

City of Burlington, Iowa

Comprehensive Annual Financial Report

For the Year Ended June 30, 2009

Submitted By:

Department of Finance and Accounting
City of Burlington, Iowa

INTRODUCTORY SECTION

CITY OF BURLINGTON, IOWA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2009

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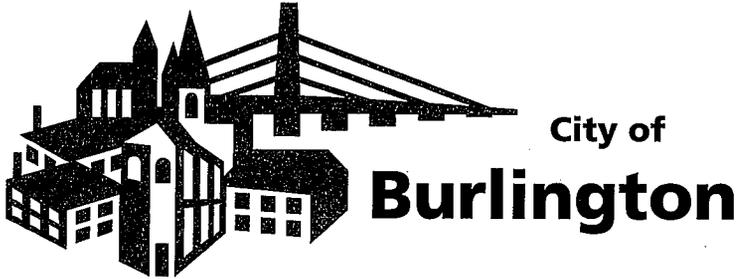
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December 28, 2009

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

State law requires that all general purpose local governments publish within nine months of the close of each fiscal year 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, for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of the City of Burlington. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Burlington has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Burlington's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Burlington's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Burlington's financial statements have been audited by Eide Bailly, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Burlington for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that there was a reasonable basis for rendering an unqualified opinion that the City of Burlington's financial statements for the fiscal year ended June 30, 2009 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Burlington was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited City's controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are contained in the compliance section of this comprehensive annual financial report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Burlington's MD&A can be found immediately following the report of the independent auditors.

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 26,839. 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 Finance Director 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.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Burlington operates.

Local Economy. The local economy continued to make movements in a positive direction during fiscal year 2009. Dresser Rand Company proceeded with the expansion of their West Avenue facility, which consolidated their Burlington operations and added employees. Their downtown facility will be closed and acquired by the City utilizing a low interest loan from the State of Iowa. The City is working with Grow Greater Burlington to market the facility.

In addition, The City also entered into an agreement with Federal Mogul Ignition Products to utilize the targeted jobs withholding program to keep the Burlington manufacturing plant open. Burlington is one of six cities in the state eligible to utilize the targeted jobs credit on an experimental basis. The program allows the City to capture a portion of the employer's state income tax withholding and use the funds to pay for economic development projects. The project allows Federal Mogul to upgrade equipment in order to stay competitive. As a result of this program, the City was able to save over 350 jobs and assist Federal Mogul in obtaining new lines of business.

The City also completed the acquisition of 28 acres of land formerly used as housing during World War 2. The City acquired the land using Tax Increment Financing revenue bonds and removed the old housing in order to prepare the area for commercial development. The land 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.

Cash Management Policies and Practices. Cash temporarily idle during the year is primarily invested in certificates of deposit of local financial institutions. This practice is in compliance with the City's investment policy as adopted by the City Council. Bids are informally solicited from those institutions and the funds invested at the best rate obtainable. Daily funds are deposited in money market accounts. Total interest earned during the year amounted to \$30,167 on an accrual basis.

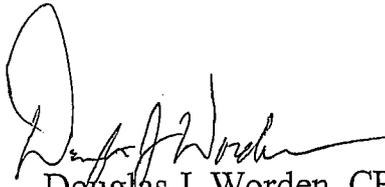
Risk Management. Effective February 1, 1988 the City began self-insuring its property and liability coverages. The City purchases layers of reinsurance through various insurance companies with the City assuming a self-insured retention, per claim, of \$50,000 for property losses and \$250,000 for liability losses. In addition, the City self-insures its workers compensation coverages under the same basis with a self-insured retention of \$300,000 per claim. In the aggregate, the City's losses for any one-year cannot exceed \$1,000,000. The City's self-insurance fund is treated as an internal service fund. Claims paid by the City are charged to this fund, which recovers its expenditures from the appropriate fund incurring the claim. In addition, effective July 1, 1983 the City entered into an Iowa Code Chapter 28E Agreement with Des Moines County to create a pooling arrangement to provide health and dental care benefits for its employees. Premiums, based upon an annual actuarial review, are paid into a trust account out of which claims are paid. Effective July 1, 2003 the pool began to purchase coverage through Wellmark Blue Cross/Blue Shield with a \$2,000/\$4,000 deductible. The plan self-insures down to the lower deductible selected by the member. Additionally, prescription drug and dental coverages are still self-insured.

Pension Benefits. The City of Burlington provides pension benefits for its employees, through either the Municipal Fire and Police Retirement System of Iowa (MFPRSI) or The Iowa Public Employees Retirement System (IPERS). These benefits are provided through statewide plans managed by the appropriate State Pension Board. The City of Burlington has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payment to the State Pension Board.

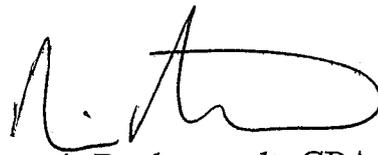
Additional information on the City of Burlington's pension arrangements can be found in notes to the financial statements.

Acknowledgments

The preparation of this report would not have been possible without the efficient and dedicated services 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.

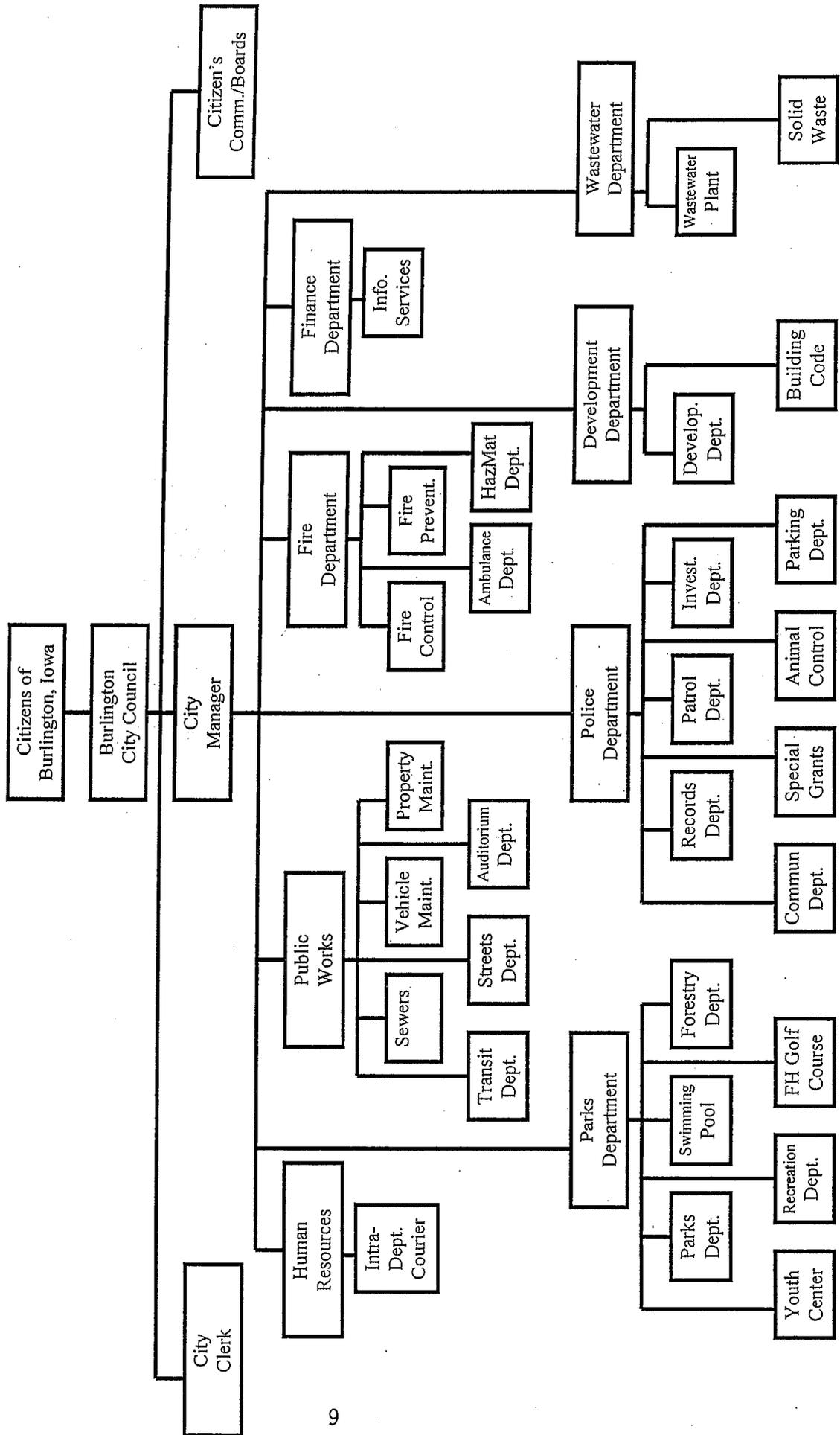


Douglas J. Worden, CPA
City Manager



Dennis Bockenstedt, CPA
Finance Director

City of Burlington Organizational Chart



CITY OF BURLINGTON, IOWA

List of Principal Officials June 30, 2009

ELECTED OFFICIALS

Mayor
Mayor Pro tem
Council Member
Council Member
Council Member

William I. Ell
Matthew Murray
Jim Davidson
Timothy Scott
Gary Thomas

APPOINTED OFFICIALS

City Manager
City Attorney
City Clerk
Director of Development
Finance Director
Fire Chief
Library Director
Parks and Recreation Superintendent
Personnel Director
Police Chief
Public Works Director
Wastewater Treatment Facility Superintendent

Douglas J. Worden
Scott Power
Kathleen Salisbury
Eric Larson
Dennis Bockenstedt
Tom Clements
Rhonda Frevert
Phillip Collier
Bev Hunter
Dan Luttenegger
Ron Knoke
Donald Fitting

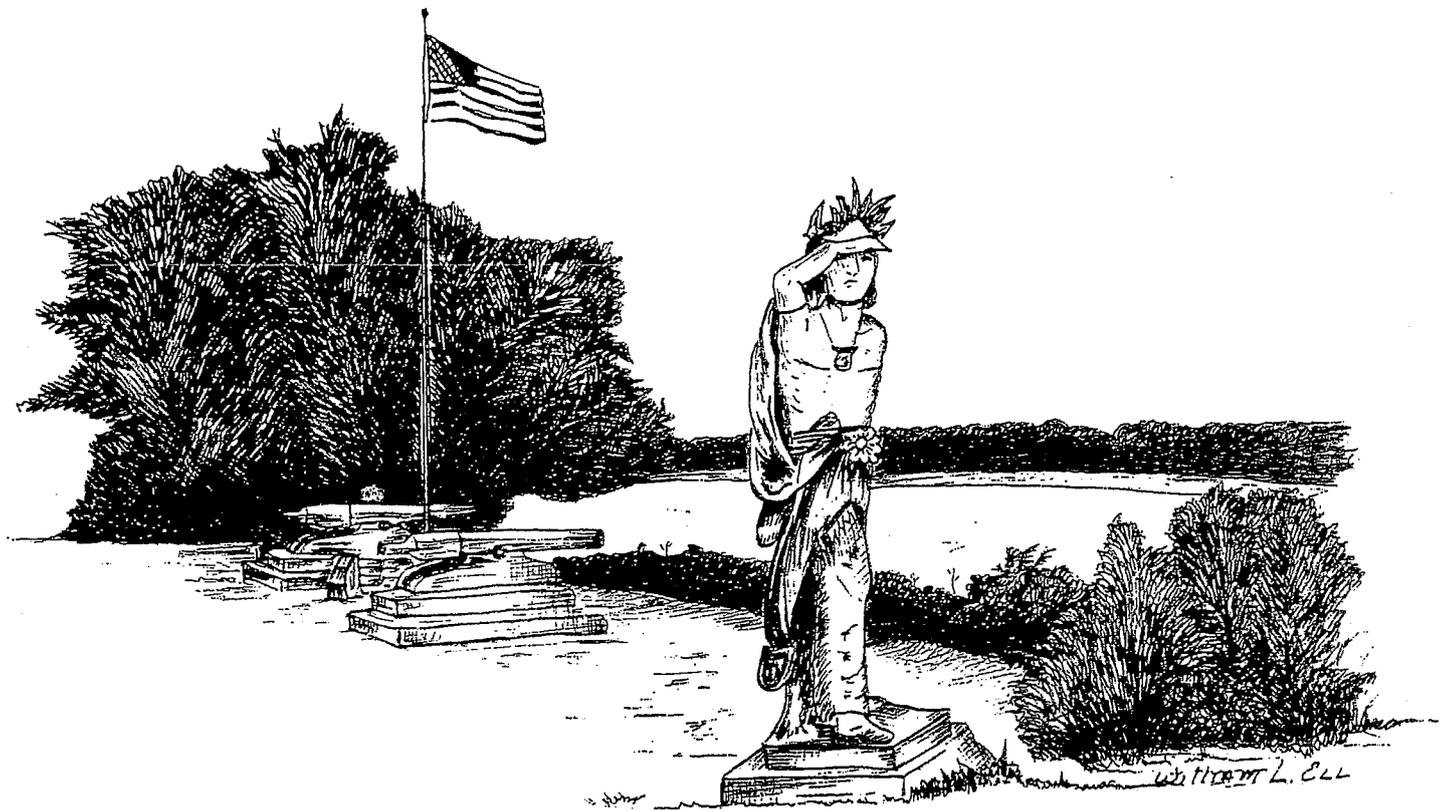
CITY OF BURLINGTON

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.

VISION STATEMENT

The City of Burlington believes in a strong partnership between customer-service oriented employees and well-informed and involved citizens whose pride and belief in the future encourages investment and progress.



FINANCIAL SECTION



CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

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, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Burlington, Iowa. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Burlington Municipal Waterworks, the Southeast Iowa Regional Airport Authority, and the Friends of the Burlington Public Library. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Burlington Municipal Waterworks, the Southeast Iowa Regional Airport Authority, and the Friends of the Burlington Public Library, is based 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 of material misstatement. The financial statements of the Friends of the Burlington Public Library, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of Burlington, Iowa, as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2009, on our consideration of the City's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The management's discussion and analysis and other required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Burlington, Iowa. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Burlington, Iowa. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Burlington, Iowa. The combining nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
December 11, 2009

Management's Discussion and Analysis

Our discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2009 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 of the City of Burlington exceeded its liabilities at June 30, 2009 by \$43,979,923 (net assets), a decrease of \$5,803,372 from the previous year.
- At June 30, 2009, the City's current liabilities of \$23,906,458 exceeded its current assets of \$17,512,495.
- At the end of the current fiscal year, the City of Burlington's governmental funds reported combined ending fund balances of \$432,621, a decrease of \$3,643,463 in comparison with the prior year. The Debt Service Fund increased by \$96,677. The General Fund decreased by \$36,401. The Road Use Tax Fund decreased by \$229,505, the Local Option Sales Tax Fund decreased by \$32,941, the Tax Increment Financing Fund increased by \$28,353, the Capital Projects Fund decreased by \$3,495,553, the Employee Benefits Fund increased by \$664, and all other governmental funds increased by \$25,243.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$574,305 or 3.88 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.

Government-wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that the governmental and business-type activities are consolidated into statements intended to present the operations of the City as a whole.

The *Statement of Net Assets* presents the City's financial position, in its entirety, as of June 30. All of the City's assets and liabilities are presented with the difference between the two reported as net assets. In order to consolidate and present the City's activities as a whole, it is necessary to convert the governmental fund statements from a measurement focus of financial resources to a measurement focus of economic resources. Essentially, this adds long-term assets and liabilities to the fund financial statements.

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 assets changed during the fiscal year. It focuses on the gross and net cost of various programs. This is intended to simplify the user's analysis of the cost of providing various government services and their funding sources.

The governmental activities reflect the City's basic services such as police, fire, parks, library, auditorium, public works, and general administration. Primary funding sources include sales and road use taxes, property taxes, service charges, and intergovernmental grants and funds. The business-type activities are intended to be self-funding through user fees and charges.

Fund Financial Statements

Traditional users of the City's financial statements will find the fund financial statements more familiar. The most noticeable change is the shift away from fund types and towards major funds. The City's funds 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 short-term inflows and outflows of financial resources rather than flow of economic (all) resources. This information is useful in evaluating short-term financing requirements and is typically the basis for which the City's annual budget is developed. A more detailed list of differences between the governmental funds and the governmental activities can be found in the reconciliation provided in the fund financial statements.

The City has seven 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, Employee Benefits fund, and the Capital Projects fund. The City also has nine non-major governmental funds. These funds are combined and reported in a single column in the governmental fund financial statements, but are reported individually elsewhere in the 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 27 - 32 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. They are the enterprise funds and the internal service funds. These funds are called proprietary, because the funds are run in a business-like manner. Enterprise funds primarily serve external customers and are self-funding through user charges. The enterprise funds present the same functions and use the same measurement focus as the business-type activities on the government-wide statements, but in more detail.

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. All are presented as major funds.

The internal service funds primarily serve the City or other governmental entities. The internal service funds are consolidated into the governmental activities at the government-wide level.

The City maintains five internal services funds: the Property Maintenance Fund, the Vehicle Maintenance Fund, the Safety Coordination Fund, the Self Insurance Fund, and the Miscellaneous Service Fund. They are combined into a single, aggregated column in the proprietary fund financial statements, but are reported individually elsewhere in the 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 36 - 64 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 71 – 79 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Burlington, assets exceeded liabilities by \$43,979,923 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets 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 Assets (000's)

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Current assets	\$ 15,494	\$ 17,868	\$ (332)	\$ (355)	\$ 15,162	\$ 17,513
Capital Assets	57,601	56,644	32,651	34,552	90,252	91,196
Total Assets	73,095	74,512	32,319	34,197	105,414	108,709
Current liabilities	14,465	22,389	1,175	1,518	15,640	23,907
Noncurrent liabilities	32,512	31,070	7,479	9,752	39,991	40,822
Total Liabilities	46,977	53,459	8,654	11,270	55,631	64,729
Investment in capital assets, net of related debt	36,794	41,203	24,867	24,354	61,661	65,557
Restricted	2,080	1,215	501	501	2,581	1,716
Unrestricted	(12,756)	(21,365)	(1,703)	(1,929)	(14,459)	(23,294)
Total Net Assets	\$ 26,118	\$ 21,053	\$ 23,665	\$ 22,926	\$ 49,783	\$ 43,979

A portion of the City's net assets (3.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* 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 assets 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 governmental and business-type activities. The net assets of the City decreased by \$5,803,372 during the current fiscal year. Most of this decrease was due to depreciation expense of \$3,960,600. Capital Projects program net expenses of \$6,280,365 funded from long-term and short-term debt also contributed to the decrease in net assets.

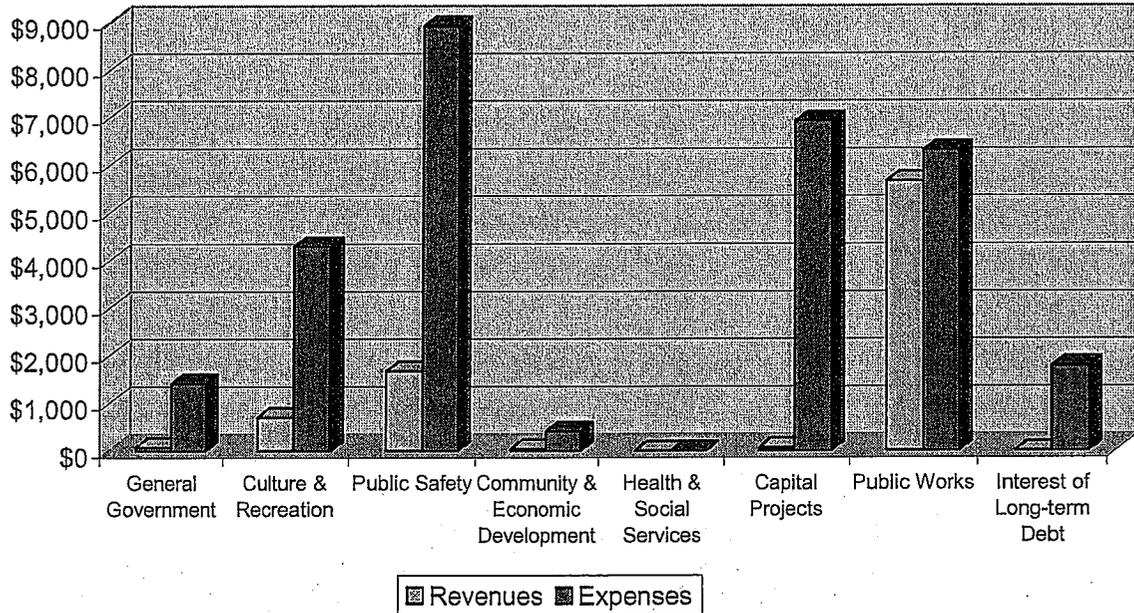
The following table summarizes the City's operating activities for the fiscal year 2009:

City of Burlington's Changes in Net Assets (000's)

	Governmental Activities		Business Type Activities		Total	
	2008	2009	2008	2009	2008	2009
Revenues:						
Program revenues:						
Charges for services	\$ 5,483	\$ 4,055	\$ 6,106	\$ 6,267	\$ 11,589	\$ 10,322
Operating grants and contributions	3,135	3,192			3,135	3,192
Capital grants and contributions	1,980	1,532	386	11	2,366	1,543
General revenues:						
Property taxes	9,779	10,068			9,779	10,068
Other taxes	5,115	5,038			5,115	5,038
Grants and contributions not restricted to specific programs	45	0			45	-
Other	486	655	25	11	511	666
Total revenues	26,023	24,540	6,517	6,289	32,540	30,829
Expenses:						
General government	1,314	1,408			1,314	1,408
Public safety	9,237	8,926			9,237	8,926
Public works	8,119	6,300			8,119	6,300
Culture and recreation	4,073	4,289			4,073	4,289
Community and economic development	380	405			380	405
Health and social services	2	2			2	2
Capital projects	2,560	6,917			2,560	6,917
Interest on long-term debt	1,721	1,783			1,721	1,783
Sewer			4,240	4,188	4,240	4,188
Solid waste			1,163	1,172	1,163	1,172
Recplex			618	632	618	632
Parking			162	132	162	132
Flint Hills golf course			457	480	457	480
Total expenses	27,406	30,030	6,640	6,604	34,046	36,634
Increase in net assets before transfers	(1,383)	(5,490)	(123)	(315)	(1,506)	(5,805)
Transfers in (out)	485	425	(485)	(425)	-	-
Increase (decrease) in net assets	(898)	(5,065)	(608)	(740)	(1,506)	(5,805)
Net assets beginning	27,016	26,118	24,274	23,666	51,290	49,784
Net assets ending	\$ 26,118	\$ 21,053	\$ 23,666	\$ 22,926	\$ 49,784	\$ 43,979

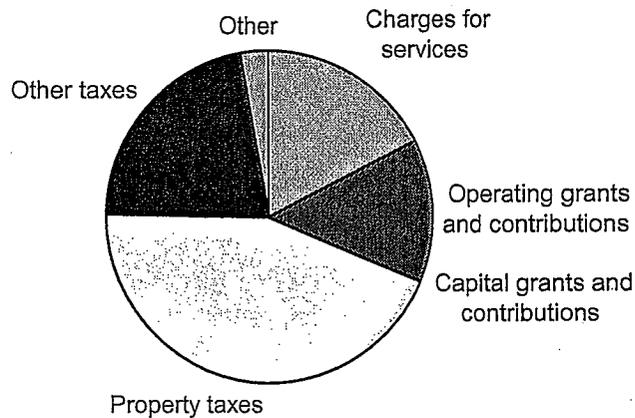
Governmental activities. Governmental activities decreased the City of Burlington's net assets by \$5,064,302, thereby accounting for 87.26% of the total decrease in the net assets. Most of this decrease is due to depreciation expense of \$2,378,681 and Capital Projects program net expenses. The change in net assets due to program activities is represented as follows:

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

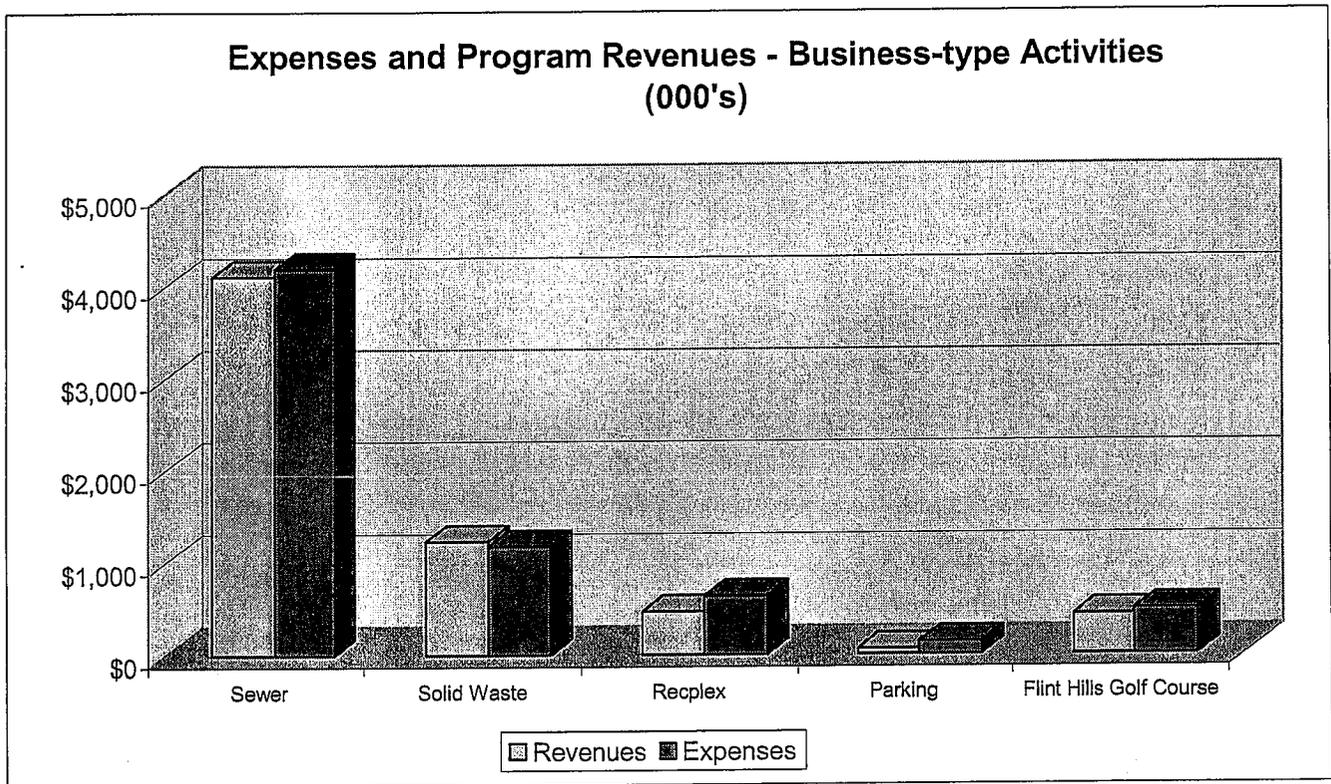


Expenses are higher than revenues for all of these programs due to the fact that many of the governmental activities are supported by general governmental revenues including property taxes and other taxes and other revenues. Revenues for the governmental activities are derived as follows:

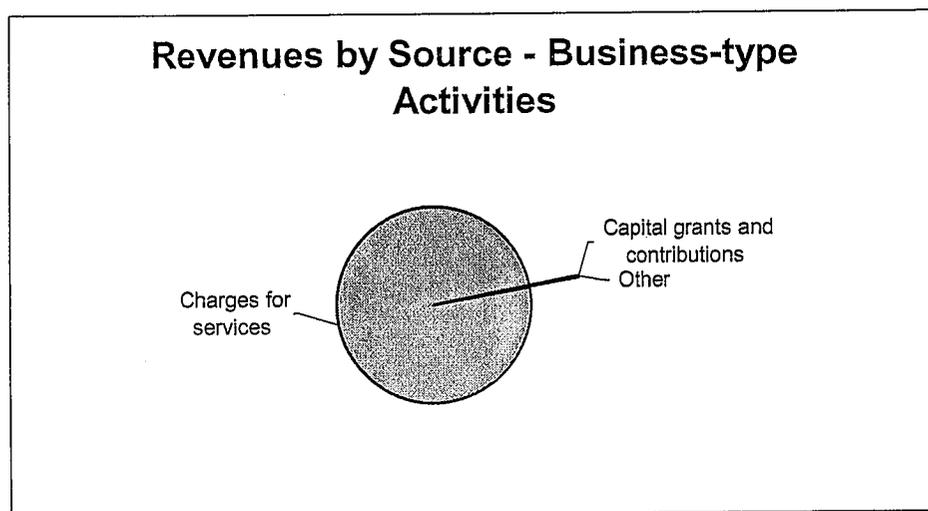
Revenues by Source - Governmental Activities



Business-type activities. Business-type activities decreased the City of Burlington's net assets by \$739,070, which accounted for 12.74% of the total decrease in net assets. The decrease in net assets from all of the business-type activities is primarily due to depreciation expense of \$1,581,919. The business-type funds also recorded transfers out \$424,905 to 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, unreserved 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 \$432,621, a decrease of \$3,643,463 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 \$574,305, which was entirely unreserved. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 3.88 percent of total General Fund expenditures.

The fund balance of the City of Burlington's General fund decreased by \$36,401 during the current fiscal year. The decrease was primarily due to an increase in culture and recreation expenditures of \$213,309 or 7.44%.

The Debt Service fund increased by \$96,677 primarily due to the transfer in of bond proceeds for the purpose of paying future bond interest payments.

The Road Use Tax fund has a fund balance of (\$473,986), a decrease of (\$229,505). The decrease was primarily due to a decrease in state shared revenues of \$75,829 and an continued high than normal level of snow and ice control expenditures.

The Local Option Sales Tax fund balance of \$1,414,942, which is an decrease from the previous year of \$32,941. This balance represents funds allocated for projects, but not expended as of June 30, 2009 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 increase in fund balance is due to a decrease in sales tax collections of \$106,650 and an increase in transfers out of \$766,530.

The Tax Increment Financing fund has a fund balance of (\$163,327), which is an increase from the previous year of \$28,353. This increase is primarily due to the timing of contributions to Grow Greater Burlington.

The Capital Projects fund has a fund balance of (\$1,219,316) at the end of the current fiscal year. This represents a decrease from the previous year of \$3,495,553. The decrease in fund balance is primarily due to the spending the proceeds from previously issued notes payable of \$4,500,000 on maintenance and repair expenditures.

The Employee Benefits fund's fund balance increased \$664 from the previous year and is \$713. The fund is intended to transfer its revenues to the General fund and finish each year with a fund balance near \$0 each year.

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 assets for the City's enterprise funds as of June 30, 2009 were \$22,926,444, which was a decrease of \$739,070 from the previous year.

The Sewer, 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 results are different. Revenue in each of these funds also remained steady or grew.

The Sewer fund recorded a net operating loss before contributions and transfers of \$82,467 as the result of depreciation of \$1,305,414. Revenues increased by \$137,133 from the previous year or 3.47%

The RecPlex fund recorded a net operating loss before contributions and transfers of \$166,759, after recording depreciation of \$103,426. Revenues increased by \$6,659 from the previous year or 1.45%.

The Parking fund recorded a net operating loss before contributions and transfers of \$77,070 after recording depreciation of \$64,336. Parking revenues decreased from the previous year by \$9,019 or 14.14%.

The Golf Course fund recorded a net operating loss before contributions and transfers of \$53,743 after recording \$49,434 of depreciation. Golf course revenues grew by \$11,060 from the previous year or 2.67%.

The Solid Waste Fund recorded a net operating income before transfers and contributions of \$54,636. Revenues increased by \$7,839 or less than 1%.

Budget Analysis

The final amended budget for all funds was \$9,093,149 or 25.22% greater than the original budget. The final amended budget was \$45,147,422. The budget amendment included increases in expenditures for many items including road salt, fuel, capital equipment, equipment repairs, and other miscellaneous items. Significant items included \$250,000 for flood barriers, \$1,800,000 for sewer separation construction, \$2,165,000 for an economic development loan, and \$3,510,000 for bond refunding debt service.

Even with these amendments, during the year ended June 30, 2009, disbursements in the Public Safety, Culture and Recreation, Debt Service, and Public Works functions exceeded the amounts budgeted.

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, 2009, amounts to \$65,557,768 (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 \$3,896,318 or

6.3% (7.1 percent increase for governmental activities and a 0.8 percent decrease 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 \$4,941,213 during the year.
- Major asset additions in the governmental funds include the acquisition of flood control barriers for the riverfront totaling \$221,483. Also included is the reconstruction of Jefferson Street between Front and Main Streets totaling \$247,197.
- Major asset additions in the business-type funds include the valve replacement renovation of the Market Street Lift Station for \$173,869. Also included for the business-type funds was \$3,464,224 for the sewer equalization tank project.
- The value of work in progress amounted to \$3,698,603. Of this amount, \$3,464,224 is the value of the sewer equalization tank project at June 30. The remainder represents the value of street reconstruction projects not completed at Jun 30.

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

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
	Land	\$ 2,049	\$ 2,069	\$ 399	\$ 399	\$ 2,448
Buildings and system	21,075	20,477	12,186	11,626	33,261	32,103
Improvements other than buildings	317	295	711	634	1,028	929
Fixtures and equipment	3,323	3,401	1,168	1,021	4,491	4,422
Infrastructure	30,808	30,294	17,930	17,408	48,738	47,702
Construction in progress	28	108	257	3,464	285	3,572
Total	\$ 57,600	\$ 56,644	\$ 32,651	\$ 34,552	\$ 90,251	\$ 91,196

Additional information on the City of Burlington's capital assets can be found in note IV on pages 49 - 50 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 \$43,892,715. Of this amount, \$32,930,878 comprises debt backed by the full faith and credit of the government and \$4,491,837 is revenue bonds and notes repayable with revenues from the City's sewer utility and \$6,470,000 of Urban Renewal Tax Increment Revenue bonds. In addition, the City owes Grow Greater Burlington \$37,200 for funds advanced toward construction of the RecPlex in Flint Ridge Business Park and \$857,018 to the Iowa Department of Economic Development for funds advanced for the acquisition of the Dresser-Rand building.

The City also issued \$4,500,000 in short-term bond anticipation notes during fiscal year 2009. The notes are expected to be re-financed in fiscal year 2011.

City of Burlington's Outstanding Debt (000's)

General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
General obligation bonds	\$ 26,550	\$ 27,138	\$ 5,936	\$ 5,793	\$ 32,486	\$ 32,931
Sewer revenue bonds			1,900	4,492	1,900	4,492
Notes payable	1,016	894			1,016	894
Tax increment revenue bonds	6,520	6,470			6,520	6,470
Total	\$ 34,086	\$ 34,502	\$ 7,836	\$ 10,285	\$ 41,922	\$ 44,787

The City's total long-term debt increased by \$2,864,737 during the current fiscal year. The City of Burlington maintains an "A2" rating from Moody's for both general obligation and 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 \$53,194,904. The City's current applicable debt is \$43,938,078, which is 82.60% of the statutory limit.

Additional information on the City of Burlington's long-term debt can be found in note VIII on pages 53 - 57 of this report.

Economic Factors and Next Year's Budgets and Rates

The City of Burlington had the following economic highlights during fiscal year 2009:

- The unemployment rate for the City of Burlington, as of June, 2009 was 7.8% which was higher than the June, 2008 of 5.9%. Total labor force shrank from 12,660 in 2008 to 12,560 in 2009.
- Retail sales grew from sales tax year 2008 to sales tax year 2009 by \$8,657,436 or 2.99%. The number of sales tax permits grew from 696 to 724.
- Per capita income grew from the 2006 level of \$32,088 to the 2007 level of \$33,877 or 5.58%.

For the fiscal 2009-2010 budget, the City's property tax rate remained the same at \$14.92782 per \$1,000 of property valuation. Service levels are not budgeted to change significantly from fiscal year 2008-09.

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.

City of Burlington, Iowa

Statement of Net Assets
June 30, 2009

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Burlington Municipal Waterworks	Southeast Iowa Regional Airport Authority	Friends of the Burlington Public Library
Assets						
Current assets:						
Cash and cash equivalents	\$ 450,482	\$ 317,922	\$ 768,404	\$ 1,439,610	\$ 29,975	\$ 490,975
Investments, at Market	0	0	0	0	0	2,346,331
Receivables:						
Interest	0	0	0	69,102	0	10,409
Taxes	10,837,420	0	10,837,420	0	0	0
Accounts	735,979	107,818	843,797	398,847	16,145	0
Special assessments	151,758	0	151,758	0	0	0
Intergovernmental	1,340,476	0	1,340,476	0	57,946	0
Promises to Give	0	0	0	0	0	84,220
Land held for resale	3,329,445	0	3,329,445	0	0	0
Internal balances	860,462	(860,462)	0	0	0	0
Inventories	45,403	17,783	63,186	44,538	0	0
Prepaid contracts	116,403	61,606	178,009	88,090	0	0
Total current assets	17,867,828	(355,333)	17,512,495	2,040,187	104,066	2,931,935
Noncurrent assets:						
Restricted cash and cash equivalents	0	0	0	182,450	0	0
Restricted interest receivable	0	0	0	50	0	0
Deferred Debt Expense	0	0	0	0	4,436	0
Capital assets:						
Land and Work in Progress	2,177,749	3,862,766	6,040,515	151,981	1,686,781	0
Buildings, infrastructure, and equipment, net	54,466,684	30,689,026	85,155,710	8,682,541	12,082,760	0
Total noncurrent assets	56,644,433	34,551,792	91,196,225	9,017,022	13,773,977	0
Total assets	\$ 74,512,261	\$ 34,196,459	\$ 108,708,720	\$ 11,057,209	\$ 13,878,043	\$ 2,931,935
Liabilities						
Current liabilities:						
Accounts payable	\$ 2,396,365	\$ 474,844	\$ 2,871,209	\$ 236,343	\$ 18,866	\$ 0
Claims payable	163,041	0	163,041	0	0	0
Accrued expense	0	0	0	0	10,234	1,434
Customers deposits	0	0	0	230,247	0	0
Lime removal liability	0	0	0	469,122	0	0
Unearned revenue	10,679,625	358,437	11,038,062	132,014	10,754	0
Bond anticipation notes payable	4,500,000	0	4,500,000	0	0	0
Bond interest payable	229,243	32,303	261,546	6,008	0	0
Current portion of long-term obligations	4,420,374	652,226	5,072,600	103,000	183,905	0
Total current liabilities	22,388,648	1,517,810	23,906,458	1,176,734	223,759	1,434
Noncurrent liabilities:						
Noncurrent portion of long-term obligations	31,070,134	9,752,205	40,822,339	2,300,000	216,695	0
Total liabilities	53,458,782	11,270,015	64,728,797	3,476,734	440,454	1,434
Net Assets						
Investment in capital assets, net of related debt	41,203,425	24,354,343	65,557,768	6,431,522	0	0
Restricted for:						
Public Safety	119,465	0	119,465	0	0	0
Culture and Recreation	330,846	0	330,846	0	0	1,522,344
Public Works	17,221	0	17,221	0	0	0
Other	0	0	0	0	0	0
Debt service	747,677	501,000	1,248,677	182,500	0	0
Unrestricted (deficit)	(21,365,155)	(1,928,899)	(23,294,054)	966,453	13,437,589	1,408,157
Total net assets	21,053,479	22,926,444	43,979,923	7,580,475	13,437,589	2,930,501
Total liabilities and net assets	\$ 74,512,261	\$ 34,196,459	\$ 108,708,720	\$ 11,057,209	\$ 13,878,043	\$ 2,931,935

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, 2009

Programs/Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,407,686	\$ 11,090	\$ 41,472	\$ 14,875	\$ (1,340,249)	\$ 0	\$ (1,340,249)
Culture and Recreation	4,288,883	569,138	112,449	22,000	(3,585,296)	0	(3,585,296)
Public Safety	8,925,533	1,252,305	421,254	0	(7,251,974)	0	(7,251,974)
Community and Economic Development	405,557	0	36,261	0	(369,296)	0	(369,296)
Health and Social Services	2,223	0	0	0	(2,223)	0	(2,223)
Capital Projects	6,916,875	0	0	636,510	(6,280,365)	0	(6,280,365)
Public works	6,300,014	2,222,313	2,580,569	858,774	(638,358)	0	(638,358)
Interest on long-term debt	1,783,112	0	0	0	(1,783,112)	0	(1,783,112)
Total governmental activities	30,029,883	4,054,846	3,192,005	1,532,159	(21,250,873)	0	(21,250,873)
Business-type activities:							
Sewer	4,187,831	4,094,765	0	11,238	0	(81,828)	(81,828)
Solid waste	1,171,645	1,226,281	0	0	0	54,636	54,636
Recplex	632,083	465,324	0	0	0	(166,759)	(166,759)
Parking	131,822	54,752	0	0	0	(77,070)	(77,070)
Flint Hills golf course	479,613	425,870	0	0	0	(53,743)	(53,743)
Total business-type activities	6,602,994	6,266,992	0	11,238	0	(324,764)	(324,764)
Total primary government	\$ 36,632,877	\$ 10,321,838	\$ 3,192,005	\$ 1,543,397	\$ (21,250,873)	\$ (324,764)	\$ (21,575,637)
Component units:							
Burlington Municipal Waterworks	\$ 3,198,844	\$ 3,224,230	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Friends of the Burlington Public Library	35,425	0	44,683	0	0	0	0
Southeast Iowa Regional Airport	1,201,385	439,398	-	107,178	0	0	0
Total component units	\$ 4,435,654	\$ 3,663,628	\$ 44,683	\$ 107,178	\$ 0	\$ 0	\$ 0
General revenues:							
Taxes:							
Property taxes					10,068,175	0	10,068,175
Local Option Sales					3,564,857	0	3,564,857
Hotel/Motel Taxes					632,740	0	632,740
Other					840,250	0	840,250
Investment income, Net					19,569	10,599	30,168
Other Revenues					636,075	0	636,075
Transfers					424,905	(424,905)	0
Total general revenues and transfers					16,186,571	(414,306)	15,772,265
Changes in net assets							
Net assets - beginning					(5,064,302)	(739,070)	(5,803,372)
Net assets - ending					\$ 21,053,479	\$ 22,926,444	\$ 43,979,923

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

City of Burlington, Iowa

Balance Sheet
Governmental Funds
June 30, 2009

	General	Debt Service	Road Use Tax	Local Option Sales Tax	Tax Increment Financing
Assets					
Cash and cash equivalents	\$ 61,498	\$ 0	\$ 0	\$ 140,735	\$ 0
Receivables:					
Taxes	5,884,263	1,887,154	0	0	1,492,242
Accounts	470,038	201,556	0	0	0
Special assessments	115,249	0	0	0	0
Intergovernmental	244,677	0	181,690	521,672	0
Land held for resale	0	0	0	0	0
Due from other funds	457,866	0	0	752,535	0
Prepaid contracts	86,712	0	19,271	0	0
Total assets	\$ 7,320,303	\$ 2,088,710	\$ 200,961	\$ 1,414,942	\$ 1,492,242
Liabilities and fund balances (deficits)					
Liabilities					
Accounts payable	\$ 573,847	\$ 0	\$ 217,081	\$ 0	\$ 3,000
Due to other funds	162,465	30,279	457,866	0	214,830
Bond anticipation notes payable	0	0	0	0	0
Deferred revenue	6,009,686	1,962,754	0	0	1,437,739
Total liabilities	6,745,998	1,993,033	674,947	0	1,655,569
Fund balances (deficits)					
Unreserved, reported in:					
General fund	574,305	0	0	0	0
Special revenue funds	0	0	(473,986)	1,414,942	(163,327)
Debt service Fund	0	95,677	0	0	0
Capital projects fund	0	0	0	0	0
Total fund balances (deficits)	574,305	95,677	(473,986)	1,414,942	(163,327)
Total liabilities and fund balances (deficits)	\$ 7,320,303	\$ 2,088,710	\$ 200,961	\$ 1,414,942	\$ 1,492,242

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

Capital Projects	Employee Benefits	Other Governmental Funds	Total Governmental Funds
\$ 113,661	\$ 0	\$ 134,588	450,482
0	1,383,488	190,273	10,837,420
0	0	64,385	735,979
0	0	36,509	151,758
77,307	0	11,061	1,036,407
3,329,445	0	0	3,329,445
1,082,932	0	466,937	2,760,270
0	0	844	106,827
<u>\$ 4,603,345</u>	<u>\$ 1,383,488</u>	<u>\$ 904,597</u>	<u>\$ 19,408,588</u>

\$ 1,237,692	\$ 0	\$ 257,393	\$ 2,289,013
0	25,181	206,863	1,097,484
4,500,000	0	0	4,500,000
84,969	1,357,594	236,728	11,089,470
<u>5,822,661</u>	<u>1,382,775</u>	<u>700,984</u>	<u>18,975,967</u>

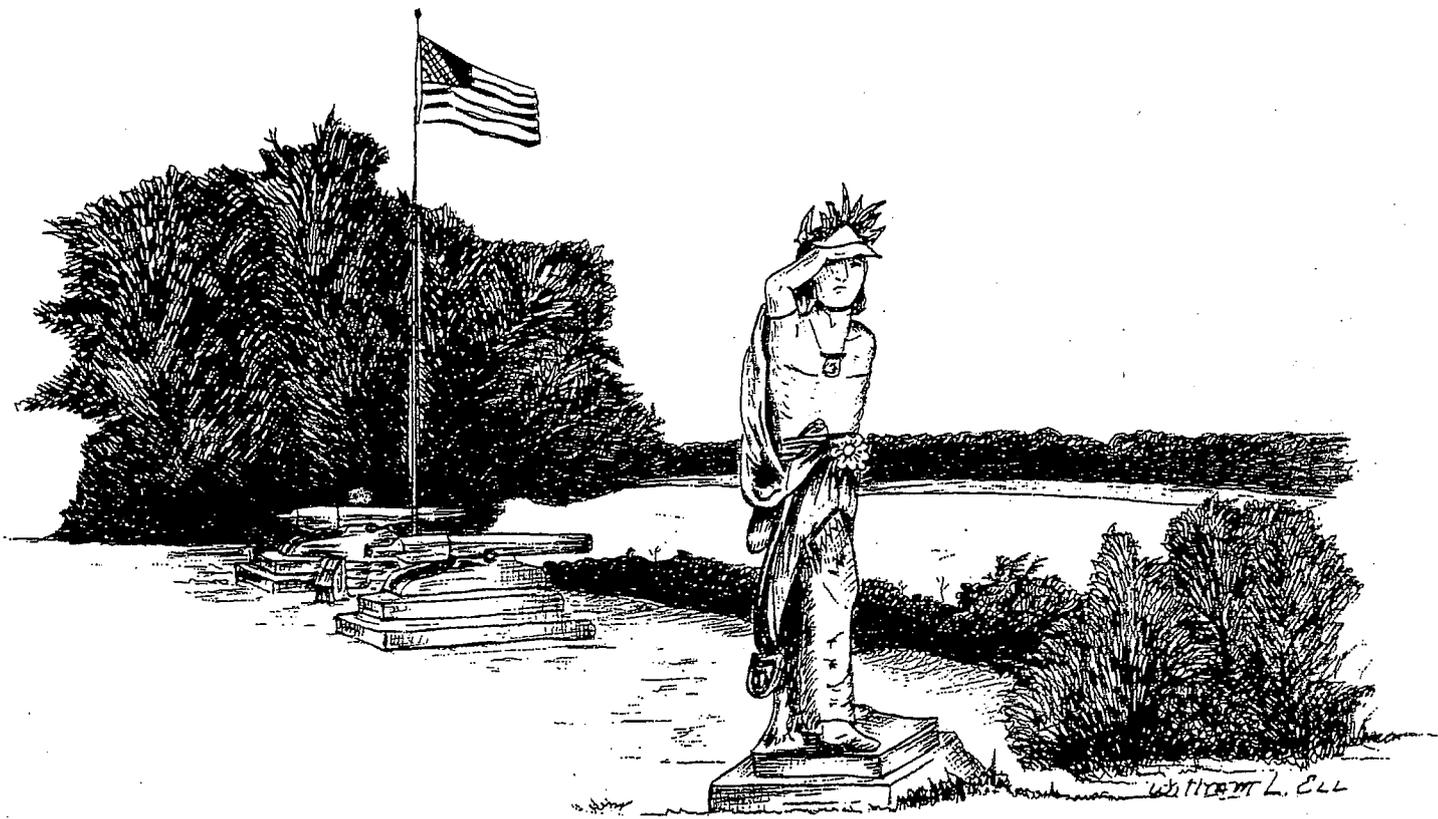
0	0	0	574,305
0	713	203,613	981,955
0	0	0	95,677
(1,219,316)	0	0	(1,219,316)
<u>(1,219,316)</u>	<u>713</u>	<u>203,613</u>	<u>432,621</u>
<u>\$ 4,603,345</u>	<u>\$ 1,383,488</u>	<u>\$ 904,597</u>	<u>\$ 19,408,588</u>

City of Burlington, Iowa

Reconciliation of the Balance Sheet to the
Statement of Net Assets
June 30, 2009

Fund balances--total governmental funds		\$ 432,621
Amounts reported for governmental activities in the statement of net assets 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	\$ 2,177,749	
Buildings, improvements, and equipment, net of depreciation	54,466,684	
Less: Internal service fund capital assets, net of depreciation	<u>(735,026)</u>	55,909,407
The assets and liabilities of internal service funds are included in the governmental activities in the statement of net assets. Internal service fund net assets:		
Property maintenance fund	\$ (273,500)	
Vehicle maintenance fund	(62,623)	
Safety coordination fund	-	
Self insurance fund	(279,398)	
Miscellaneous service fund	<u>5,074</u>	(610,447)
Deferred revenue is reported in governmental funds for revenues that have been earned but are not yet available to liquidate current liabilities. All earned revenues are reported as income at government-wide level. The following deferred revenues for unavailable items were reported in the governmental funds:		
General fund - property tax receivable	\$ 6,667	
General fund - accounts receivable	122,681	
General fund - intergovernmental receivable	2,142	
General fund - special assessments receivable	111,138	
Debt service fund - property tax receivable	1,767	
Debt service fund - accounts receivable	113,067	
Employee benefits fund - property tax receivable	1,578	
Other governmental funds - property tax receivable	245	
Other governmental funds - accounts receivable	14,875	
Other governmental funds - special assessments receivable	<u>35,685</u>	409,845
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	\$ 27,137,406	
Less: Amount applicable to internal service funds	(591,100)	
Deferred amount on refunding	(161,856)	
Less: Amount applicable to internal service funds	28,089	
Notes payable	37,200	
Tax increment revenue bonds	6,470,000	
Economic development loan	857,018	
Compensated absences	1,055,102	
Less: Amount applicable to internal service funds	(66,822)	
Other post-employment benefits payable	95,638	
Bond interest payable	229,243	
Less: Amount applicable to internal service funds	<u>(1,971)</u>	<u>(35,087,947)</u>
Net assets of governmental activities		<u>\$ 21,053,479</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
For the Year Ended June 30, 2009

	General Fund	Debt Service	Road Use Tax	Local Option Sales Tax	Tax Increment Financing
Revenues:					
Property taxes	\$ 5,466,479	\$ 1,753,144	\$ 0	\$ 0	\$ 1,373,898
Other taxes and assessments	1,299,477	61,505	0	3,564,857	0
Licenses and permits	561,608	0	0	0	0
Fines and forfeitures	129,262	0	0	0	0
Intergovernmental	935,352	0	2,239,344	0	0
Charges for services	1,561,181	0	0	0	0
Use of money and property	151,870	1,178	0	8,283	1,254
Other	295,112	245,115	0	0	192
Total revenues	10,400,341	2,060,942	2,239,344	3,573,140	1,375,344
Expenditures:					
Current operating:					
Public Safety	8,580,439	0	0	0	0
Culture and Recreation	3,081,455	0	0	0	0
Public Works	1,652,442	0	2,199,503	0	0
Community and Economic Development	248,296	0	0	26,000	95,000
Health and Social Services	2,223	0	0	0	0
General Government	1,232,287	0	0	50,996	0
Debt service:					
Principal	0	2,227,656	0	0	37,200
Interest and other charges	0	1,670,766	0	0	3,720
Capital outlay	0	0	0	0	0
Total expenditures	14,797,142	3,898,422	2,199,503	76,996	135,920
Excess (deficiency) of revenues over (under) expenditures	(4,396,801)	(1,837,480)	39,841	3,496,144	1,239,424
Other financing sources (uses):					
Issuance of general obligation refunding bond	0	650,000	0	0	0
Issuance of general obligation bonds	0	0	0	0	0
Discount on general obligation bonds	0	0	0	0	0
Refunding payment for general obligation bond	0	(625,000)	0	0	0
Transfers in	5,098,513	1,909,157	108,213	0	0
Transfers out	(738,113)	0	(377,559)	(3,529,085)	(1,211,071)
Total other financing sources and uses	4,360,400	1,934,157	(269,346)	(3,529,085)	(1,211,071)
Net change in fund balance	(36,401)	96,677	(229,505)	(32,941)	28,353
Fund balances (deficits), beginning	610,706	(1,000)	(244,481)	1,447,883	(191,680)
Fund balances (deficits), ending	\$ 574,305	\$ 95,677	\$ (473,986)	\$ 1,414,942	\$ (163,327)

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

<u>Capital Projects</u>	<u>Employee Benefits</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 0	\$ 1,284,860	\$ 179,537	\$ 10,057,918
1,315	48,041	19,987	4,995,182
0	0	0	561,608
0	0	0	129,262
697,270	0	45,729	3,917,695
0	0	5,885	1,567,066
6,093	1,284	1,280	171,242
137,283	0	271,461	949,163
<u>841,961</u>	<u>1,334,185</u>	<u>523,879</u>	<u>22,349,136</u>
0	0	41,771	8,622,210
0	0	728,231	3,809,686
0	0	187,839	4,039,784
0	0	36,261	405,557
0	0	0	2,223
0	0	0	1,283,283
84,993	0	0	2,349,849
57,448	0	0	1,731,934
<u>6,916,875</u>	<u>0</u>	<u>0</u>	<u>6,916,875</u>
<u>7,059,316</u>	<u>0</u>	<u>994,102</u>	<u>29,161,401</u>
<u>(6,217,355)</u>	<u>1,334,185</u>	<u>(470,223)</u>	<u>(6,812,265)</u>
2,895,000	0	0	3,545,000
2,725,000	0	0	2,725,000
(25,980)	0	0	(25,980)
(2,860,000)	0	0	(3,485,000)
777,495	0	632,740	8,526,118
<u>(789,713)</u>	<u>(1,333,521)</u>	<u>(137,274)</u>	<u>(8,116,336)</u>
<u>2,721,802</u>	<u>(1,333,521)</u>	<u>495,466</u>	<u>3,168,802</u>
(3,495,553)	664	25,243	(3,643,463)
<u>2,276,237</u>	<u>49</u>	<u>178,370</u>	<u>4,076,084</u>
<u>\$ (1,219,316)</u>	<u>\$ 713</u>	<u>\$ 203,613</u>	<u>\$ 432,621</u>

City of Burlington, Iowa

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances (Deficits)
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2009

Net change in fund balances--total governmental funds		\$ (3,643,463)
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.		(943,345)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		135,102
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		(435,151)
Premium/discount on issuance of general obligation bonds		23,382
Contribution of capital assets		22,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The following expenses did not require current financial resources:		
Compensated absences	(26,267)	
Other post-employment benefits payable	(95,638)	
Adjustment to bond interest payable	(21,417)	(143,322)
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>(79,505)</u>
Changes in net assets of governmental activities		<u>\$ (5,064,302)</u>

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

City of Burlington, Iowa

Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business Type Activities - Enterprise Funds					Totals	Governmental Activities- Internal Service Funds
	Sewer	Solid Waste	Recplex	Parking	Flint Hills Golf Course		
Assets							
Current assets:							
Cash and cash equivalents	\$ 317,922	\$ 0	\$ 0	\$ 0	\$ 0	\$ 317,922	\$ 0
Receivables:							
Accounts	97,885	5,903	3,850	180	0	107,818	0
Intergovernmental	0	0	0	0	0	0	304,069
Due from other funds	1,088,426	0	0	0	0	1,088,426	0
Inventories	0	0	0	0	17,783	17,783	45,403
Prepaid contracts	33,022	15,250	6,774	1,996	4,564	61,606	9,576
Total current assets	1,537,255	21,153	10,624	2,176	22,347	1,593,555	359,048
Noncurrent assets:							
Capital assets:							
Land and Work in Progress	3,464,224	0	262,980	129,162	6,400	3,862,766	0
Buildings, infrastructure, and equipment, net	26,838,145	295,742	2,699,281	622,506	233,352	30,689,026	735,026
Total noncurrent assets	30,302,369	295,742	2,962,261	751,668	239,752	34,551,792	735,026
Total assets	<u>\$31,839,624</u>	<u>\$ 316,895</u>	<u>\$2,972,885</u>	<u>\$ 753,844</u>	<u>\$ 262,099</u>	<u>\$36,145,347</u>	<u>\$ 1,094,074</u>
Liabilities							
Current liabilities:							
Accounts payable	\$ 341,796	\$ 50,312	\$ 54,408	\$ 2,853	\$ 25,475	\$ 474,844	\$ 107,352
Claims payable	0	0	0	0	0	0	163,041
Due to other funds	296,948	114,896	630,233	226,076	680,735	1,948,888	802,324
Unearned revenue	267,121	86,721	0	4,595	0	358,437	0
Bond interest payable	31,853	450	0	0	0	32,303	1,971
Current portion of long-term obligations	632,486	10,190	6,180	157	3,213	652,226	33,431
Total current liabilities	1,570,204	262,569	690,821	233,681	709,423	3,466,698	1,108,119
Noncurrent liabilities:							
Noncurrent portion of long-term obligations	9,580,091	143,465	18,541	471	9,637	9,752,205	596,402
Total liabilities	<u>11,150,295</u>	<u>406,034</u>	<u>709,362</u>	<u>234,152</u>	<u>719,060</u>	<u>13,218,903</u>	<u>1,704,521</u>
Net Assets							
Invested in capital assets, net of related debt	20,233,298	167,364	2,962,261	751,668	239,752	24,354,343	172,015
Restricted for:							
Debt service	501,000	0	0	0	0	501,000	0
Unrestricted (deficit)	(44,969)	(256,503)	(698,738)	(231,976)	(696,713)	(1,928,899)	(782,462)
Total net assets	<u>20,689,329</u>	<u>(89,139)</u>	<u>2,263,523</u>	<u>519,692</u>	<u>(456,961)</u>	<u>22,926,444</u>	<u>(610,447)</u>
Total liabilities and net assets	<u>\$31,839,624</u>	<u>\$ 316,895</u>	<u>\$2,972,885</u>	<u>\$ 753,844</u>	<u>\$ 262,099</u>	<u>\$36,145,347</u>	<u>\$ 1,094,074</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 Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Business Type Activities - Enterprise Funds					Totals	Governmental Activities- Internal Service Funds
	Sewer	Solid Waste	Recplex	Parking	Flint Hills Golf Course		
Operating revenues:							
Charges for services	\$ 0	\$ 1,226,281	\$ 465,324	\$ 54,752	\$ 409,352	\$ 2,155,709	\$ 2,008,679
Sewer Charges Pledged as Security for Revenue Bonds	4,094,765	0	0	0	0	4,094,765	0
Irrigation Surcharge	0	0	0	0	16,518	16,518	0
Other	0	0	0	0	0	0	25,758
Total operating revenues	4,094,765	1,226,281	465,324	54,752	425,870	6,266,992	2,034,437
Operating expenses:							
Personal services	1,465,494	428,109	249,231	35,295	204,662	2,382,791	725,859
Contractual services	687,929	637,975	108,741	28,830	81,383	1,544,858	762,021
Operating supplies	372,392	39,776	170,685	3,361	144,134	730,348	579,347
Depreciation	1,305,414	59,309	103,426	64,336	49,434	1,581,919	34,675
Total operating expenses	3,831,229	1,165,169	632,083	131,822	479,613	6,239,916	2,101,902
Operating income (loss)	263,536	61,112	(166,759)	(77,070)	(53,743)	27,076	(67,465)
Nonoperating revenues (expenses):							
Interest revenue	10,599	0	0	0	0	10,599	0
Interest expense	(356,602)	(6,476)	0	0	0	(363,078)	(27,163)
Total nonoperating revenues (expenses)	(346,003)	(6,476)	0	0	0	(352,479)	(27,163)
Net income (loss) before contributions and transfers	(82,467)	54,636	(166,759)	(77,070)	(53,743)	(325,403)	(94,628)
Capital contributions	11,238	0	0	0	0	11,238	0
Transfers in	0	145,500	52,333	0	0	197,833	35,000
Transfers out	(503,880)	(118,858)	0	0	0	(622,738)	(19,877)
Change in net assets	(575,109)	81,278	(114,426)	(77,070)	(53,743)	(739,070)	(79,505)
Total net assets - beginning	21,264,438	(170,417)	2,377,949	596,762	(403,218)	23,665,514	(530,942)
Total net assets - ending	\$ 20,689,329	\$ (89,139)	\$ 2,263,523	\$ 519,692	\$ (456,961)	\$ 22,926,444	\$ (610,447)

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, 2009

	Business Type Activities - Enterprise Funds					Totals	Governmental Activities- Internal Service Funds
	Sewer	Solid Waste	Recplex	Parking	Flint Hills Golf Course		
Cash flows from operating activities:							
Receipts from customers	\$4,095,816	\$1,091,331	\$ 471,725	\$ 58,218	\$ 425,870	\$ 6,142,960	679,194
Payments to suppliers	(1,054,918)	(546,796)	(269,455)	(32,191)	(223,061)	(2,126,421)	(1,244,754)
Payments to employees	(1,453,459)	(434,198)	(238,915)	(39,535)	(208,601)	(2,374,708)	(656,086)
Internal activity-payments to (from) other funds	0	0	0	0	0	0	1,157,318
Claims paid to outsiders	0	0	0	0	0	0	(134,853)
Other receipts (payments)	0	0	0	0	0	0	42,642
Net cash provided (used) by operating activities	\$1,587,439	\$ 110,337	\$ (36,645)	\$ (13,508)	\$ (5,792)	\$ 1,641,831	\$ (156,539)
Cash flows from noncapital financing activities:							
Operating subsidies and transfers to other funds	\$ (503,880)	\$ (118,858)	\$ 0	\$ 0	\$ 0	\$ (622,738)	(19,877)
Operating subsidies and transfers from other funds	0	145,500	52,333	0	0	197,833	35,000
Proceeds (payments) from/to interfund accounts	140,631	(116,697)	(10,697)	13,508	76,999	103,744	182,094
Net cash provided (used) by noncapital financing activities	\$ (363,249)	\$ (90,055)	\$ 41,636	\$ 13,508	\$ 76,999	\$ (321,161)	\$ 197,217
Cash flows from capital and related financing activities:							
Proceeds from capital debt	\$2,861,837	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,861,837	\$ 0
Purchase of capital assets	(3,050,074)	0	(4,991)	0	(71,207)	(3,126,272)	0
Principal paid on capital debt	(438,377)	(14,339)	0	0	0	(452,716)	(19,534)
Interest paid on capital debt	(347,009)	(5,943)	0	0	0	(352,952)	(24,416)
Net cash provided (used) by capital and related financing activities	\$ (973,623)	\$ (20,282)	\$ (4,991)	\$ 0	\$ (71,207)	\$ (1,070,103)	\$ (43,950)
Cash flows from investing activities:							
Interest received	\$ 10,599	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,599	\$ 0
Net increase (decrease) in cash and cash equivalents	\$ 261,166	\$ 0	\$ 0	\$ 0	\$ 0	\$ 261,166	\$ (3,272)
Balances - beginning of year	56,756	0	0	0	0	56,756	3,272
Balances - end of year	\$ 317,922	\$ 0	\$ 0	\$ 0	\$ 0	\$ 317,922	\$ 0
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 263,536	\$ 61,112	\$ (166,759)	\$ (77,070)	\$ (53,743)	\$ 27,076	\$ (67,465)
Adjustments to reconcile operating income(loss) to net cash provided (used) by operating activities:							
Depreciation	1,305,414	59,309	103,426	64,336	49,434	1,581,919	34,675
Changes in assets and liabilities:							
Receivables, net	(12,497)	1,984	2,845	1,990	0	(5,678)	(89,082)
Inventories	0	0	0	0	743	743	42,445
Prepaid contracts	(450)	(229)	(120)	(29)	(63)	(891)	(139)
Accounts and other payables	18,424	(14,460)	23,983	(4,210)	(2,163)	21,554	(76,973)
Deferred revenue	13,012	2,621	0	1,475	0	17,108	0
Net cash provided (used) by operating activities	\$1,587,439	\$ 110,337	\$ (36,645)	\$ (13,508)	\$ (5,792)	\$ 1,641,831	\$ (156,539)
Noncash capital and related financing activities:							
Contribution of capital assets	\$ 11,238	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,238

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 operates under the Council/Manager form of government. A wide variety of services are provided by the City of Burlington 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.

As required by accounting principles generally accepted in the United States of America, these financial statements are to include the primary government and its component units--organizations for which the primary government is financially accountable or for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City of Burlington, Iowa is a municipal corporation governed by a Board of Trustees, 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.

Discretely Presented Component Units

The Burlington Municipal 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.

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

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

The 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 is offered to the regions of southeast Iowa and western Illinois.

The SIRAA and the City of Burlington are considered separate legal entities. The 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 the SIRAA is fiscally dependent upon the City. The 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.

The Friends of the Burlington Public Library 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. The Friends meets the definition of a component unit since it raises funds on behalf of the Library. The foundation is reported as a business type activity.

Complete financial statements for the component unit 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. Measurement focus and basis of accounting

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The City has the following fund types:

Governmental funds are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means that the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year-end.

Property taxes, service charges, special assessments, and fines and forfeitures are susceptible to accrual. Sales taxes are considered susceptible to accrual at

the time the underlying transaction occurs. Road use, and other taxes collected and being held by the state or other levying authority at year-end on behalf of the City are recognized as revenue. 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.

Intergovernmental revenues are recognized at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, if the susceptible to accrual criteria are met.

Expenditures are recorded when the related fund liability is incurred, except for certain long-term obligations including debt service principal and interest, compensated absences, and claims and judgments. Expenditures related to such liabilities are only recognized under modified accrual accounting when they mature (when due).

Governmental funds include the following fund types:

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

The *special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including revenues restricted for general fund activities, debt service expenditures, or capital projects) and are not fiduciary.

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

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

Proprietary funds are accounted for using the flow of economic resources measurement focus and the full accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized at the time the liabilities are incurred. The City applies all applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues 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.

Proprietary funds include the following fund types:

The *enterprise funds* are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The *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.

Fiduciary funds account for assets held by the City in a trustee or agency capacity for the benefit of others. Fiduciary funds account for assets held by the City under the terms of a formal trust agreement and which cannot be used to support City activities. Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. The City has no fiduciary funds.

C. Financial statement presentation

The basic financial statements include the government-wide financial statements (based on the City as a whole) and the fund financial statements. The government-wide statements present consolidated information from both the governmental and business-type activities using the economic resource measurement focus and the accrual basis of accounting. The government-wide statements are the Statement of Net Assets and the Statement of Activities.

The Statement of Activities presents, for each City activity, the extent to which direct expenses are being supported by program revenues or by general revenues. Direct expenses are those that are clearly identifiable with the specific activity (including depreciation). Program revenues are charges for services, grants, contributions, or other revenues that are either restricted for use or are directly associated with the particular activity. General revenues include interest, taxes, and other revenues used to support City operations that are not directly associated with a particular activity.

The City does not employ an indirect cost allocation system. Administrative transfers are made to the General Fund by other operating funds to cover General Fund services such as finance, legal, management, and information services. These transfers are eliminated for government-wide reporting by reducing revenues and expenses in the General fund.

Governmental activities in the government-wide statements include the operations from the governmental funds: the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund adjusted from the modified accrual to the full accrual basis of accounting. Governmental activities also include the activities from the internal service funds. Business-type activities in the government-wide statements are comprised of the Enterprise Funds. Fiduciary funds are not reported in the government-wide statements, because these funds cannot be used to support City activities. As a general rule, interfund activity has been eliminated from the government-wide statements.

The government-wide statements apply all applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

The fund financial statements present the City's activities at the fund level rather than on a city-wide basis. The fund financial statements report the governmental funds using the modified accrual basis of accounting and the proprietary funds using the full accrual basis of accounting. Fund financial statements would also include statements for the fiduciary funds. The fund financial statements for both the governmental and the proprietary funds report the major funds individually and the non-major funds combined.

GASB statement number 34 sets forth the minimum criteria for the determination of major funds. If a fund's assets, liabilities, revenues, or expenditures/expenses are at least ten percent of those of its fund type and at least five percent of those of both governmental and proprietary fund types, then it must be a major fund. The City also elects to report certain funds as major funds that did not meet the percentage test, but are of a special interest to the City Council and the community.

The City has the following major governmental funds:

The General Fund, the Debt Service Fund, the Capital Projects Fund, and the following Special Revenue 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.

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 and to be used for activities within those districts.

The *Employee Benefits 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.

The City has 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.

The *Replex Fund* accounts for the operations of the municipally owned family recreation complex.

The *Parking Fund* accounts for the activities associated with the City's parking system.

The *Flint Hills Golf Course Fund* accounts for the operation of the municipally owned golf course.

The non-major funds are shown combined in the fund financial statements but are presented individually in the combining statements following the notes to the financial statements.

The internal service funds are shown combined at the far right of the proprietary fund financial statements. The individual internal service funds are presented in the combining statements. The City has the following internal service funds:

The *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.

The *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.

The *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.

The *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.

The *Miscellaneous Service Fund* accounts for miscellaneous activities and purchases incurred on the behalf of all City departments. All costs incurred are expected to be reimbursed by departments on a cost reimbursement basis.

The modified accrual basis of accounting as employed by the governmental funds and the full accrual basis of accounting as employed by the proprietary and fiduciary funds have numerous timing and treatment differences. Differences that include the recording of long-term liabilities, the recording of capital asset purchases and disposals, and the timing of recognized revenues. Reconciliations are provided for governmental funds to reconcile fund balance to net assets and to reconcile the changes in fund balance to the changes in net assets. The reconciliations are a part of the fund financial statements.

D. Assets, liabilities, and fund equity

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 interfund loans.

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

Investments are stated at their fair value or amortized cost. The Waterworks and the City invested in only certificates of deposit at June 30, 2009. GASB Statement 31 does not require fair value reporting for these types of investments. The SIRAA has investments at June 30, 2009 for a deferred compensation plan, which are invested in an annuity account and are recorded at their fair value. The Library Foundation has investments in U.S. Government obligations, corporate debt securities and equity securities, which are stated at fair market value.

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."

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

Interfund balances are eliminated at the government-wide level. Those that are between governmental and business-type activities are shown as internal balances and eliminated from the totals column. Those that are between funds that are within the same activity are eliminated altogether.

Property Taxes

Property taxes are recognized in the year in which the levy is due and collectable. No property tax levy date is established by the State of Iowa, however, the current tax levy, which is due and collectable during the year ending June 30, 2009 was certified on March 15, 2008 by the local taxing authority, Des Moines County, based on January 1, 2007 valuations establishing a lien date of March 15, 2008. 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 taxes are accrued at year-end if they are measurable and are available to pay current liabilities.

Property taxes certified on March 15, 2009 for the fiscal year beginning on July 1, 2009 are accrued as of June 30, 2009 because a lien attaches at the date of certification. This portion of the receivable is offset by deferred revenue, because these taxes are not permitted for use until July 1, 2009.

Inventories and Prepaid Contracts

City inventories are carried at cost using the first-in/first-out (FIFO) method. The 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 Assets

Certain proceeds of the City's sewer fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets 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, 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.

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009

Donated capital assets are recorded at their estimated fair market value at the date of donation.

The City capitalizes new public domain (infrastructure) capital assets (e.g., roads, bridges, sidewalks, street lights, etc.) used in governmental activities beginning with the year ending June 30, 2001. All such assets acquired between June, 1981 and July, 2000 were capitalized, net of depreciation, in fiscal year 2006. This was accomplished by adjusting the beginning balances of capital assets \$18,974,189 and accumulated depreciation by \$4,771,960, for a net increase of \$14,202,229. All infrastructure assets for business-type activities that meet the capitalization threshold are reported.

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.

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
Vehicles	5,000
Machinery and Equipment	2,500

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

<u>Assets</u>	<u>Years</u>
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.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

The 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	14-38
Buildings and Improvements	10-39
Furniture and Equipment	5-7

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

<u>Assets</u>	<u>Years</u>
Distribution System	10-50
Land Improvements	15-30
Buildings and improvements	10-33
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 for all earned but unused vacation benefits, Firefighter compensatory time benefits and for those earned but unused sick leave benefits that are considered eligible in the governmental and business-type activities at the government-wide level.

Accrued vacation and sick leave benefits are reported as a liability in the proprietary funds using the same basis as the activities at the government-wide level. In governmental funds, however, these accrued benefits, including Firefighter compensatory time, are considered long-term liabilities similar to that of long-term debt and are not reported as a fund liability.

Long-term Debt

In the government-wide financial statements the City reports long-term debt of governmental and business-type activities at face value net of the applicable premiums or discounts. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Issuance costs are reported as deferred charges. The same treatment is applied to proprietary fund types in the fund financial statements.

In the governmental fund statements, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds, premiums, and discounts are reported as an *other financing source*. Issuance costs are reported as expenditures. Long-term debt and associated accrued interest are not reported in governmental funds.

Fund Equity and Net Assets

Reservations of fund balance represent amounts that are not appropriable or are legally separated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Restrictions of net assets represent restrictions placed upon the net assets by parties outside the City (such as creditors, grantors, contributors, or other governments). Net assets subject to self-imposed restrictions are not reported as restricted net assets.

Restricted net assets directly related to restricted assets from revenue bond covenants are reported in an amount equal to the restricted assets less any related liabilities.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The following City funds have a deficit in fund balance or net assets as of June 30, 2009:

	Deficit Balance
Capital Projects	1,219,316
Special Revenue:	
Road Use Tax	473,986
Tax Increment Financing	163,327
Community Development	89,642
Recreation	117,221
Airport Levy	36,800
Internal Service:	
Property Maintenance	273,500
Vehicle Maintenance	62,623
Self Insurance	279,398
Enterprise:	
Solid Waste	89,139
Flint Hills Golf Course	456,961

III. CASH AND INVESTMENTS

As of June 30, 2009, the carrying amount of the City's cash deposits, which includes certificates of deposit, total \$768,404 with bank balances of \$1,162,191. 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, 2009, the carrying amount of deposits, related bank balances, and other cash, including fiduciary funds, were as follows:

	Carrying Amount	Bank Balance
Demand Deposits	\$ 723,589	\$ 1,122,271
Certificates of Deposit	39,920	39,920
Petty Cash	4,895	0
	<hr/>	<hr/>
Total	\$ 768,404	\$ 1,162,191

The SIRAA's deposits at June 30, 2009 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, 2009, consisted of unrestricted cash of \$29,975. The cash balances are entirely from checking and savings deposits.

The Waterworks' carrying amount of deposits was \$1,622,060 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.

The Library foundation had cash deposits of \$490,975. Investments held by the foundation were as follows:

U. S. Agency obligations	\$ 229,811
Corporate debt securities	499,838
Fixed income funds	610,682
Equity securities	482,987
Equity funds	<u>523,013</u>
Total	\$ 2,346,331

The City, the SIRAA, and the 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 – 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. The City's deposits 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 public funds.

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, 2009

IV. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, is as follows:

	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
Governmental activities:				
Undepreciated:				
Land	\$ 2,048,374	\$ 20,702	\$ 0	\$ 2,069,076
Work-in-progress	28,698	108,673	28,698	108,673
Total, undepreciated	<u>2,077,072</u>	<u>129,375</u>	<u>28,698</u>	<u>2,177,749</u>
Depreciated:				
Land improvements	1,325,197	0	0	1,325,197
Infrastructure	40,724,693	452,326	0	41,177,019
Buildings	19,469,389	162,852	0	19,632,241
Building improvements	7,334,327	9,800	0	7,344,127
Fixtures and equipment	5,494,338	438,506	8,256	5,924,588
Vehicles	6,014,479	265,933	252,590	6,027,822
Total, depreciated	<u>80,362,423</u>	<u>1,329,417</u>	<u>260,846</u>	<u>81,430,994</u>
Accumulated depreciation:				
Land improvements	1,007,917	22,663	0	1,030,580
Infrastructure	9,917,195	965,853	0	10,883,048
Buildings	2,588,107	477,385	0	3,065,492
Building improvements	3,140,244	293,408	0	3,433,652
Fixtures and equipment	4,053,525	248,507	6,918	4,295,114
Vehicles	4,132,053	370,865	246,494	4,256,424
Total accumulated depreciation	<u>24,839,041</u>	<u>2,378,681</u>	<u>253,412</u>	<u>26,964,310</u>
Governmental activities fixed assets, net	<u>\$ 57,600,454</u>	<u>\$ (919,889)</u>	<u>\$ 36,132</u>	<u>\$ 56,644,433</u>
	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
Business-type activities:				
Undepreciated:				
Land	\$ 398,542	\$ 0	\$ 0	\$ 398,542
Work-in-progress	257,330	3,206,894	0	3,464,224
Total, undepreciated	<u>655,872</u>	<u>3,206,894</u>	<u>0</u>	<u>3,862,766</u>
Depreciated:				
Land improvements	2,257,761	0	0	2,257,761
Infrastructure	23,697,397	0	0	23,697,397
Buildings	25,313,523	0	0	25,313,523
Building improvements	2,376,479	173,869	0	2,550,348
Fixtures and equipment	2,418,667	88,424	75,858	2,431,233
Vehicles	1,493,787	22,476	0	1,516,263
Total, depreciated	<u>57,557,614</u>	<u>284,769</u>	<u>75,858</u>	<u>57,766,525</u>
Accumulated depreciation:				
Land improvements	1,545,785	77,966	0	1,623,751
Infrastructure	5,765,349	523,596	0	6,288,945
Buildings	14,821,079	610,382	0	15,431,461
Building improvements	682,859	123,565	0	806,424
Fixtures and equipment	1,633,564	145,277	66,761	1,712,080
Vehicles	1,113,705	101,133	0	1,214,838
Total accumulated depreciation	<u>25,562,341</u>	<u>1,581,919</u>	<u>66,761</u>	<u>27,077,499</u>
Business-type activities fixed assets, net	<u>\$ 32,651,145</u>	<u>\$ 1,909,744</u>	<u>\$ 9,097</u>	<u>\$ 34,551,792</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Depreciation expense was charged to the activities of the primary government as follows:

	City of Burlington
Governmental activities:	
Public Safety	\$ 415,177
Cultural and Recreation	663,021
Public Works	1,266,796
General government	33,687
Total depreciation expense - governmental activities	<u>\$ 2,378,681</u>
Business-type activities:	
Sewer	\$ 1,305,414
Solid waste	59,309
Recplex	103,426
Parking	64,336
Flint Hills golf course	49,434
Total depreciation expense - business-type activities	<u>\$ 1,581,919</u>

The following is a summary of capital assets for the Burlington Municipal Waterworks for the year ended June 30, 2009:

	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Undepreciated:				
Land	\$ 151,981	\$ 0	\$ 0	\$ 151,981
Depreciated:				
Land improvements	715,580	0	0	715,580
Buildings and filter equipment	2,264,184	29,818	0	2,294,002
Purification equipment	874,793	60,195	0	934,988
Power/pumping equipment	4,718,511	106,100	0	4,824,611
Distribution system and equipment	10,310,431	198,203	0	10,508,634
Furniture and fixtures	179,326	0	0	179,326
Vehicles	445,692	15,804	0	461,496
Total, depreciated	<u>19,660,498</u>	<u>410,120</u>	<u>0</u>	<u>20,070,618</u>
Accumulated depreciation:	10,724,857	-	-	11,236,096
Fixed assets, net	<u>\$ 8,935,641</u>	<u>\$ 410,120</u>	<u>\$ 0</u>	<u>\$ 8,834,522</u>

The following is a summary of capital assets for the Southeast Iowa Regional Airport Authority for the year ended June 30, 2009:

	Southeast Iowa Regional Airport Authority
Land	\$ 1,686,781
Land Improvements	15,576,271
Buildings and Improvements	2,348,568
Furniture and Fixtures	<u>1,085,542</u>
Total	20,697,162
Accumulated Depreciation	<u>6,927,621</u>
Net	<u>\$ 13,769,541</u>

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009

V. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Road use tax	\$ 457,866
Local option sales tax	Nonmajor, internal service	752,535
Nonmajor, special revenue	General	162,465
	Tax increment financing	214,830
Capital projects	Nonmajor, special revenue	89,642
	Debt Service	30,279
	Employee benefits	25,181
	Sewer	296,948
	Flint Hills Golf Course	680,735
	Nonmajor, internal service	49,789
Sewer	Solid Waste	114,896
	Parking	226,076
	RecPlex	630,233
	Nonmajor, special revenue	117,221
		<u>\$ 3,848,696</u>

Generally, interfund balances reflect the internal borrowing between funds to cover cash shortages.

At the government-wide level, interfund receivables and payables are eliminated that are within the same activity. The remaining interfund loans are eliminated as internal balances in the Statement of Net Assets.

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, 2009 were as follows:

	Transfers In:								Total
	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Solid Waste Fund	Recplex Fund	Internal Service Funds	Road Use Tax Funds	
Transfers out:									
General	\$ 0	\$ 30,373	\$ 40,000	\$ 632,740	\$ 0	\$ 0	\$ 35,000	\$ 0	\$ 738,113
Road use tax	267,243	110,316	0	0	0	0	0	0	377,559
Local option sales tax	2,765,134	71,397	692,554	0	0	0	0	0	3,529,085
Tax increment financing	50,000	1,161,071	0	0	0	0	0	0	1,211,071
Capital projects	0	536,000	0	0	145,500	0	0	108,213	789,713
Employee benefits	1,333,521	0	0	0	0	0	0	0	1,333,521
Nonmajor governmental	40,000	0	44,941	0	0	52,333	0	0	137,274
Sewer	503,880	0	0	0	0	0	0	0	503,880
Solid waste	118,858	0	0	0	0	0	0	0	118,858
Internal service	19,877	0	0	0	0	0	0	0	19,877
	<u>\$ 5,098,513</u>	<u>\$ 1,909,157</u>	<u>\$ 777,495</u>	<u>\$ 632,740</u>	<u>\$ 145,500</u>	<u>\$ 52,333</u>	<u>\$ 35,000</u>	<u>\$ 108,213</u>	<u>\$ 8,758,951</u>

VI. DEFERRED REVENUE

Under both the accrual and the modified accrual methods of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset with a corresponding liability for deferred (unearned) revenue. The following funds had deferred (unearned) revenue at June 30, 2009:

General	Succeeding Year Taxes	\$ 5,767,058
Debt Service	Succeeding Year Taxes	1,847,920
Tax Increment Financing	Succeeding Year Taxes	1,437,739
Capital Projects	Intergovernmental	84,969
Employee Benefits Fund	Succeeding Year Taxes	1,356,016
Other Governmental	Succeeding Year Taxes	185,923
Parking	Unearned Lease Charges	4,595
Sewer	Unearned Sewer Fees	267,121
Solid Waste	Unearned Trash Fees	86,721
		<u>\$ 11,038,062</u>

Governmental funds also record deferred (unavailable) revenue for revenues that have been earned but are not available to liquidate current liabilities. The following funds had deferred (unavailable) revenues at June 30, 2009:

General	Property taxes receivable	\$ 6,667
	Accounts receivable	122,681
	Special assessments receivable	111,138
	Intergovernmental receivable	2,142
Debt Service	Property taxes receivable	1,767
	Accounts receivable	113,067
Employee Benefits	Property taxes receivable	1,578
Other Governmental	Property taxes receivable	245
	Accounts receivable	14,875
	Special assessments receivable	35,685
		<u>\$ 409,845</u>

The Waterworks had deferred revenue for unearned water fees of \$132,014 and the SIRAA had deferred revenue for unearned rent of \$10,754.

VII. SHORT-TERM DEBT

On February 1, 2009, the City issued \$4,500,000 in Bond Anticipation Notes. The notes mature on June 1, 2011 and are expected to be refinanced on that date with long-term general obligation bonded debt. The notes bear an interest rate of 3.00% which is payable semi-annually on June 1 and December 1. The notes were used for equipment replacement, street maintenance and construction, street lighting, and flood control.

VIII. 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, and other major 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.

General obligation bonds as of June 30, 2009 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, 2009</u>
General corporate	11/05/01	\$ 2,500,000	3.75-4.50	\$ 1,565,000
General corporate	06/01/02	4,400,000	4.30-4.40	3,845,000
General corporate	06/01/04	3,425,000	3.75-4.10	2,580,000
G. O. Sewer	07/01/03	5,000,000	2.50-4.00	4,800,000
Library Note	03/14/05	700,000	3.00	665,000
Community Field Note	05/23/05	425,000	4.15	196,189
Aquatic Center Note	04/29/05	1,800,000	6.00	1,729,689
G.O. Refunding	07/01/06	4,520,000	3.90-4.15	4,085,000
General corporate	07/18/05	5,000,000	3.50-3.875	5,000,000
General corporate	11/01/07	3,350,000	4.00	3,350,000
G.O. Urban renewal	07/01/08	2,165,000	4.25-5.80	1,980,000
General corporate	07/01/08	3,455,000	3.50-5.00	2,540,000
General corporate	07/01/08	650,000	2.50-4.50	595,000
		<u>\$ 37,390,000</u>		<u>\$ 32,930,878</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>	
2010	3,990,115	1,120,002	132,832	222,986	5,465,935
2011	2,408,051	939,397	132,832	218,955	3,699,235
2012	2,578,280	846,953	188,768	214,675	3,828,676
2013	2,723,800	744,681	191,200	208,113	3,867,794
2014	2,630,152	636,802	394,848	201,279	3,863,081
2015	2,746,504	529,478	488,496	187,351	3,951,829
2016	2,672,856	416,121	507,144	169,811	3,765,932
2017	2,157,992	303,852	527,008	151,145	3,139,997
2018	1,815,560	213,357	544,440	131,325	2,704,682
2019-2023	3,414,096	272,411	2,685,904	329,188	6,701,599
	<u>\$ 27,137,406</u>	<u>\$ 6,023,054</u>	<u>\$ 5,793,472</u>	<u>\$ 2,034,828</u>	<u>\$ 40,988,760</u>

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009

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.

Sewer revenue bonds as of June 30, 2009 consist of the following issues:

<u>Debt</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Interest Rates</u>	<u>Balance June 30, 2009</u>
Sewer revenue	09/01/98	3,050,000	4.50-4.65	1,025,000
Sewer revenue	07/01/01	1,160,000	4.50-4.90	565,000
Sewer capital loan	07/01/08	2,901,837	3.00	2,901,837
		<u>\$ 7,111,837</u>		<u>\$ 4,491,837</u>

The sewer capital loan note is issued through the State Revolving Fund and is partially funded through the United States Environmental Protection Agency. As of June 30, 2009, the City has drawn down \$2,901,837 as funding for the Hawkeye Sewer Separation project. The loan has been approved for a maximum of \$4,000,000. The future debt service requirements below use estimated debt payments based the maximum loan amount. The final loan payment schedule will be determined after the project is complete and all draws on the note are complete. As of the issuance date for the financial statements, the City has drawn down \$3,471,921.

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>
2010	474,000	178,173	652,173
2011	493,000	174,618	667,618
2012	513,000	154,513	667,513
2013	533,000	133,348	666,348
2014	367,000	111,110	478,110
2015	173,000	96,300	269,300
2016	178,000	91,110	269,110
2017	183,000	85,770	268,770
2018	189,000	80,280	269,280
2019	194,000	74,610	268,610
2020-2029	2,293,000	395,069	2,688,069
	<u>\$ 5,590,000</u>	<u>\$ 1,574,901</u>	<u>\$ 7,164,901</u>

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

That cash from the Sewer Fund shall be transferred monthly into the Sewer Revenue and Interest 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.

That cash from the Sewer Fund shall be transferred monthly into the Sewer Revenue Bond Sinking Fund at the rate of twenty-five percent of the amount required for the Sewer Revenue and Interest Fund unless the Sewer Revenue Bond Sinking Fund contains, as a reserve, an amount equal to \$501,000.

That 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.

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

That 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 reserved at June 30, 2009 under this bond provision is \$647,000.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	50,000	421,670	471,670
2011	435,000	418,420	853,420
2012	460,000	390,145	850,145
2013	485,000	360,245	845,245
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
	<u>6,470,000</u>	<u>3,168,830</u>	<u>9,638,830</u>

Notes payable. The City has entered into a note payable to Grow Greater Burlington for \$372,000 on April 12, 1999. The note was executed to help finance the infrastructure improvements necessary for construction of the sports complex and is payable from future tax increment funds. The note is due in 10 equal installments beginning on April 20, 2001 plus interest at the rate of 5%. The remaining balance is \$37,200. Note payment requirements are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	37,200	1,860	39,060

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. The remaining balance on the note at June 30, 2009 is \$857,018. The City will make monthly payments of \$9,233.56 to IDIED until November 2017. Estimated principal and interest payments are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 94,513	\$ 17,120	\$ 111,633
2011	96,420	15,213	111,633
2012	98,367	13,266	111,633
2013	100,352	11,281	111,633
2014	102,378	9,255	111,633
2015	104,444	7,189	111,633
2016	106,552	5,081	111,633
2017	108,703	2,930	111,633
2018	45,289	1,059	46,348
	<u>857,018</u>	<u>82,394</u>	<u>939,412</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Changes in Long-term Debt. The following is a summary of the changes in the long-term debt of the City for the year ended June 30, 2009. Typically, long-term liabilities of the governmental activities, other than debt, are liquidated by the fund incurring the debt.

	June 30, 2008	Additions	Retirements	June 30, 2009	Due Within One Year
<i>Governmental activities:</i>					
General obligation bonds	\$ 26,549,597	\$ 6,270,000	\$ 5,682,191	\$ 27,137,406	\$ 3,990,115
Less: bond deferrals	(162,824)	(25,980)	(15,230)	(173,574)	(15,230)
Add: bond premiums	11,718	0	0	11,718	0
Notes payable	1,016,411	0	122,193	894,218	131,713
Urban Renewal Revenue	6,520,000	0	50,000	6,470,000	50,000
Other post-employment benefits	0	95,638	0	95,638	0
Compensated absences	1,018,579	36,523	0	1,055,102	263,776
Total governmental activities	34,953,481	6,376,181	5,839,154	35,490,508	4,420,374
<i>Business-type activities:</i>					
General obligation bonds	5,936,188	0	142,716	5,793,472	132,832
Less: bond deferrals	(52,211)	0	(4,351)	(47,860)	(4,351)
Sewer revenue bonds	1,900,000	2,901,837	310,000	4,491,837	474,000
Less: bond deferrals	0	(40,000)	0	(40,000)	(2,000)
Compensated absences	191,209	15,773	0	206,982	51,745
Total business-type activities	7,975,186	2,877,610	448,365	10,404,431	652,226
Total long-term debt	\$ 42,928,667	\$ 9,253,791	\$ 6,287,519	\$ 45,894,939	\$ 5,072,600

During fiscal year 2009, the City issued \$2,895,000 of General Obligation refunding bonds dated July 1, 2008. These bonds were sold to current refund \$760,000 of outstanding bonds issued by the City on September 1, 1997, \$1,070,000 issued on September 1, 1998, \$825,000 issued on September 1, 1999, and \$205,000 issued on July 1, 1997. This current refunding will save the City \$87,313 over the life of the debt with net present value benefit of \$73,511.

Also during fiscal year 2009, the City issued \$650,000 of General Obligation refunding bonds dated February 1, 2009. The bonds were sold to current refund \$625,000 of outstanding bonds issued by the City on September 1, 1998. The refunding bonds were issued as tax exempt bonds while the bonds being redeemed had been issued as taxable bonds. The status change was a result of the City and the Hotel Burlington developers altering the nature of their agreement on the usage of the original bond proceeds. The current refunding will save the City \$56,419 over the life of the debt with net present value benefit of \$49,863.

IX. RESTRICTED NET ASSETS AND RESTRICTED ASSETS ACCOUNTS

The City's sewer revenue bond covenants and the Waterworks' revenue bond covenants require certain restrictions of net assets. Restrictions of net assets are also created by grant restrictions, legal restrictions, and donor restrictions. Restrictions of net assets related to bond covenants are shown net of the related debt. The restricted portions of net assets as of June 30, 2009 are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Burlington Municipal Waterworks</u>	<u>Friends of The Public Library</u>
Public Safety:				
Donor restrictions	\$ 119,465	\$ 0	\$ 0	\$ 0
Cultural and Recreation:				
Donor restrictions	217,774	0	0	1,522,344
Hotel/motel taxes	113,072	0	0	0
Public Works:				
Donor restrictions	11,611	0	0	0
SSMID taxes	5,610	0	0	0
Debt service:				
Urban Renewal Revenue Bonds	647,000			
Sewer revenue bond sinking	0	501,000	0	0
Water revenue bond retirement	0	0	182,500	0
Total	<u>\$ 1,114,532</u>	<u>\$ 501,000</u>	<u>\$ 182,500</u>	<u>\$ 1,522,344</u>

The balances of the restricted asset accounts as of June 30, 2009 are as follows:

	<u>Burlington Municipal Waterworks</u>
Restricted assets, cash and cash equivalents	\$ 182,450
Restricted assets, interest receivable	50
Total	<u>\$ 182,500</u>

X. 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 4.10% of their annual covered salary and the City, the Waterworks, and the SIRAA are required to contribute 6.35% of annual covered payroll. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007, were \$418,805, \$384,491, and \$349,321, respectively, equal to the required contributions for each year. The Waterworks contributions to IPERS for the years ended June 30, 2009, 2008, and 2007, were \$8,437, \$5,662, and \$2,609, respectively. The SIRAA's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007, were \$4,950, \$5,726, and \$5,128, respectively.

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 104th Street, Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of their earnable compensation and the City's contribution rate may not be less than 17% of earnable compensation. For fiscal year 2008-2009 the City's contribution rate was 18.75%. Contribution requirements are established by State statute. The City's contributions to MFPRSI for the years ended June 30, 2009, 2008, and 2007 were \$791,231, \$1,045,783, and \$1,084,702, respectively, which met the required minimum contributions for each year.

Waterworks' Defined Contribution Pension Plan

The Waterworks established a defined contribution pension plan on February 1, 1989. The Waterworks' Board of Trustees establishes and amends the plan provisions, which is administered by the Principal Financial Group.

The plan members and the Waterworks are required to contribute 5% of the plan members' total pay on a monthly basis. The Waterworks contributed \$47,942, \$47,600, and \$49,000, net of forfeitures, to the plan for the years ended June 30, 2009, 2008, and 2007, respectively.

XI. RISK MANAGEMENT

The City, in conjunction with Des Moines County, Iowa, the Burlington Municipal Waterworks, the Southeast Iowa Regional Airport Authority, and other organizations participates in a multi-government pool for health insurance which is funded through employer premiums. The City, the County, the Waterworks, the SIRAA, and the other organizations are contingently liable as to medical claims made by the participants in the plan. Effective July 1, 2003 the plan began

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009

purchasing coverage through Wellmark Blue Cross/Blue Shield. Coverage purchased includes a \$2,000/\$4,000 deductible, with the plan self-insuring the difference between those amounts and the deductible elected by the employee. Dental and Prescription Drug claims are self-insured. Claims based on occurrences prior to July 1, 2003 remain insured under the previous insurance policies. The handling of all claims and procedures is performed by an independent claims administrator. Settled claims have not exceeded the planned coverage during any of the past three fiscal years.

The City is self insured for general and automotive liability, property, and worker's compensation. The City's general and automotive liability, property, and worker's compensation premiums and claims are accounted for in an internal service fund. Charges are billed to the operating funds based upon actual claims incurred but not reported (IBNR). Unemployment claims are charged quarterly to the applicable funds based upon actual claims as assessed by the State.

Self-insurance is in effect up to a stop loss amount of approximately \$50,000 per incident for property coverage, \$100,000 per incident for worker's compensation, and \$250,000 per incident for all other coverage. Reinsurance of \$5,000,000 for liability and \$78,776,757 for buildings and contents are provided over and above the retention amounts. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The estimated liability does not include any allocated or unallocated claims adjustment expense.

The changes in the aggregate liability for claims for the years ended June 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Claims payable, beginning of year	\$ 179,269	\$ 121,221
Incurred claims and other adjustments (including IBNR)	63,448	212,348
Claim payments	<u>(79,676)</u>	<u>(154,300)</u>
Claims payable, end of year	<u>\$ 163,041</u>	<u>\$ 179,269</u>

XII. OTHER POST EMPLOYMENT BENEFITS

The City implemented GASB Statement No. 45, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions during the year ended June 30, 2009.

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

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009

coverage after the age of 55 with 33 years of service, under the Rule of 88, age 60 with 22 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.

Annual OPEB and Net OPEB Obligation – The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, 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, 2009, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 108,670
Interest on net OPEB obligation	0
Adjustment to annual required contribution	0
Annual OPEB cost	108,670
Contributions made	13,032
Increase in net OPEB obligation	95,638
Net OPEB obligation, beginning of year	0
Net OPEB obligation, end of year	<u>\$ 95,638</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:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>% of Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2009	\$ 108,670	12.0%	\$ 95,638

Funding Status and Funding Progress – As of June 30, 2009, the actuarial accrued liability was \$983,759, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$983,759. The covered payroll

(annual payroll of covered employees by the plan) was approximately \$9,640,000 and the ratio of UAAL to covered payroll was approximately 10%. As of June 30, 2009, 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 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, 2009 actuarial valuation date, the normal actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the City's funding policy. The projected annual medical trend rate is 9% with an ultimate medical trend rate of 5%. The medical trend rate is reduced .4% each year until reaching the ultimate medical trend rate.

XIII. 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, form 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 \$266,188 in recycling fees and \$233,276 in landfill charges in fiscal year 2009.

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 \$51,097 and the Waterworks contributed \$5,299 in fiscal year 2009 to the JSC for operating expenses and also provided accounting services at no cost.

XIV. 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 refunded, and the SIRAA's payment plan to the City was extended. The SIRAA is making annual payments over ten years to the City to cover the debt service. As of June 30, 2009 the outstanding balance due the city was \$243,695.

XV. COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

In 1984, under the terms of the Small Cities Community Development Block Grant Program, the City advanced \$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, 2014.

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 advance 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, 2009, the City has not received any cash under this contract.

XVI. 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 \$2,152,102.

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's encumbrances at June 30, 2009 totaled \$756,715.

The City also has made a commitment to the Burlington Junior Baseball League and to Southeastern Community College to assist with the addition of lighting at the college's baseball facility. The City's remaining commitment as of June 30, 2009 is \$65,500.

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.

XVII. NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARDS (GASB) STANDARDS

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

Statement No. 51, *Accounting and Reporting for Intangible Assets* issued June 2007, will be effective for the fiscal year ending June 30, 2010. This statement establishes standards for the accounting and financial reporting for intangible assets.

Statement No. 53, *Accounting and Reporting for Derivative Instruments* issued June 2008, will be effective for the fiscal year ending June 30, 2010. This statement establishes standards for the recognition, disclosure, and measurement of derivative instruments.

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued March 2009, will be effective for the fiscal year ending June 30, 2011. This Statement establishes new standards for fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

City of Burlington, Iowa

Schedule of Funding Progress
City of Burlington, Iowa Retiree Health Care Plan

Required Supplementary Information

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded UAAL (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
6/30/2009	\$ 0	\$ 983,759	\$ 983,759	0.00%	\$ 9,639,650	10.21%

Note: Fiscal year 2009 is the transition year for GASB Statement No. 45

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, 2009

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final To Actual Variance
				Original	Final	
Resources (inflows):						
Property taxes	\$ 8,684,021	\$ 0	\$ 8,684,021	\$ 8,677,896	\$ 8,677,896	\$ (6,125)
Tax increment revenues	1,373,898	0	1,373,898	1,387,024	1,387,024	13,126
Other taxes	4,978,167	0	4,978,167	4,830,139	4,830,139	(148,028)
Special assessments	17,015	0	17,015	0	0	(17,015)
Licenses and permits	561,629	0	561,629	411,340	411,340	(150,289)
Use of money and property	171,242	43,237	214,479	222,200	222,200	7,721
Intergovernmental revenue	4,006,209	0	4,006,209	2,808,954	2,964,516	(1,041,693)
Charges for services	1,567,066	9,489,972	11,057,038	11,672,827	11,672,827	615,789
Miscellaneous	1,142,229	0	1,142,229	1,489,360	1,843,960	701,731
Total Receipts	22,501,476	9,533,209	32,034,685	31,499,740	32,009,902	(24,783)
Disbursements:						
Public Safety	8,622,209	0	8,622,209	8,459,489	8,578,943	(43,266)
Public Works	3,983,377	0	3,983,377	3,622,283	3,906,238	(77,139)
Health and Social Services	2,224	0	2,224	2,550	2,550	326
Culture and Recreation	3,803,002	0	3,803,002	3,572,893	3,762,133	(40,869)
Community and Economic Development	509,568	0	509,568	633,116	633,116	123,548
General Government	1,318,281	0	1,318,281	1,421,399	1,430,899	112,618
Debt Service	4,651,499	0	4,651,499	3,673,318	4,368,318	(283,181)
Capital Projects	12,880,556	0	12,880,556	5,882,300	13,503,300	622,744
Business Type Activities	0	8,315,807	8,315,807	8,786,925	8,961,925	646,118
Total Disbursements	35,770,716	8,315,807	44,086,523	36,054,273	45,147,422	1,060,899
Excess(deficiency) of receipts over (under) disbursements	(13,269,240)	1,217,402	(12,051,838)	(4,554,533)	(13,137,520)	(1,085,682)
Other financing sources (uses):						
Bond proceeds	13,559,287	0	13,559,287	2,830,700	14,915,200	1,355,913
Transfers in	7,450,947	197,833	7,648,780	6,910,040	7,352,494	(296,286)
Transfers out	(6,941,915)	(706,865)	(7,648,780)	(6,910,040)	(7,352,494)	296,286
Other financing sources (uses)	14,068,319	(509,032)	13,559,287	2,830,700	14,915,200	1,355,913
Excess(deficiency) of receipts and other financing sources over(under) disbursements and other financing uses	799,079	708,370	1,507,449	(1,723,833)	1,777,680	270,231
Balances beginning of year	1,164,215	2,064,232	3,228,447	6,154,489	3,228,426	(21)
Balances end of Year	\$ 1,963,294	\$ 2,772,602	\$ 4,735,896	\$ 4,430,656	\$ 5,006,106	\$ 270,210

City of Burlington, Iowa

Explanation of Differences Between Budgetary
Basis and GAAP Basis Revenues and Expenditures
for the Governmental Funds
For the Year Ended June 30, 2009

Revenues and other financing sources:

Actual amount of "total revenues and other financing sources" on a budgetary basis from the budgetary comparison schedule - program budget	\$ 43,511,710
Bond anticipation notes are recorded as an other financing source on a budgetary basis	(4,500,000)
On a budgetary basis, debt issued for proprietary funds is recorded in the Capital Projects fund	(2,861,837)
On a budgetary basis, transfers from the Tax Increment Financing fund to the Debt Service fund are eliminated	1,161,071
General obligation debt for proprietary funds is reported in the Debt Service fund on a budgetary basis	(84,127)
Bond discounts and accrued interest deposits on bonds are netted with bond proceeds on a budgetary basis	88,586
Refunds are recorded as revenues on a budgetary basis	(9,074)
Unearned yet collected revenues are reported as revenue in the current period on a budget basis	(79,439)
On a budgetary basis, the City records deposits received on general obligation bond issues as other financing sources	34,750
Internal Service fund debt service is recorded in the governmental funds on a budget basis	<u>(43,950)</u>
Total GAAP basis revenues and other financing sources for the governmental funds	<u>\$ 37,217,690</u>

Expenditures and other financing uses:

Actual amount of "expenditures and other financing uses" on a budgetary basis from the budgetary comparison schedule - program budget	\$ 42,712,631
On a budgetary basis, contractor retainages are not recorded as expenditures or payables.	75,951
Expenditure reimbursements between the Capital Projects fund and the Internal Service funds are not reported on a budget basis	950,213
On a budgetary basis, capital projects for water and sewer construction are recorded in the Capital Projects fund. On a GAAP basis, this activity is recorded in the related enterprise fund as assets. Related bond proceeds are recorded as enterprise fund debt and an interfund liability. Fund transfers between the Capital Projects fund and the enterprise funds are eliminated.	(3,048,127)
Capital expenditures for assets to be held and re-sold for economic development are recorded as assets on a GAAP basis	(929,445)
Bond discounts and accrued interest deposits on bonds are netted with bond proceeds on a budgetary basis	88,586
On a budgetary basis, transfers from the Tax Increment Financing fund for Debt Service are eliminated	1,139,421
Transfers from enterprise funds to the Debt Service fund for bond principal and interest payments are reported as transfers in on a budgetary basis. These transfers are eliminated and the debt payments are recorded directly in the enterprise fund on a GAAP basis	<u>(128,077)</u>
Total GAAP basis expenditures and other financing uses for the governmental funds	<u>\$ 40,861,153</u>

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

City of Burlington, Iowa

Explanation of Differences Between Budgetary
Basis and GAAP Basis Revenues and Expenses
for the Proprietary Funds
For the Year Ended June 30, 2009

Revenues and other financing sources:

Actual amount of "total revenues and other financing sources" on a budgetary basis from the budgetary comparison schedule - program budget	\$ 9,731,042
On a budgetary basis, the City reports Burlington Waterworks revenues.	(3,256,868)
Contributions of capital are not reported on a budgetary basis.	11,238
On a budgetary basis, revenues are recorded when they are available as current financial resources.	<u>1,250</u>
Total GAAP basis revenues, nonoperating revenues, and transfers in	<u>\$ 6,486,662</u>

Expenditures and other financing uses:

Actual amount of "expenditures and other financing uses" on a budgetary basis from the budgetary comparison schedule - program budget	\$ 9,022,672
On a budgetary basis, the City reports Burlington Waterworks expenses.	(2,687,605)
On a budgetary basis, depreciaton on capital assets is not recorded as an expense, however capital outlay is.	1,317,484
On a budgetary basis, expenditures for compensated absences are reported on a modified accrual basis	15,772
Transfers from enterprise funds to the Debt Service fund for bond principal and interest payments are reported as transfers in on a budgetary basis. These transfers are eliminated and the debt payments are recorded directly in the enterprise fund on a GAAP basis.	(452,819)
On a budgetary basis, accrued bond interest and bond discount and premium amortizations are not recorded.	<u>10,228</u>
Total GAAP basis expenses, nonoperating expenses, and transfers out	<u>\$ 7,225,732</u>

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

JUNE 30, 2009

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, 2009 for a total of \$9,093,149. The budget amendment included increases in expenditures for many items including road salt, fuel, capital equipment, equipment repairs, and other miscellaneous items. Significant items included \$250,000 for flood barriers, \$1,800,000 for sewer separation construction, \$2,165,000 for an economic development loan, and \$3,510,000 for bond refunding debt service.

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

JUNE 30, 2009

control purposes. Encumbrances and expenditures/expenses are compared to budget appropriations according to the nine general function designations.

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, 2009, disbursements in the Public Safety, Culture and Recreation, Debt Service, and Public Works functions exceeded the amount budgeted.

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.

Hotel/Motel Tax Fund - Accounts for the expenditure of available monies from the City's tax on hotel and motel rooms.

Special Assessments Fund - Accounts for assessments placed on specific properties for improvements that affect those properties.

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

Recreation Fund - Accounts for revenues designated to provide the citizens recreational opportunities.

Equipment Replacement Fund - Accounts for the purchase and replacement of capital equipment for general operations of the City.

Bridge Fund - Accounts for the funds retained by the City following the replacement of the MacArthur Bridge, to be used for maintenance of the new bridge.

Airport Levy Fund - Accounts for the property taxes levied to fund the City's membership contribution to the Southeast Iowa Regional Airport Authority.

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.

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

<u>Bridge</u>	<u>Airport Levy</u>	<u>Downtown SSMID District</u>	<u>Special Contribution</u>	<u>Total Governmental Funds</u>
\$ 14,511	\$ 15,686	\$ 34,614	\$ 45,794	\$ 134,588
0	123,451	66,822	0	190,273
0	0	0	63,657	64,385
0	0	0	0	36,509
0	0	0	0	11,061
0	0	0	214,830	466,937
0	844	0	0	844
<u>\$ 14,511</u>	<u>\$ 139,981</u>	<u>\$ 101,436</u>	<u>\$ 324,281</u>	<u>\$ 904,597</u>
\$ 735	\$ 55,638	\$ 30,801	\$ 3,900	\$ 257,393
0	0	0	0	206,863
0	121,143	65,025	14,875	236,728
<u>735</u>	<u>176,781</u>	<u>95,826</u>	<u>18,775</u>	<u>700,984</u>
13,776	(36,800)	5,610	305,506	203,613
<u>13,776</u>	<u>(36,800)</u>	<u>5,610</u>	<u>305,506</u>	<u>203,613</u>
<u>\$ 14,511</u>	<u>\$ 139,981</u>	<u>\$ 101,436</u>	<u>\$ 324,281</u>	<u>\$ 904,597</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, 2009

	Special Revenue				
	Hotel/Motel Tax	Special Assessments	Community Development	Recreation	Equipment Replacement
Revenues:					
Property taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other taxes and assessments	0	15,700	0	0	0
Intergovernmental	0	0	36,261	0	8,192
Charges for services	0	0	0	0	0
Use of money and property	16	0	0	0	25
Other	1,813	0	0	0	0
Total revenues	<u>1,829</u>	<u>15,700</u>	<u>36,261</u>	<u>0</u>	<u>8,217</u>
Expenditures:					
Current operating:					
Public Safety	0	0	0	0	5,460
Culture and Recreation	450,888	0	0	0	0
Public Works	0	0	0	0	0
Community and Economic Development	0	0	36,261	0	0
Total expenditures	<u>450,888</u>	<u>0</u>	<u>36,261</u>	<u>0</u>	<u>5,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(449,059)</u>	<u>15,700</u>	<u>0</u>	<u>0</u>	<u>2,757</u>
Other financing sources (uses):					
Transfers in	632,740	0	0	0	0
Transfers out	(92,333)	(44,941)	0	0	0
Total other financing sources and uses	<u>540,407</u>	<u>(44,941)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	91,348	(29,241)	0	0	2,757
Fund balances (deficits), beginning	21,724	30,065	(89,642)	(117,221)	5,731
Fund balances (deficits), ending	<u>\$ 113,072</u>	<u>\$ 824</u>	<u>\$ (89,642)</u>	<u>\$ (117,221)</u>	<u>\$ 8,488</u>

<u>Bridge</u>	<u>Airport Levy</u>	<u>Downtown SSMID District</u>	<u>Special Contribution</u>	<u>Total Governmental Funds</u>
\$ 0	\$ 114,649	\$ 64,888	\$ 0	\$ 179,537
0	4,287	0	0	19,987
0	0	0	1,276	45,729
5,885	0	0	0	5,885
66	0	0	1,173	1,280
3,000	0	0	266,648	271,461
<u>8,951</u>	<u>118,936</u>	<u>64,888</u>	<u>269,097</u>	<u>523,879</u>
0	0	0	36,311	41,771
6,684	0	0	270,659	728,231
8,057	116,692	63,090	0	187,839
0	0	0	0	36,261
<u>14,741</u>	<u>116,692</u>	<u>63,090</u>	<u>306,970</u>	<u>994,102</u>
<u>(5,790)</u>	<u>2,244</u>	<u>1,798</u>	<u>(37,873)</u>	<u>(470,223)</u>
0	0	0	0	632,740
0	0	0	0	(137,274)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>495,466</u>
(5,790)	2,244	1,798	(37,873)	25,243
19,566	(39,044)	3,812	343,379	178,370
<u>\$ 13,776</u>	<u>\$ (36,800)</u>	<u>\$ 5,610</u>	<u>\$ 305,506</u>	<u>\$ 203,613</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.

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.

Miscellaneous Service Fund - Accounts for miscellaneous activities and purchases incurred on the behalf of all City departments. All costs incurred are expected to be reimbursed by departments on a cost reimbursement basis.

City of Burlington, Iowa

Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	Property Maintenance	Vehicle Maintenance	Safety Coordination	Self Insurance	Miscellaneous Service	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivables:						
Accounts	0	0	0	0	0	0
Intergovernmental	0	17,041	11,716	0	275,312	304,069
Due from other funds	0	0	0	0	0	0
Inventories	0	45,403	0	0	0	45,403
Prepaid contracts	3,617	5,959	0	0	0	9,576
Total current assets	3,617	68,403	11,716	0	275,312	359,048
Noncurrent assets:						
Capital assets:						
Buildings, infrastructure, and equipment, net	130,078	602,735	2,213	0	0	735,026
Total noncurrent assets	130,078	602,735	2,213	0	0	735,026
Total assets	\$ 133,695	\$ 671,138	\$ 13,929	\$ 0	\$ 275,312	\$ 1,094,074
Liabilities						
Current liabilities:						
Accounts payable	\$ 16,995	\$ 35,411	\$ 5,111	\$ 2,561	\$ 47,274	\$ 107,352
Claims payable	0	0	0	163,041	0	163,041
Due to other funds	251,100	209,354	5,110	113,796	222,964	802,324
Bond interest payable	336	1,635	0	0	0	1,971
Current portion of long-term obligations	13,520	18,984	927	0	0	33,431
Total current liabilities	281,951	265,384	11,148	279,398	270,238	1,108,119
Noncurrent liabilities:						
Noncurrent portion of long-term obligations	125,244	468,377	2,781	0	0	596,402
Total liabilities	407,195	733,761	13,929	279,398	270,238	1,704,521
Net Assets						
Invested in capital assets, net of related debt	33,972	135,830	2,213	0	0	172,015
Unrestricted (deficit)	(307,472)	(198,453)	(2,213)	(279,398)	5,074	(782,462)
Total net assets	(273,500)	(62,623)	0	(279,398)	5,074	(610,447)
Total liabilities and net assets	\$ 133,695	\$ 671,138	\$ 13,929	\$ 0	\$ 275,312	\$ 1,094,074

City of Burlington, Iowa

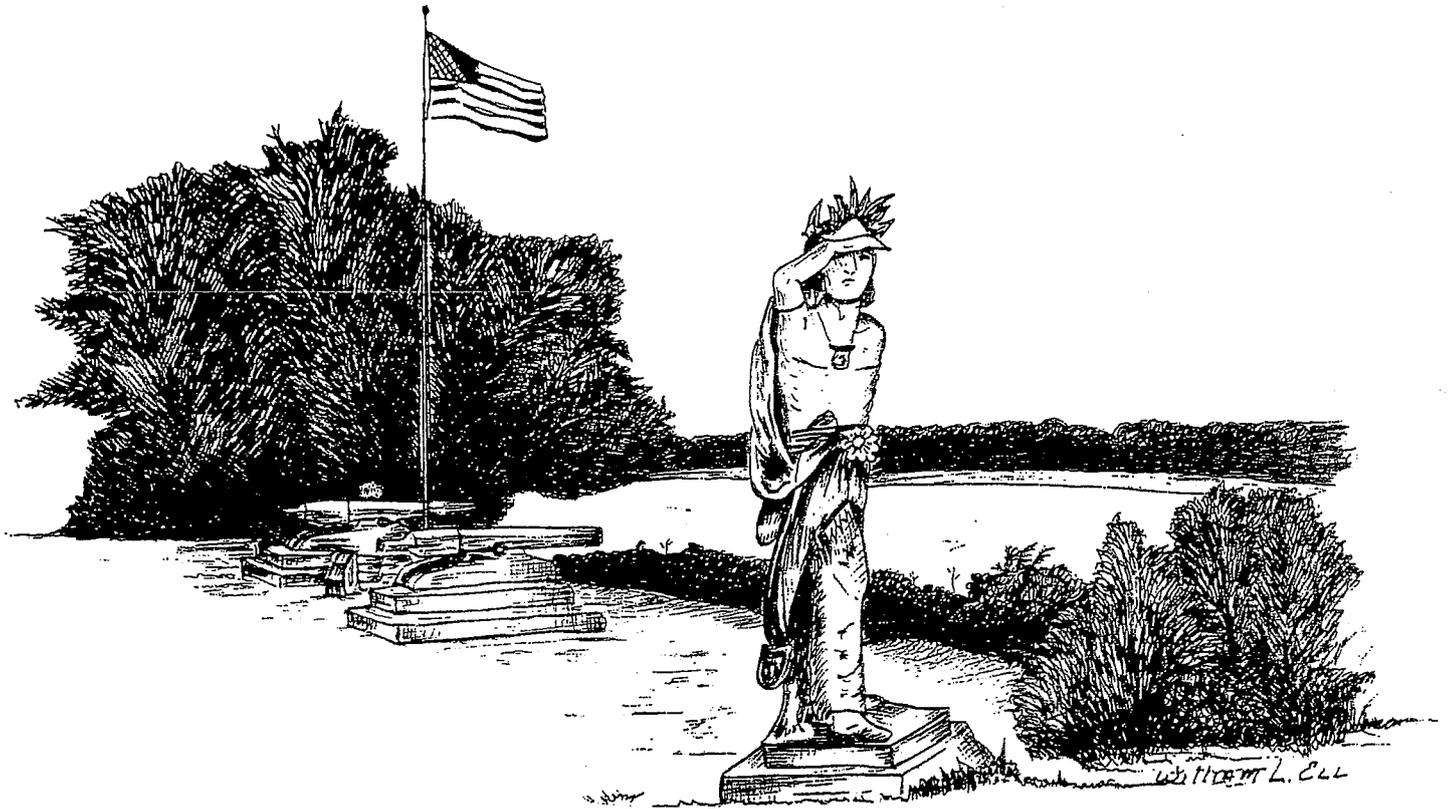
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2009

	Property Maintenance	Vehicle Maintenance	Safety Coordination	Self Insurance	Miscellaneous Service	Total
Operating revenues:						
Charges for services	\$ 403,997	\$ 761,188	\$ 99,790	\$ 94,999	\$ 648,705	\$ 2,008,679
Other	0	20,969	0	4,789	0	25,758
Total operating revenues	403,997	782,157	99,790	99,788	648,705	2,034,437
Operating expenses:						
Personal services	372,070	220,052	86,940	46,797	0	725,859
Contractual services	31,460	16,223	8,366	70,137	635,835	762,021
Operating supplies	14,906	557,465	6,976	0	0	579,347
Depreciation	12,275	21,998	402	0	0	34,675
Total operating expenses	430,711	815,738	102,684	116,934	635,835	2,101,902
Operating income (loss)	(26,714)	(33,581)	(2,894)	(17,146)	12,870	(67,465)
Nonoperating revenues (expenses):						
Interest expense	(4,637)	(22,526)	0	0	0	(27,163)
Total nonoperating revenues (expenses)	(4,637)	(22,526)	0	0	0	(27,163)
Net income (loss) before contributions and transfers	(31,351)	(56,107)	(2,894)	(17,146)	12,870	(94,628)
Transfers in	0	0	0	35,000	0	35,000
Transfers Out	(3,391)	(16,486)	0	0	0	(19,877)
Change in net assets	(34,742)	(72,593)	(2,894)	17,854	12,870	(79,505)
Total net assets - beginning	(238,758)	9,970	2,894	(297,252)	(7,796)	(530,942)
Total net assets - ending	\$ (273,500)	\$ (62,623)	\$ 0	\$ (279,398)	\$ 5,074	\$ (610,447)

City of Burlington, Iowa

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009

	Property Maintenance	Vehicle Maintenance	Safety Coordination	Self Insurance	Miscellaneous Service	Totals
Cash flows from operating activities:						
Receipts from customers	\$ 0	\$ 144,806	\$ 99,305	\$ 11,484	\$ 423,599	\$ 679,194
Payments to suppliers	(51,351)	(594,341)	(16,175)	0	(582,887)	(1,244,754)
Payments to employees	(355,770)	(215,055)	(85,261)	0	0	(656,086)
Internal activity-payments (to) from other funds	403,997	658,322	0	94,999	0	1,157,318
Claims paid to outsiders	0	0	0	(134,853)	0	(134,853)
Other receipts (payments)	0	42,642	0	0	0	42,642
Net cash provided (used) by operating activities	(3,124)	36,374	(2,131)	(28,370)	(159,288)	(156,539)
Cash flows from noncapital financing activities:						
Operating subsidies and transfers to other funds	(3,391)	(16,486)	0	0	0	(19,877)
Operating subsidies and transfers from other funds	0	0	0	35,000	0	35,000
Proceeds (payments) from/to interfund accounts	14,017	16,560	2,131	(6,630)	156,016	182,094
Net cash provided (used) by noncapital financing activities	10,626	74	2,131	28,370	156,016	197,217
Cash flows from capital and related financing activities:						
Principal paid on Capital Debt	(3,334)	(16,200)	0	0	0	(19,534)
Interest paid on capital debt	(4,168)	(20,248)	0	0	0	(24,416)
Net cash provided (used) by capital and related financing activities	(7,502)	(36,448)	0	0	0	(43,950)
Net increase (decrease) in cash and cash equivalents	0	0	0	0	(3,272)	(3,272)
Balances - beginning of year	0	0	0	0	3,272	3,272
Balances - end of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (26,714)	\$ (33,581)	\$ (2,894)	\$ (17,146)	\$ 12,870	\$ (67,465)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	12,275	21,998	402	0	0	34,675
Changes in assets and liabilities:						
Receivables, net	224	77,816	(484)	6,694	(173,332)	(89,082)
Inventories	0	42,445	0	0	0	42,445
Prepaid contracts	(54)	(85)	0	0	0	(139)
Accounts and other payables	11,145	(72,219)	845	(17,918)	1,174	(76,973)
Net cash provided (used) by operating activities	\$ (3,124)	\$ 36,374	\$ (2,131)	\$ (28,370)	\$ (159,288)	\$ (156,539)



STATISTICAL SECTION

City of Burlington, Iowa

Statistical Section
Contents

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.

Contents	Page
Financial Trends These schedules contain information to help the reader understand how the City's financial performance and well being have changed over time.	81
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	90
Debt Capacity 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.	95
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment with which the City's financial activities take place.	102
Operating Information 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.	105

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City implemented GASB 34 in fiscal year 2001; schedules presenting government-wide information include information beginning in that year.

City of Burlington
 Primary Government Net Assets
 Last Nine Fiscal Years
 (Accrual Basis of Accounting)

Activity	Fiscal Year Ended June 30				
	2009	2008	2007	2006	2005
Governmental Activities					
Invested in Capital Assets, net of related debt	\$ 41,203,425	\$ 36,794,281	\$ 32,087,346	\$ 26,242,817	\$ 24,457,107
Restricted	1,215,209	2,080,057	644,761	498,028	394,133
Unrestricted	(21,365,155)	(12,756,557)	(5,716,176)	(880,509)	(1,442,056)
Total governmental activities net assets	\$ 21,053,479	\$ 26,117,781	\$ 27,015,931	\$ 25,860,336	\$ 23,409,184
Business Type Activities					
Invested in Capital Assets, net of related debt	\$ 24,354,343	\$ 24,867,169	\$ 25,375,875	\$ 26,089,607	\$ 27,046,807
Restricted	501,000	501,000	501,000	541,760	541,760
Unrestricted	(1,928,899)	(1,702,655)	(1,603,052)	(1,480,324)	(1,101,168)
Total business type activities net assets	\$ 22,926,444	\$ 23,665,514	\$ 24,273,823	\$ 25,151,043	\$ 26,487,399
Primary Government					
Invested in Capital Assets, net of related debt	\$ 65,557,768	\$ 61,661,450	\$ 57,463,221	\$ 52,332,424	\$ 51,503,914
Restricted	1,716,209	2,581,057	1,145,761	1,039,788	935,893
Unrestricted	(23,294,054)	(14,459,212)	(7,319,228)	(2,360,833)	(2,543,224)
Total primary government net assets	\$ 43,979,923	\$ 49,783,295	\$ 51,289,754	\$ 51,011,379	\$ 49,896,583

Note: Fiscal Year 2001 is the first year for which the City reported in compliance with GASB 34, as a result comparable data is not available for the prior fiscal years.

2004	2003	2002	2001
\$ 6,252,498	\$ 14,285,994	\$ 15,732,527	\$ 16,672,995
699,833	(253,347)	240,786	779,646
(542,790)	(12,816,927)	(17,269,952)	(18,535,959)
<u>\$ 6,409,541</u>	<u>\$ 1,215,720</u>	<u>\$ (1,296,639)</u>	<u>\$ (1,083,318)</u>
\$25,770,720	\$ 24,537,333	\$23,935,627	\$ 23,945,260
541,760	541,760	541,760	385,000
1,259,248	911,693	2,789,199	2,101,322
<u>\$27,571,728</u>	<u>\$ 25,990,786</u>	<u>\$27,266,586</u>	<u>\$ 26,431,582</u>
\$32,023,218	\$ 38,823,327	\$39,668,154	\$ 40,618,255
1,241,593	288,413	782,546	1,164,646
716,458	(11,905,234)	(14,480,753)	(16,434,637)
<u>\$33,981,269</u>	<u>\$ 27,206,506</u>	<u>\$25,969,947</u>	<u>\$ 25,348,264</u>

City of Burlington, Iowa
Change in Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30								
	2009	2008	2007	2006	2005	2004	2003	2002	2001
Expenses									
Governmental activities:									
General government	\$ 1,407,686	\$ 1,314,315	\$ 1,525,097	\$ 1,466,664	\$ 1,468,785	\$ 1,221,354	\$ 1,289,403	\$ 1,505,665	\$ 1,525,069
Culture and Recreation	4,288,883	4,073,422	4,004,287	3,552,327	3,560,012	3,402,667	3,337,826	3,529,828	3,633,448
Public Safety	8,925,533	9,236,690	9,405,488	9,383,857	8,622,916	8,242,972	7,567,778	7,788,449	7,362,565
Community and Economic Development	405,557	380,320	307,679	321,534	304,048	716,776	712,066	0	0
Health and Social Services	2,223	2,420	3,470	1,027	2,052	1,481	3,014	0	0
Capital Projects	6,916,875	2,559,567	3,674,836	4,767,471	3,433,235	882,424	2,380,881	0	0
Public works	6,300,014	8,118,733	6,214,676	6,155,706	5,504,824	5,471,958	4,544,594	5,697,532	5,050,400
Interest on long-term debt	1,783,112	1,720,794	1,457,941	1,180,074	1,059,329	1,071,062	1,127,628	971,490	934,088
Total governmental activities expenses	30,029,883	27,406,261	26,593,474	26,828,660	23,955,201	21,010,694	20,963,190	19,492,964	18,505,570
Business-type activities:									
Sewer	4,187,831	4,240,121	4,194,161	4,196,415	4,072,268	3,887,074	3,608,945	3,453,093	3,364,465
Solid waste	1,171,645	1,163,318	1,111,637	1,102,774	1,188,290	1,088,093	1,079,827	1,045,151	1,051,366
Recplex	632,083	618,287	595,717	527,352	520,097	508,042	478,823	440,750	446,055
Parking	131,822	162,354	164,361	143,453	137,152	134,993	144,608	138,438	170,939
Flint Hills golf course	479,613	456,565	480,494	500,965	536,944	534,187	489,245	505,722	482,186
Total business-type activities expenses	6,602,994	6,640,645	6,546,370	6,470,959	6,454,751	6,152,389	5,801,448	5,583,154	5,515,011
Total primary government expenses	\$ 36,632,877	\$ 34,046,906	\$ 33,139,844	\$ 33,299,619	\$ 30,409,952	\$ 27,163,083	\$ 26,764,638	\$ 25,076,118	\$ 24,020,581
Program Revenues									
Governmental activities:									
Charges for services:	\$ 11,090	\$ 18,824	\$ 171,294	\$ 125,216	\$ 0	\$ 0	\$ 27,629	\$ 84,375	\$ 114,437
General government	569,138	561,058	142,746	164,952	346,628	39,513	48,417	493,052	473,598
Culture and recreation	1,252,305	1,379,173	1,096,761	1,082,990	771,955	927,148	662,600	723,762	752,197
Public Safety	0	0	0	925	9,429	0	0	0	0
Community and Econ. Development	2,222,313	3,523,969	1,883,189	1,788,023	1,563,778	1,510,916	1,422,352	730,482	496,600
Public works	3,192,005	3,135,254	2,832,876	2,740,265	2,476,106	2,904,168	2,241,392	3,208,715	2,918,127
Operating Grants and Contributions	1,532,159	1,980,230	4,539,926	7,068,709	5,915,051	4,290,517	2,364,284	1,696,767	2,218,221
Capital grants and contributions	8,779,010	10,598,508	10,666,792	12,961,080	11,082,947	9,672,262	6,766,674	6,937,153	6,973,180
Total governmental activities program revenue	\$ 4,094,765	\$ 3,952,836	\$ 3,790,159	\$ 3,282,090	\$ 3,096,581	\$ 3,016,446	\$ 2,839,264	\$ 2,787,391	\$ 2,742,991
Business type activities:									
Charges for services:	1,226,281	1,218,442	1,146,690	1,114,072	1,127,757	1,048,070	1,064,666	1,061,372	1,050,830
Sewer	466,324	457,403	123,916	83,818	81,097	80,793	81,462	61,726	59,590
Solid Waste	54,752	63,771	36,573	39,163	36,076	36,778	36,065	38,117	46,284
Recplex	425,870	414,011	200,303	207,782	209,340	197,677	186,944	146,822	217,299
Parking	11,238	386,000	292,049	275,206	727,233	3,066,811	251,724	495,736	2,633,939
Flint Hills golf course	6,278,230	6,492,463	5,589,690	5,002,131	5,278,084	7,446,575	4,460,125	4,591,164	6,750,933
Total business type activities program revenues	\$ 15,057,240	\$ 17,090,971	\$ 16,256,482	\$ 17,963,211	\$ 16,361,031	\$ 17,118,937	\$ 11,226,799	\$ 11,528,317	\$ 13,724,113

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

Fund	Fiscal Year End June 30					
	2009	2008	2007	2006	2005	2004
General						
Reserved for Encumbrances (1)	\$ 0	\$ 0	\$ 31,345	\$ 54,657	\$ 11,641	\$ 53,548
Unreserved	574,305	610,706	857,630	878,067	894,764	1,017,109
Total General Fund	\$ 574,305	\$ 610,706	\$ 888,975	\$ 932,724	\$ 906,405	\$ 1,070,657
All Other Governmental Funds						
Reserved for Encumbrances (1)	\$ 0	\$ 0	\$ 17,602	\$ 75,560	\$ 9,884	\$ 86,053
Unreserved In:						
Debt service Fund	95,677	(1,000)	59,911	(169,158)	(166,201)	(140,249)
Special revenue funds	981,955	190,141	706,657	570,711	617,232	764,755
Capital Projects Funds	(1,219,316)	2,276,237	1,442,283	(383,977)	(1,132,112)	(322,393)
Total All Other Governmental Funds	\$ (141,684)	\$ 2,465,378	\$ 2,226,453	\$ 93,136	\$ (671,197)	\$ 388,166
Total All Governmental Funds	\$ 432,621	\$ 3,076,084	\$ 3,115,428	\$ 1,025,860	\$ 235,208	\$ 1,458,823

(1) Reserve for encumbrances eliminated in fiscal year 2008

2003	2002	2001	2000
\$ 63,570	\$ 70,258	\$ 141,627	\$ 222,464
<u>1,264,231</u>	<u>1,110,327</u>	<u>1,090,433</u>	<u>1,020,274</u>
\$ <u>1,327,801</u>	\$ <u>1,180,585</u>	\$ <u>1,232,060</u>	\$ <u>1,242,738</u>
\$ 70,154	\$ 312,433	\$ 339,901	\$ 100,503
1,264,231	(49,989)	(26,361)	14,988
(431,833)	91,834	554,577	1,939,909
<u>(1,521,170)</u>	<u>1,798,903</u>	<u>(1,845,014)</u>	<u>4,080,186</u>
\$ <u>(618,618)</u>	\$ <u>2,153,181</u>	\$ <u>(976,897)</u>	\$ <u>6,135,586</u>
\$ 709,183	\$ 3,333,766	\$ 255,163	\$ 7,378,324

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

	Fiscal Year Ending June 30				
	2009	2008	2007	2006	2005
Revenues:					
Property taxes	\$ 10,057,918	\$ 9,798,256	\$ 9,585,099	\$ 9,706,907	\$ 9,240,703
Other taxes and assessments	4,995,182	5,130,107	4,685,584	4,427,377	4,182,801
Licenses and permits	561,608	786,634	310,543	324,326	260,275
Fines and forfeitures	129,262	123,896	108,916	92,629	92,958
Intergovernmental	3,917,695	4,293,553	4,805,047	5,720,967	2,989,316
Charges for services	1,567,066	1,469,105	1,517,622	1,488,086	1,425,570
Use of money and property	171,242	200,578	329,962	303,075	308,962
Other	949,163	430,630	1,127,200	1,016,001	578,515
Total revenues	22,349,136	22,232,759	22,469,973	23,079,368	19,079,100
Expenditures:					
Current operating:					
Public Safety	8,622,210	8,900,098	8,515,122	8,431,159	7,990,261
Culture and Recreation	3,809,686	3,490,816	3,443,628	3,281,080	3,234,453
Public Works	4,039,784	3,860,364	3,626,934	3,836,492	3,454,777
Community and Economic Development	405,557	454,933	303,682	315,418	231,124
Health and Social Services	2,223	2,420	3,470	1,027	2,052
General Government	1,283,283	1,293,138	1,242,467	1,184,274	1,285,467
Debt service:					
Principal	2,349,849	2,016,234	2,357,602	2,225,094	2,024,600
Interest and other charges	1,731,934	1,802,276	1,183,286	1,139,196	1,014,855
Capital outlay	6,916,875	4,288,778	6,641,559	7,312,284	4,278,342
Total expenditures	29,161,401	26,109,057	27,317,750	27,726,024	23,515,931
Excess (deficiency) of revenues over (under) expenditures	(6,812,265)	(3,876,298)	(4,847,777)	(4,646,656)	(4,436,831)
Other financing sources (uses):					
Proceeds from notes payable	0	1,000,000	0	0	0
Proceeds from general obligation refunding bonds net of bond discount/bond premium	3,545,000	0	0	0	0
Proceeds from general obligation bonds net of bond discount/bond premium	2,699,020	3,361,718	6,454,800	4,937,507	2,925,000
Refunding payment for general obligation bonds	(3,485,000)	0	0	0	0
Transfers in	8,526,118	7,608,995	8,152,912	7,131,640	6,998,729
Transfers out	(8,116,336)	(7,133,759)	(7,670,366)	(6,631,828)	(6,531,856)
Total other financing sources and uses	3,168,802	4,836,954	6,937,346	5,437,319	3,391,873
Net change in fund balance	(3,643,463)	960,656	2,089,569	790,663	(1,044,958)
Debt service as a percentage of noncapital expenditures	18.35%	17.50%	17.13%	16.48%	15.80%

Note: Fiscal Year 2003 was the first year the City reporting utilizing the nine functions. Prior to that time the City reported utilizing four program areas required by the State of Iowa. Therefore data is not available on a comparable basis for the prior fiscal years.

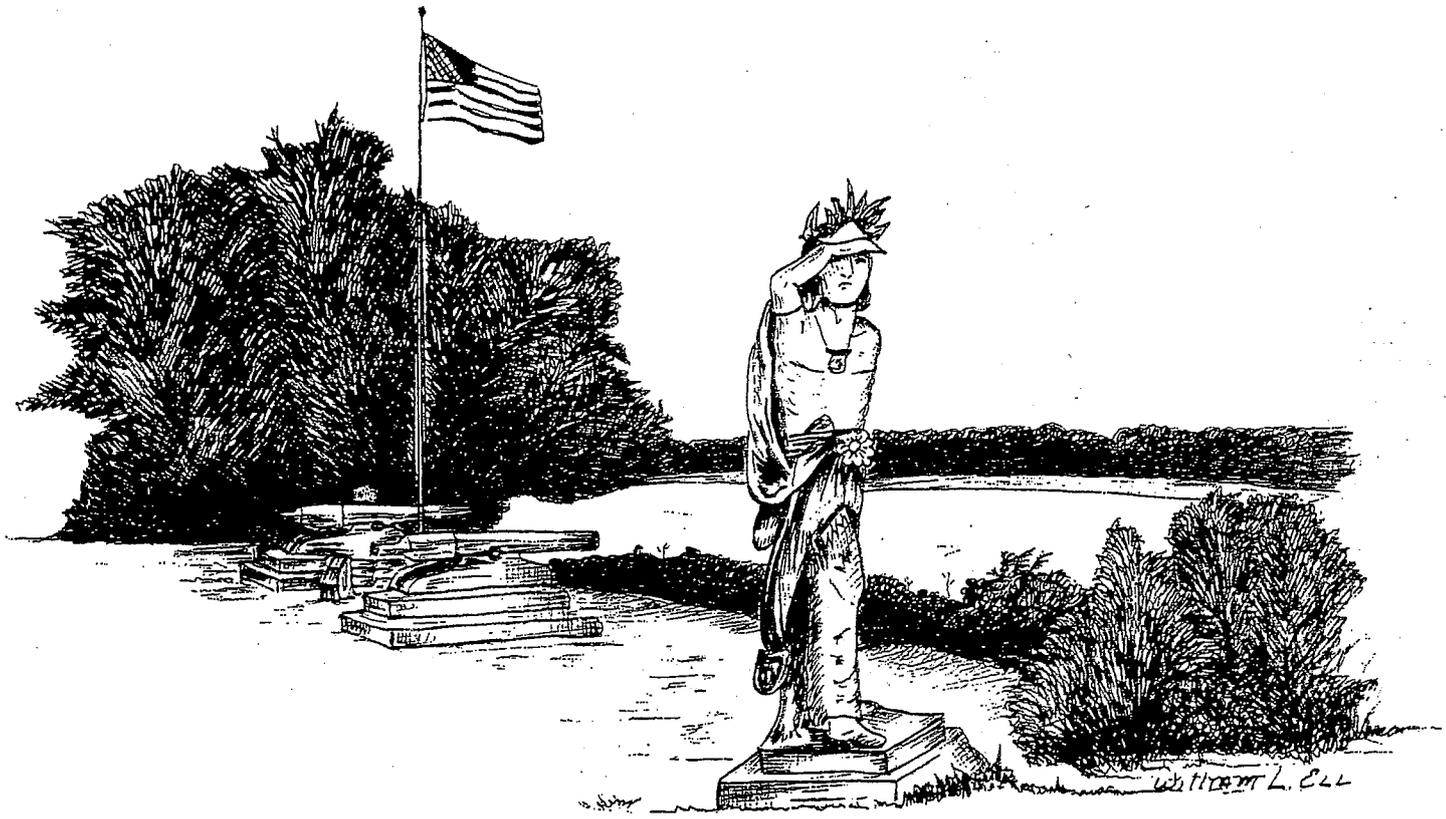
2004	2003	2002	2001	2000
\$ 8,592,113	\$ 8,245,018	\$ 8,084,821	\$ 7,725,447	\$ 8,239,768
4,305,038	4,327,020	4,200,721	4,133,368	4,092,860
219,816	344,680	319,302	280,331	309,382
102,293	74,210	65,124	70,124	106,877
3,593,726	6,331,877	5,977,967	6,150,263	5,928,833
1,465,067	1,202,008	1,043,001	888,879	865,368
310,965	294,826	342,508	484,404	496,494
1,621,280	1,387,975	960,983	443,481	578,145
<u>20,210,298</u>	<u>22,207,614</u>	<u>20,994,427</u>	<u>20,176,297</u>	<u>20,617,727</u>
7,550,767	7,364,258			
3,098,643	3,284,973			
3,329,587	3,285,576			
524,932	703,826			
1,481	3,014			
1,138,810	1,253,311			
2,041,615	2,281,128			
1,036,722	1,097,877			
3,419,463	7,918,756			
<u>22,142,020</u>	<u>27,192,719</u>	<u>25,424,455</u>	<u>28,152,827</u>	<u>23,626,996</u>
<u>(1,931,722)</u>	<u>(4,985,105)</u>	<u>(4,430,028)</u>	<u>(7,976,530)</u>	<u>(3,009,269)</u>
0	0	0	0	0
0	0	0	0	0
1,827,613	2,203,250	7,272,139	0	5,275,227
0	0	0	0	0
6,797,721	6,591,101	6,886,569	7,474,388	8,298,081
<u>(6,453,829)</u>	<u>(6,116,347)</u>	<u>(6,322,345)</u>	<u>(6,931,919)</u>	<u>(5,770,225)</u>
<u>2,171,505</u>	<u>2,678,004</u>	<u>7,836,363</u>	<u>542,469</u>	<u>7,803,083</u>
<u>239,783</u>	<u>(2,307,101)</u>	<u>3,406,335</u>	<u>(7,434,061)</u>	<u>4,793,814</u>
16.44%	17.53%			

City of Burlington, Iowa

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

<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>
2000	7,366,774	872,994	3,325,460	346,385	11,911,613
2001	6,831,926	893,521	3,074,705	333,304	11,133,456
2002	7,195,145	889,676	3,089,753	373,400	11,547,974
2003	7,371,721	873,297	3,117,731	341,364	11,704,113
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

(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:					
	2007	2006	2005	2004	2003	2002
Residential	\$ 744,730,429	\$ 670,546,753	\$ 661,281,405	\$ 648,201,598	\$ 638,948,275	\$ 627,881,056
Agricultural land	2,213,041	1,440,510	1,619,367	1,397,977	1,367,127	1,975,080
Agricultural buildings	104,200	103,765	103,780	108,460	108,040	107,625
Commercial	192,506,454	190,687,821	192,116,644	191,298,473	183,565,011	172,873,480
Industrial	50,107,443	55,113,390	52,276,172	52,400,469	57,267,613	55,639,205
Personal/Real estate	0	0	0	0	0	0
Railroad	2,210,969	2,064,419	1,792,442	1,516,071	1,682,459	1,985,670
Utilities	4,279,674	3,943,387	5,149,950	4,782,920	4,488,137	5,297,421
Utility Reimburse	34,042,228	34,776,945	34,912,231	22,188,694	24,924,177	28,996,535
Other	0	0	0	0	0	0
Gross valuation	\$ 1,030,194,438	\$ 958,676,990	\$ 949,251,991	\$ 921,894,662	\$ 912,350,839	\$ 894,756,072
Less: Military exemption	3,681,776	3,760,484	3,838,452	-	-	-
Net valuation	\$ 1,026,512,662	\$ 954,916,506	\$ 945,413,539	\$ 921,894,662	\$ 912,350,839	\$ 894,756,072
Incremental value	37,385,413	36,554,199	34,468,312	34,978,222	36,444,742	29,806,623
Actual valuation	\$ 1,063,898,075	\$ 991,470,705	\$ 979,881,851	\$ 956,872,884	\$ 948,795,581	\$ 924,562,695
Percent change	7.305%	1.183%	2.405%	0.851%	2.621%	0.619%

Taxable Valuation

	As of January 1:					
	2007	2006	2005	2004	2003	2002
Residential	\$ 324,480,255	\$ 302,344,999	\$ 300,555,797	\$ 310,904,711	\$ 309,607,498	\$ 322,651,750
Agricultural land	1,967,598	1,440,510	1,619,367	1,397,977	1,367,127	1,975,080
Agricultural buildings	93,886	103,765	103,780	108,040	108,040	107,625
Commercial	191,920,964	190,687,821	190,280,895	191,298,473	182,201,123	172,873,480
Industrial	50,107,443	55,113,390	52,276,172	52,400,469	57,267,613	55,639,205
Personal/Real estate	0	0	0	0	0	0
Railroad	2,205,026	2,064,419	1,777,223	1,516,071	1,669,958	1,985,670
Utilities	4,279,674	3,943,387	5,142,950	4,782,920	4,488,137	5,297,421
Utility Reimburse	21,834,155	20,925,681	21,809,175	22,188,694	24,924,177	28,996,535
Other	0	0	0	0	0	0
Gross valuation	\$ 596,889,001	\$ 576,623,972	\$ 573,565,359	\$ 584,597,355	\$ 581,633,673	\$ 589,526,766
Less: Military exemption	3,668,812	3,760,484	3,827,340	3,969,898	4,318,457	4,399,923
Net valuation	\$ 593,220,189	\$ 572,863,488	\$ 569,738,019	\$ 580,627,457	\$ 577,315,216	\$ 585,126,843
Incremental value	37,372,449	36,554,199	34,457,200	34,978,222	36,444,742	29,806,623
Taxable valuation	\$ 630,592,638	\$ 609,417,687	\$ 604,195,219	\$ 615,605,679	\$ 613,759,958	\$ 614,933,466
Percent change	3.475%	0.864%	-1.854%	0.301%	-0.191%	0.230%

Total Direct Tax Rate	\$ 14.9278	\$ 14.9835	\$ 14.8937	\$ 14.7560	\$ 14.2324	\$ 13.2841
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Taxable Valuation as a percentage of Actual Valuation	59.27%	61.47%	61.66%	64.34%	64.69%	66.51%
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Note: Property in Des Moines County is assessed by the Des Moines County Assessors Office. By law property is assessed at its 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.

2001	2000	1999	1998
\$ 623,912,452	\$ 547,438,007	\$ 543,451,881	\$ 544,901,733
2,229,005	2,075,291	2,122,602	1,638,657
112,502	116,293	116,293	119,012
169,054,432	166,845,453	162,042,544	161,191,613
55,891,772	55,823,330	55,427,861	51,432,711
6,876,354	16,486,325	27,442,798	38,817,188
2,059,156	2,234,422	2,264,025	1,988,411
4,885,266	4,383,530	4,318,077	33,509,659
27,966,227	27,085,086	26,824,733	0
506,300	0	0	0
\$ 893,493,466	\$ 822,487,737	\$ 824,010,814	\$ 833,598,984
4,519,996	4,592,196	4,707,946	4,579,996
\$ 888,973,470	\$ 817,895,541	\$ 819,302,868	\$ 829,018,988
29,903,510	28,615,501	28,271,364	29,998,368
\$ 918,876,980	\$ 846,511,042	\$ 847,574,232	\$ 859,017,356
8.549%	-0.125%	-1.332%	4.809%

2001	2000	1999	1998
\$ 322,360,590	\$ 308,016,542	\$ 298,096,943	\$ 305,003,335
2,229,005	2,075,291	2,044,874	1,638,657
112,502	116,293	112,034	119,012
165,296,369	166,845,453	160,054,606	161,191,613
55,891,772	55,823,330	55,427,861	51,432,711
6,876,354	16,486,325	27,442,798	38,817,188
2,013,239	2,234,422	2,264,025	1,988,411
4,885,266	4,383,530	4,318,077	33,509,659
27,966,227	27,085,086	26,824,733	0
506,300	0	0	0
\$ 588,137,624	\$ 583,066,272	\$ 576,585,951	\$ 593,700,586
4,519,996	4,592,196	4,707,946	4,579,996
\$ 583,617,628	\$ 578,474,076	\$ 571,878,005	\$ 589,120,590
29,903,510	28,615,501	28,271,364	29,998,368
\$ 613,521,138	\$ 607,089,577	\$ 600,149,369	\$ 619,118,958
1.059%	1.156%	-3.064%	7.274%

\$ 13.1348	\$ 12.8171	\$ 12.4166	\$ 12.2815
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66.77%	71.72%	70.81%	72.07%
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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	
2000	8.1000	2.2633	1.9182	12.2815	14.4788	7.3314	34.0917	36.02%
2001	8.1000	2.2233	2.0933	12.4166	14.5734	8.1427	35.1328	35.34%
2002	8.1000	2.3430	2.3741	12.8171	14.5401	8.1577	35.5149	36.09%
2003	8.1000	2.5711	2.4637	13.1348	14.2585	8.8979	36.2912	36.19%
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%

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

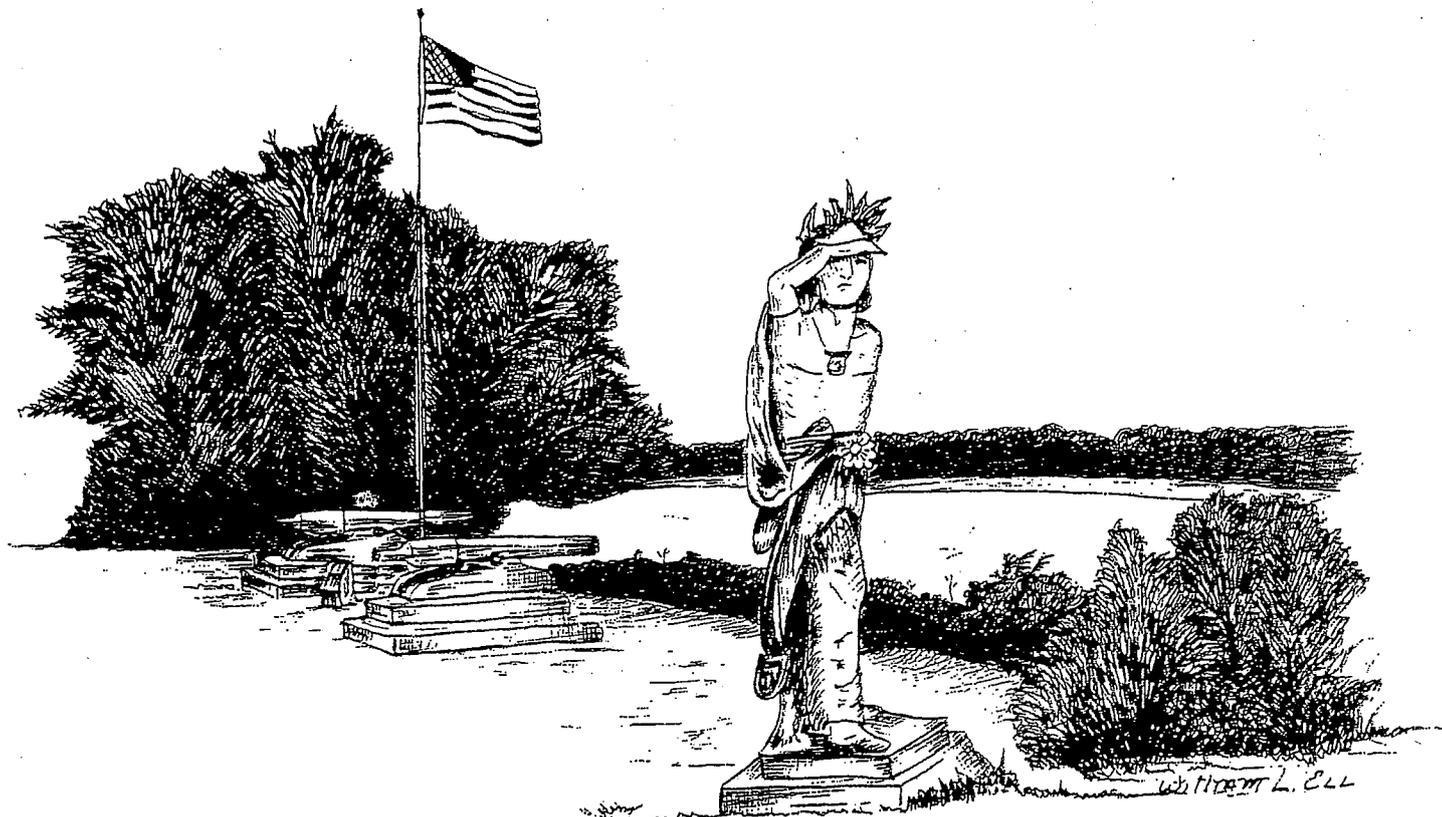
Principal Taxpayers
Current Year and Nine Years Prior

Taxpayer	2009			2000		
	January 1, 2007 Taxable Valuation	Rank	Percent of Total Taxable Value	January 1, 1996 Taxable Valuation	Rank	Percent of Total Taxable Value
Interstate Power and Light	\$34,042,228	1	5.40%	\$28,770,652	1	4.88%
Case New Holland (CNH)	13,771,100	2	2.18%	26,516,437	2	4.50%
Midwest Biscuit Company	7,198,400	3	1.14%	11,062,447	3	1.88%
Winegard Realty Company	6,986,800	4	1.11%	9,355,219	4	1.59%
Carlisle Real Estate Group	6,714,500	5	1.06%			
Sunrise West Inc.	6,410,000	6	1.02%			
Federal Mogul Company	6,000,000	7	0.95%			
Mesker Investment Co	5,942,900	8	0.94%			
Iowa Industries				8,614,419	5	1.46%
Huckleberry Holdings LLC	5,540,300	9	0.88%			
The Baking Company	5,092,537	10	0.81%			
Cooper Automotive Company				6,816,459	6	1.16%
Exide Corporation				5,980,175	7	1.02%
PPG Industries				5,634,939	8	0.96%
Venture Properties				5,606,700	9	0.95%
Aldi Inc				5,469,566	10	0.93%
	<u>\$ 97,698,765</u>		<u>15.49%</u>	<u>\$ 113,827,013</u>		<u>19.32%</u>

City of Burlington, Iowa

Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Property Taxes Collected</u>	<u>Delinquent Property Tax Collections</u>	<u>Total Property Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>
2000	7,357,016	7,360,147	100.04%	6,374	7,366,521	100.13%
2001	6,850,813	6,834,547	99.76%	5,323	6,839,870	99.84%
2002	7,109,690	7,020,999	98.75%	67,370	7,088,369	99.70%
2003	7,414,455	7,274,017	98.11%	3,203	7,277,220	98.15%
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%



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	Urban Renewal Revenue	General Obligation Bonds	Sewer Revenue Bonds	Leases Payable		
2000	27,209	19,000,971	372,000	0	1,890,029	3,345,000	0	24,608,000	904.41
2001	26,839	18,017,942	334,800	0	1,792,058	3,110,000	0	23,254,800	866.46
2002	26,839	23,356,026	297,600	0	1,723,974	3,965,000	0	29,342,600	1,093.28
2003	26,839	23,269,976	260,400	0	1,650,024	3,645,000	0	28,825,400	1,074.01
2004	26,839	23,349,644	223,200	0	6,233,516	3,310,000	30,255	33,146,615	1,235.02
2005	26,839	24,334,438	268,085	0	6,185,562	2,955,000	15,543	33,758,628	1,257.82
2006	26,839	27,135,916	227,043	0	6,150,322	2,585,000	0	36,098,281	1,344.99
2007	26,839	25,177,377	148,800	6,520,000	6,078,679	2,195,000	0	40,119,856	1,494.83
2008	26,839	26,549,597	1,016,411	6,520,000	5,936,188	1,900,000	0	41,922,196	1,561.99
2009	26,839	27,137,406	894,218	6,470,000	5,793,472	4,491,837	0	44,786,933	1,668.73

(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
2000	27,209	619,118,958	21,690,000	14,988	2,689,029	6,272,615	12,713,368	2.0535%	467.25
2001	26,839	600,149,369	19,810,000	(26,361)	2,591,057	4,520,000	12,725,304	2.1204%	474.13
2002	26,839	607,089,577	25,080,000	(49,986)	2,514,243	3,910,000	18,705,743	3.0812%	696.96
2003	26,839	513,521,138	24,980,000	1,595,430	1,499,646	3,434,334	18,450,590	3.5930%	687.45
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

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

City of Burlington, Iowa

Computation of Direct and Overlapping Bonded Debt
June 30, 2009

	<u>Net General Bonded Debt June 30, 2009</u>	<u>Percent Applicable to City</u>	<u>Direct and Overlapping Bonded Debt</u>
City of Burlington	\$ 21,093,414 (1)	100.00%	\$ 21,093,414
Great Prairie Education Agency	2,213,000	8.44%	186,777
Southeastern Community College	10,410,000	19.84%	2,065,344
West Burlington Community School District	1,905,000	12.62%	240,411
Des Moines County	4,235,000	49.22%	2,084,467
Burlington Community School District	<u>0</u>	76.42%	<u>0</u>
Total direct and overlapping bonded debt	<u>\$ 39,856,414</u>		<u>\$ 25,670,413</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, 2009

Total assessed valuation as of January 1, 2007	\$ 1,063,898,075
Debt limit - 5% of assessed valuation	\$ 53,194,904
Amount of debt applicable to limit:	
General obligation bonds	\$ 32,930,878
Bond anticipation note	4,500,000
Tax increment revenue bonds	6,470,000
Note from Grow Greater Burlington	37,200
Total Applicable to Limit	<u>\$ 43,938,078</u>
Legal debt margin	<u>\$ 9,256,826</u>
Percent of debt limit	17.40%

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

	Fiscal Year					
	2009	2008	2007	2006	2005	2004
Debt Limit	\$ 53,194,904	\$ 49,573,535	\$48,994,093	\$47,843,644	\$47,439,779	\$46,228,135
Total Net Debt Applicable to Limit	<u>43,938,078</u>	<u>39,085,765</u>	<u>31,404,855</u>	<u>33,472,238</u>	<u>30,706,000</u>	<u>29,808,200</u>
Legal Debt Margin	<u>\$9,256,826</u>	<u>\$10,487,770</u>	<u>\$17,589,238</u>	<u>\$14,371,406</u>	<u>\$16,733,779</u>	<u>\$16,419,935</u>
Total net debt applicable to the limit as a percentage of debt limit	82.60%	78.84%	64.10%	69.96%	64.73%	64.48%

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$45,943,849	\$42,325,552	\$42,378,712	\$42,950,868
<u>25,180,400</u>	<u>25,080,000</u>	<u>20,144,800</u>	<u>21,690,000</u>
<u>\$20,763,449</u>	<u>\$17,245,552</u>	<u>\$22,233,912</u>	<u>\$21,260,868</u>
54.81%	59.25%	47.54%	50.50%

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	
2000	3,010,517	2,214,012	796,505	310,000	80,643	390,643	2.039
2001	3,037,540	2,368,175	669,365	310,000	80,643	390,643	1.713
2002	2,926,996	2,404,248	522,748	390,000	117,608	507,608	1.030
2003	2,960,478	2,518,196	442,282	390,000	117,608	507,608	0.871
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

(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 Ten Years Ago

2009		1999	
Name	Approximate Number of Employees	Name	Approximate Number of Employees
		Aldi, Inc	200-500
Alfa Gomma America	50-100		
American Ordinance	500-1000	American Ordinance	Over 1,000
Antennacraft, Division of RadioShack Corporation	Under 100	Antennacraft, Division of RadioShack Corporation	200-500
Borghi International	50-100		
Burlington Basket Company	100-200	Burlington Basket Company	100-200
Burlington Northern Santa Fe, Inc.	Under 100	Burlington Northern Santa Fe, Inc.	200-500
Case New Holland	200-500	Case Corporation	500-1000
Chitenden & Eastman Company	Under 100	Eastman House	100-200
Cobo International	Under 100		
Champion Spark Plug, Division of Federal Mogul	500-1,000	Champion Spark Plug	500-1,000
CSI Employment	200-500	CSI Employment	200-500
Diamond Vogel Paint Company	Under 100	Diamond Vogel Paint Company	Under 100
ESCP Corporation	Under 100		
Flint Cliffs Mfg.	Under 100	Klein Manufacturing	Under 100
General Electric Company	500-1,000	General Electric	500-1,000
Great River Ethanol	Under 100		
Great River Medical Center	Over 1,000	Burlington Medical Center	Over 1,000
Hawk Eye, The	100-200	Hawk Eye, The	Under 100
Hawkeye Concrete Products	100-200	Hawkeye Concrete Products	Under 100
Lamont Limited	200-500	Lamont Limited	200-500
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		
Raider Precast Concrete	200-500	Raider Precast Concrete	100-200
Ron Weber & Associates	Under 100		
Sterzing Food Company	Under 100	Sterzing Food Company	Under 100
The Baking Company	100-200		
Tuthill Corporation, Murray Turbo Division	100-200	Tuthill Corporation, Murray Turbo Division	100-200
U.S. Gypsum Company	200-500	U.S. Gypsum Company	100-200
Vista Bakery	500-1,000	Vista Bakery	200-500
Wal-Mart Stores	200-500	Wal-Mart Stores	200-500
Winegard Company	200-500	Winegard Company	200-500
		Conifer Corporation	Under 100

City of Burlington, Iowa

Historical Economic Data
Last Ten Years

Employment				Retail Sales (3)		
Calendar Year	Population (1)	Labor Force (2)	Unemployment Rate (2)	Year Ended 3/31	Retail Permits	Retail Sales
2000	26,839	14,140	3.9%	2000	831	270,701,424
2001	26,839	13,880	5.8%	2001	807	266,956,374
2002	26,839	13,830	6.3%	2002	793	253,673,761
2003	26,839	13,370	8.2%	2003	745	262,295,174
2004	26,839	12,740	7.1%	2004	736	264,138,149
2005	26,839	12,710	5.1%	2005	712	255,202,262
2006	26,839	12,850	4.7%	2006	703	264,365,555
2007	26,839	12,890	4.4%	2007	686	282,230,876
2008	26,839	12,660	5.9%	2008	696	289,150,021
2009	26,839	12,560	7.8%	2009	724	297,807,457

(1) U.S. Census Bureau

(2) Iowa Workforce Development

(3) Iowa Department of Revenue

(4) Permit totals fiscal year 2000-2002 include all contractor permits

(5) Iowa Workforce Development; Des Moines County

Building Permits (4)			Personal Income (5)	
Fiscal Year	Number of Permits Issued	Dollar Value of Permits Issued	Calendar Year	Per Capita Income
2000	697	8,285,573	N/A	N/A
2001	795	24,293,373	N/A	N/A
2002	644	18,244,317	2000	26,024
2003	223	23,637,000	2001	26,817
2004	223	18,739,000	2002	27,833
2005	206	27,179,000	2003	27,715
2006	209	28,203,162	2004	29,204
2007	237	26,498,176	2005	29,944
2008	226	41,092,033	2006	32,088
2009	184	9,085,283	2007	33,877

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

Function	Full-Time Equivalent Employees as of June 30					
	2009	2008	2007	2006	2005	2004
General Government						
Executive Administration	3	3	3	3	3	3
Finance	6	6	6	6	6	6.4
City Clerk	2	2	2	2	2	2
Public Safety						
Police Officers	42	42	42	42	42	42
Firefigthers and Officers	46	46	46	46	46	46
Civilian Employees	16.5	16.5	16.5	16.5	16.5	16.5
Building Code	5.25	5.25	5.25	5.25	4	4
Public Works						
Administration/Engineering	8.8	8.8	8.8	8.8	8.8	8.8
Streets	15.55	15.55	15.55	15.55	15.55	16.55
Property Maintenance	5	5	5	5	5	5
Vehicle Maintenance	4	4	4	4	4	4
Transit	9	9	9	9	9	9
Other	4.5	4.5	5.2	5.2	5.2	5.2
Culture and Recreation						
Parks	13.1	13.1	13.1	13.1	13.1	14.1
Recreation/Pool	3.25	3.25	3.25	3.25	3.25	3.25
Library	20.27	20.27	20.27	20.27	20.27	20.27
Community and Economic Development	4	4	4	4	4	5
Business Type Activities						
Sewer	23.8	23.8	24.8	24.8	25.8	25.8
Solid Waste	7	7	7.75	7.75	8	8
Parking	1.15	1.15	1.15	1.15	1.15	1.15
Flint Hills Golf	6.15	6.15	6.4	6.4	6.4	6.4
RecPlex	9.25	9.25	9.25	9.25	9.25	9.25
Total	255.57	255.57	258.27	258.27	258.27	261.67

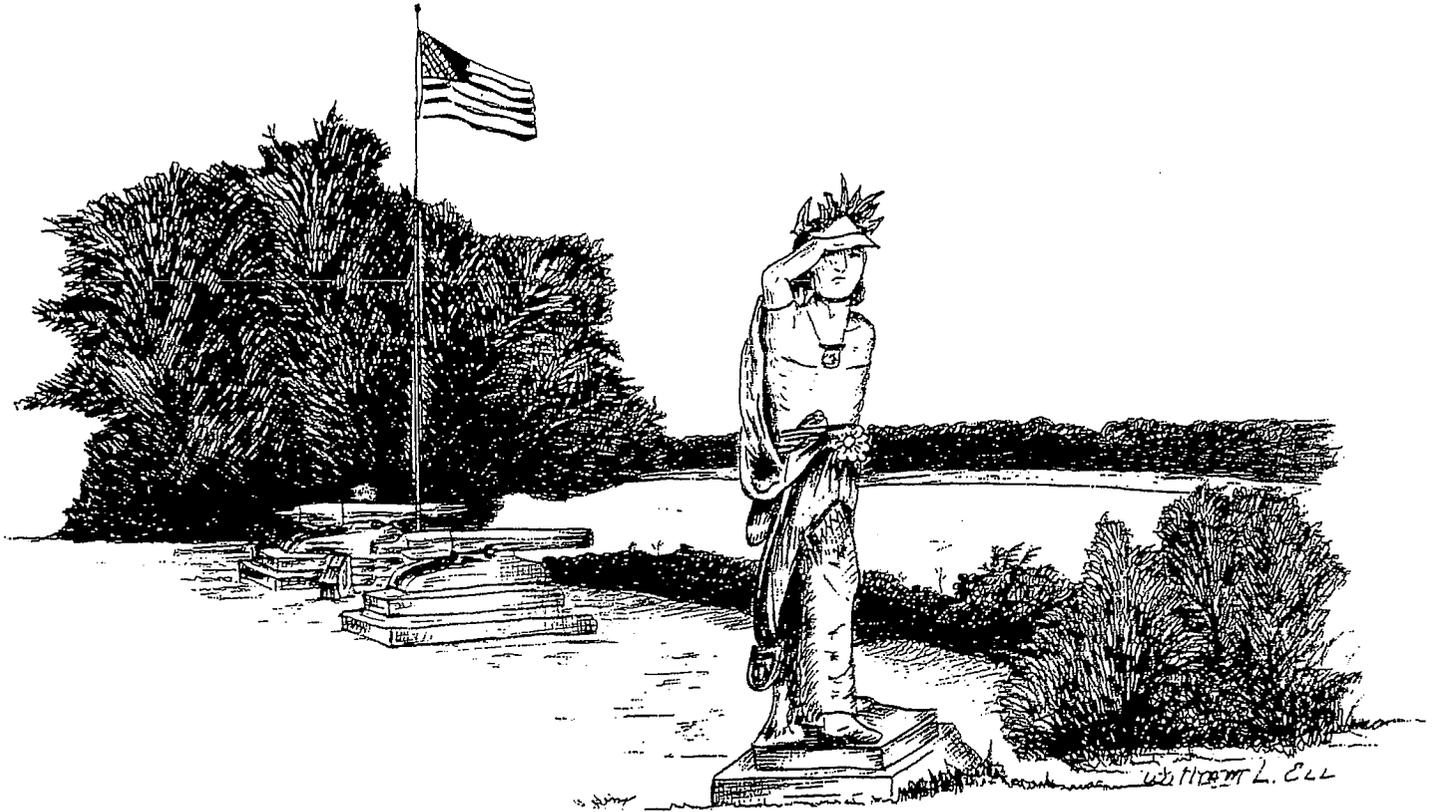
Information obtained from City of Burlington Budgets.
 Full-time equivalent employment is calculated by dividing total part-time and temporary labor hours available by 2080.

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
3	3	3	3
6.6	6.5	6.5	6.5
2	2.4	2.4	2.4
44	44	44	44
49	49	49	49
17.25	18	17.25	18.25
4	4	4	4
9.75	9.75	9.75	9.75
17.5	17.5	18.3	18.3
5	5	5	5
4	4	5	5
9	9	9	9
5.4	5.4	5.4	5.4
14.1	14.1	14.1	14.1
3.25	4.95	4.95	4.95
21.27	21.27	21.27	21.27
5.8	5.8	6	6
26.3	26.3	25.55	25.55
8	8	8	8
1.15	1.15	2.75	2.75
6.4	6.4	6.4	6.4
9.25	9.25	9.25	9.25
272.02	274.77	276.87	277.87

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

	2009	2008	2007	2006	2005	2004	2003
Police							
Number of Stations	1	1	1	1	1	1	1
Number of Officers	42	42	42	42	42	42	44
Fire							
Number of Stations	2	2	2	2	2	2	2
Number of Firefighting Personnel	46	46	46	46	46	46	49
Parks							
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
Building Code							
Number of permits Issued	184	237	237	209	206	223	223
Permit Value	9,085,283	41,092,033	26,498,176	28,203,162	27,179,000	18,739,000	23,637,000
Wastewater Treatment Facility							
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	10

2002	2001	2000
1	1	1
44	44	44
2	2	2
49	49	49
13	13	13
220	220	220
1	1	1
1	1	1
644	795	697
18,244,317	24,293,373	8,285,573
1	1	1
3	3	3
10	10	10



COMPLIANCE SECTION



CPAs & BUSINESS ADVISORS

**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**

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

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, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 11, 2009. 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.

The financial statements of the Friends of the Burlington Public Library, a discretely presented component unit, were not audited in accordance with Government Auditing Standards, and accordingly, this report does not extend to those financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not consider the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City of Burlington, Iowa. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City's responses, and accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the City of Burlington, Iowa, and other parties to whom the City of Burlington, Iowa, may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Burlington, Iowa, during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
December 11, 2009



CPAs & BUSINESS ADVISORS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
ITS MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Burlington, Iowa, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. The City's major federal program is identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 non-compliance 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Burlington, Iowa, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City of Burlington, Iowa, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

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Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in the City's internal control over compliance 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 non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusion to the City's response, we did not audit the City's response, and accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the City of Burlington, Iowa, and other parties to whom the City of Burlington, Iowa, may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Dubuque, Iowa
December 11, 2009

City of Burlington, Iowa

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2009

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
U.S. Department of Justice:			
Passed through program from:			
Office of Drug Control Policy:			
Edward Byrne Memorial			
Formula Grant Program			
	16.579	07JAG/C06-A19	\$ <u>86,045</u>
Direct Program:			
Edward Byrne Memorial Justice			
Assistance Grant Program			
	16.738		<u>29,867</u>
Direct Program:			
Bulletproof Vest Partnership Program			
	16.607		<u>2,289</u>
U.S. Department of Transportation:			
Passed through program from:			
Iowa Department of Transportation:			
Highway Planning and Construction			
	20.205	SBIA-IA06(009)- -2T00	51,775
Highway Planning and Construction			
	20.205	STP-U-0977(626)- -8U-29	20,778
Highway Planning and Construction			
	20.205	SRTS-U-0977(629)- -8U-29	<u>70,950</u>
			<u>143,503</u>
Federal Transit – Capital Investment			
Grants			
	20.500	04-0113-097-07	<u>30,562</u>
Formula Grants for Other Than			
Urbanized Areas			
	20.509	IA-18-X028	<u>201,117</u>
Passed through program from:			
Governor's Traffic Safety Bureau:			
State and Community Highway Safety			
	20.600	09-02, Task 01	8,775
State and Community Highway Safety			
	20.600	08-410, Task 07	<u>2,921</u>
			<u>11,696</u>
Environmental Protection Agency:			
Passed through program from:			
Iowa Finance Authority/Iowa Department			
of Natural Resources:			
Capitalization Grants for Clean Water			
State Revolving Funds			
	66.458	CWSRF#CS-192332-01	<u>897,290</u>
U.S. Department of Homeland Security:			
Passed through program from:			
Iowa Department of Homeland Security:			
Disaster Grants – Public Assistance			
(Presidentially Declared Disasters)			
	97.036	057-09550-00	<u>447,015</u>
Total			<u>\$ 1,849,384</u>

See notes to the Schedule of Expenditures of Federal Awards.

City of Burlington, Iowa

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2009

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Burlington, Iowa, and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

City of Burlington, Iowa

Schedule of Findings and Questioned Costs

Year Ended June 30, 2009

Part I: Summary of the Independent Auditor's Results:

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness identified No

Significant deficiency Yes

Noncompliance material to financial statements noted No

Federal Awards

Internal control over major program:

Material weakness identified No

Significant deficiency Yes

Type of auditor's report issued on compliance for the major program Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) Yes

Identification of major program:

CFDA Number

66.458

97.036

Name of Federal Program or Cluster

Capitalization Grants for Clean Water
State Revolving Funds

Disaster Grants - Public Assistance
(Presidentially Declared Disasters)

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

Auditee qualified as low-risk auditee Yes

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCY

II-A-09 Segregation of Duties

Criteria – Properly designed segregation of duties allows entities to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition - The Finance Director wrote, posted, and approved all journal entries during the year.

Cause – The City had limited personnel causing one person to perform incompatible duties throughout the year.

Effect – Since job functions were not properly segregated, misstatements may not have been prevented or detected on a timely basis in the normal course of operations.

Recommendation – We recommend that City staff review operating procedures in order to obtain the maximum internal controls possible.

City of Burlington, Iowa
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Part II: Findings Related to the Financial Statements: (continued)

Response – With the limited number of employees in the Finance Department, it is impossible to achieve a perfect system of internal accounting control. We will continue to review the situation and assign incompatible duties to separate individuals whenever possible.

Conclusion – Response accepted.

Part III: Findings and Questioned Costs for Federal Awards:

SIGNIFICANT DEFICIENCY

CFDA Number 66.458: Capitalization Grants for Clean Water State Revolving Funds
Pass-through Agency Number: CWSRF#CS-192332-01
U.S. Environmental Protection Agency
Passed through Iowa Department of Homeland Security

CFDA Number 97.036: Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Pass-through Agency Number: 057-09550-00
U.S. Department of Homeland Security
Passed through Iowa Department of Homeland Security

III-A-09 Segregation of Duties – The Finance Director wrote, posted, and approved all journal entries during the year. See item II-A-09.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget – Disbursements before the March 2, 2009, amendment exceeded the original amount budgeted in the capital projects function. Also, disbursements during the year ended June 30, 2009, exceeded the amount budgeted in the public safety, public works, culture and recreation, and debt service 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 sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The City will continue to monitor expenditures on an ongoing basis and in the future will amend the budget prior to disbursements exceeding the budgeted amounts.

Conclusion – Response accepted.

IV-B-09 Questionable Expenditures – We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-09 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

City of Burlington, Iowa

Schedule of Findings and Questioned Costs

Year Ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting: (continued)

IV-D-09 Business Transactions –Business transactions between the City and City officials or employees are detailed as follows.

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Dick Seager, part-time employee, Owner of Dick Seager General Contracting	Services	\$ 12,356

In accordance with Chapter 362.5(10) of the Code of Iowa, the transaction with Dick Seager General Contracting does not appear to represent a conflict of interest since it was entered into through competitive bidding in accordance with Chapter 362.5(4) of the Code of Iowa.

IV-E-09 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 insure that the coverage is adequate for current operations.

IV-F-09 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

Although minutes of Council proceedings were published, they were normally not published within 15 days of the meeting as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation – The City should take measures to publish Council minutes within 15 days of the meeting.

Response – It is the City's position that Council meeting minutes are not official until approved by the City Council, and therefore, the 15 day limitation does not apply until approval.

Conclusion – Response acknowledged.

IV-G-09 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.

IV-H-09 Revenue Bonds – No instances of non-compliance with the provisions of the City's revenue bond resolutions were noted.

