25,663	13,050	6.3%	2013	Not available	

(1) U.S. Census Bureau

(2) Iowa Workforce Development

(3) Iowa Department of Revenue

(4) Iowa Workforce Development; Des Moines County

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<b>Building Permits</b>			<b>Personal Income (4)</b>	
<b>Fiscal Year</b>	<b>Number of Permits Issued</b>	<b>Dollar Value of Permits Issued</b>	<b>Calendar Year</b>	<b>Per Capita Income</b>
2004	223	18,739,000	2002	27,799
2005	206	27,179,000	2003	27,802
2006	209	28,203,162	2004	29,372
2007	237	26,498,176	2005	29,973
2008	226	41,092,033	2006	32,507
2009	184	9,085,283	2007	34,357
2010	222	31,908,276	2008	34,928
2011	222	17,305,279	2009	34,754
2012	292	18,489,664	2010	36,965
2013	244	26,828,640	2011	38,869



**City of Burlington, Iowa**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>Full-Time Equivalent Employees as of June 30</b>					
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>General Government</b>						
Executive Administration	2.75	4.35	4.35	4	4	3
Finance	6	5	5	5	5	6
City Clerk	1.6	1.75	2	2	2	2
<b>Public Safety</b>						
Police Officers	39	42	42	42	42	42
Firefighters and Officers	44	46	46	46	46	46
Civilian Employees	18.45	16.8	16.8	17	16.5	16.5
Building Code	5	4.6	5.6	5.25	5.25	5.25
<b>Public Works</b>						
Administration/Engineering	8	8.75	9	8.8	8.8	8.8
Streets	13	14.07	15.07	15.55	15.55	15.55
Property Maintenance	5.73	5.75	5.75	5	5	5
Vehicle Maintenance	3.73	3.8	3.8	4	4	4
Transit	9.46	9	9	9	9	9
Other	5.18	6.07	6.27	4.5	4.5	4.5
<b>Culture and Recreation</b>						
Parks	13.02	13.02	14.02	13.1	13.1	13.1
Recreation/Pool	3.9	4.7	4.7	3.25	3.25	3.25
Library	17.35	19.68	19.68	20.27	20.27	20.27
<b>Community and Economic Development</b>	2	3	3.8	4	4	4
<b>Business Type Activities</b>						
Sewer	24.95	24.57	23.57	23.8	23.8	23.8
Solid Waste	7.73	7.8	7.8	7.75	7	7
Parking	0.73	0.8	0.8	1.15	1.15	1.15
Flint Hills Golf	6.32	6.64	6.64	6.15	6.15	6.15
RecPlex	6.05	6.05	6.05	9.25	9.25	9.25
<b>Total</b>	243.95	254.2	257.7	256.82	255.57	255.57

Information obtained from City of Burlington Budgets.

Full-time equivalent employment is calculated by dividing total part-time and temporary labor hours available by 2080.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
3	3	3	3
6	6	6	6.4
2	2	2	2
42	42	42	42
46	46	46	46
16.5	16.5	16.5	16.5
5.25	5.25	4	4
8.8	8.8	8.8	8.8
15.55	15.55	15.55	16.55
5	5	5	5
4	4	4	4
9	9	9	9
5.2	5.2	5.2	5.2
13.1	13.1	13.1	14.1
3.25	3.25	3.25	3.25
20.27	20.27	20.27	20.27
4	4	4	5
24.8	24.8	25.8	25.8
7.75	7.75	8	8
1.15	1.15	1.15	1.15
6.4	6.4	6.4	6.4
9.25	9.25	9.25	9.25
258.27	258.27	258.27	261.67

**City of Burlington, Iowa  
Miscellaneous Statistical Data  
Last Ten Fiscal Years**

	2013	2012	2011	2010	2009	2008	2007
<b>Police</b>							
Number of Stations	1	1	1	1	1	1	1
Number of Officers	39	42	42	42	42	42	42
<b>Fire</b>							
Number of Stations	2	2	2	2	2	2	2
Number of Firefighting Personnel	44	46	46	46	46	46	46
<b>Parks</b>							
Number of parks	13	13	13	13	13	13	13
Acres	220	220	220	220	220	220	220
Golf Courses	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1
<b>Building Code</b>							
Number of permits Issued	244	292	222	222	184	237	237
Permit Value	26,828,640	18,489,664	17,305,279	31,908,276	9,085,283	41,092,033	26,498,176
<b>Wastewater Treatment Facility</b>							
Number of Facilities	1	1	1	1	1	1	1
Major Pumping Stations	3	3	3	3	3	3	3
Minor Pumping Stations	11	11	11	11	11	11	11

2006	2005	2004
1	1	1
42	42	42
2	2	2
46	46	46
13	13	13
220	220	220
1	1	1
1	1	1
209	206	223
28,203,162	27,179,000	18,739,000
1	1	1
3	3	3
11	11	11



## **COMPLIANCE SECTION**





**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance With  
Government Auditing Standards**

**Independent Auditor's Report**

The Honorable Mayor and  
Members of the City Council  
City of Burlington, Iowa  
Burlington, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burlington, Iowa (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 18, 2013. Our report includes a reference to other auditors who audited Burlington Municipal Waterworks, Southeast Iowa Regional Airport Authority and Friends of the Burlington Public Library as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The Friends of the Burlington Public Library was not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

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

We noted an immaterial instance of noncompliance that is described in Part IV of the accompanying schedule of findings and questioned costs.

## **The City's Response to Findings**

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

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



Davenport, Iowa  
December 18, 2013



**Report on Compliance for Each Major Federal Program and  
Report On Internal Control Over Compliance Required By  
OMB Circular A-133**

**Independent Auditor's Report**

The Honorable Mayor and  
Members of the City Council  
City of Burlington, Iowa  
Burlington, Iowa

**Report on Compliance for Each Major Federal Program**

We have audited the City of Burlington, Iowa's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Burlington Municipal Waterworks, Southeast Iowa Regional Airport Authority, and Friends of the Burlington Public Library, discretely presented component units, which did not have a single audit performed for fiscal year ended June 30, 2013. Our audit, described below, does not include the operations of these organizations.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City of Burlington, Iowa complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Davenport, Iowa  
December 18, 2013

**City of Burlington, Iowa**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Identifying Number	Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
Passed through Iowa Department of Economic Development:			
State-Administered CDBG Cluster:			
Neighborhood Stabilization Program	14.228	08-NSP-003	\$ 334,201
Neighborhood Stabilization Program	14.228	11-NSP-003	271,378
Community Development Block Grant	14.228	11-HSG-005	68,371
Community Development Block Grant	14.228	12-DTR-001	10,422
<b>Total U.S. Department of Housing and Urban Development</b>			<b>684,372</b>
<b>U.S. Department of Interior</b>			
Passed through State Historical Society of Iowa:			
Historic Preservation Funds Grant-In-Aid	15.904	2012-01	13,448
<b>U.S. Department of Justice</b>			
Direct:			
ARRA - COPS Hiring Recovery Program Grant	16.710	2009-RK-WX-0304	42,292
JAG Cluster, Dispatch JAG	16.738	2011-DJ-BX-2247	24,523
Passed through Governor's Office of Drug Control Policy:			
ARRA - 2010 Byrne Justice Assistance Grant	16.803	10-JAG-42271	68,040
<b>Total JAG Cluster</b>			<b>92,563</b>
<b>Total U.S. Department of Justice</b>			<b>134,855</b>
<b>U.S. Department of Transportation</b>			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction Cluster:			
Flint River Recreational Trail	20.205	STP-ES-0977(633)--81-29	19,738
Sunnyside Sidewalk Extension to Aldo Leopold Middle School	20.205	SRTS-U-0977(634)--8U-29	25,615
Black Hawk Elementary School Sidewalk Extension	20.205	SRTS-U-0977(638)--8U-29	61,070
<b>Subtotal</b>			<b>106,423</b>
Flint River Recreational Trail	20.219	NRT-NT09(006)--9G-29	5,501
<b>Total Highway Planning and Construction Cluster</b>			<b>111,924</b>
Federal Transit Assistance	20.509	18-0030-097-12	263,062
SFY2011 RTAP Fellowship - Training	20.509	RTAP-80% IA-18-X029	1,845
<b>Subtotal</b>			<b>264,907</b>
Passed through Governor's Traffic Safety Bureau:			
Traffic Safety Grant	20.600	12-04, Task 03	9,096
Traffic Safety Grant	20.600	13-04, Task 03	10,790
<b>Subtotal</b>			<b>19,886</b>
<b>Total U.S. Department of Transportation</b>			<b>396,717</b>
<b>U.S. Department of Homeland Security</b>			
Passed through Iowa Department of Homeland Security:			
Disaster Grant	97.036	IA-DRA-1763	66,750
Disaster Grant	97.036	IA-DR-4119	76,560
<b>Total U.S. Department of Homeland Security</b>			<b>143,310</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,372,702</b>

See Notes to Schedule of Expenditures of Federal Awards.

**City of Burlington, Iowa**

**Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2013**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City for year ended June 30, 2013. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies expended during the year, is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States and Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**Note 2. Significant Accounting Policies**

Revenue from federal awards is recognized when the City has done everything necessary to establish its right to revenue. In the governmental funds, revenue from federal grants is recognized when they become both measurable and available. For proprietary funds, revenue from federal grants is recognized when they are earned. Expenditures of federal awards are recognized in the accounting period when the liability is incurred and has met the eligibility criteria of the federal grant.

## City of Burlington, Iowa

### Summary Schedule of Prior Audit Findings Year Ended June 30, 2013

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Number	Comment	Status	Corrective Action or Other Explanation
<b>Findings Related to the Financial Statement Audit</b>			
II-A-12	The Finance Director wrote, posted and approved journal entries during the period of time in which the City did not have a City Manager	Corrected	
III-A-12	The Finance Director wrote, posted and approved journal entries during the period of time in which the City did not have a City Manager	Corrected	
<b>Other Findings Related to Required Statutory Reporting</b>			
IV-A-12	Disbursements during the year end June 30, 2012, exceeded amount budgeted in the Public Safety, Culture and Recreation, Community and Economic Development, General Government, and Business Type Activity Functions.	Not Corrected	See response and corrective action plan at 13-IV-A.
IV-F-12	The minutes of Council proceedings were published, but they were not published within 15 days of the meeting as required by Chapter 372.13(6) of the Code of Iowa	Corrected	
IV-I-12	The City had several internal borrowings from funds of the City which were not formally approved by Council resolution.	Corrected	

**City of Burlington, Iowa**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013**

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**I. Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

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

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

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
14.228	State-Administered CDBG Cluster

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

Auditee qualified as low-risk auditee?  Yes  No

(Continued)

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2013

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II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Internal Controls

None reported

B. Compliance Findings

None reported

III. Findings and Questioned Costs for Federal Awards

A. Internal Controls

None reported

B. Compliance Findings

None reported

IV. Other Findings Related to Required Statutory Reporting

13-IV-A

**Certified Budget:** Disbursements during the year ended June 30, 2013, exceeded the amount budgeted in the Business Type Activity functions. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

**Recommendation:** The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

**Response:** The budget will be amended in the future, if applicable.

13-IV-B

**Questionable Expenditures:** No questionable disbursements were noted.

13-IV-C

**Travel Expense:** No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

13-IV-D

**Business Transactions:** No business transactions between the City and City officials or employees were noted.

13-IV-E

**Bond Coverage:** Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

13-IV-F

**Council Minutes:** No transactions were found that we believe should have been approved in the Council minutes but were not.

(Continued)



City of Burlington, Iowa

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2013

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**13-IV-G**

**Deposits and investments:** No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

**13-IV-H**

**Revenue bonds:** No instances of noncompliance with the provisions of the City's revenue bond resolutions.

**City of Burlington, Iowa**

**Corrective Action Plan  
Year Ended June 30, 2013**

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Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
<b>Other Findings Related to Required Statutory Reporting</b>				
13-IV-A	Disbursements during the year ended June 30, 2013 exceeded the amount budgeted in the business-type activities function.	See corrective action plan at 13-IV-A	June 30, 2014	Stephanie Stuecker Director of Administrative Services