



*Burlington: A Great Place to Live, Work and Play*

# **Comprehensive Annual Financial Report**

**For the Year Ended  
June 30, 2014**



**CITY OF BURLINGTON, IOWA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2014**

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# **INTRODUCTORY SECTION**



December 9, 2014

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

The City of Burlington is required by various state and federal regulations to publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants or by the State Auditor's Office. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Burlington, Iowa (City), for the fiscal year ended June 30, 2014.

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

McGladrey, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Burlington's financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

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

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

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

The City of Burlington has operated under the council-manager form of government since 1982. Policy-making and legislative authority are vested in a governing council consisting of five members elected at large. The mayor is selected by the City Council from their members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the city manager, city clerk, and attorney. The city manager is responsible for carrying out the policies and ordinances of the governing council, for

overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with council members elected every two years.

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

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

### ***Local Economy***

The local economy continued to make movements in a positive direction during fiscal year 2014. Case-New Holland Corporation announced during 2010 that they were moving another line of production to the Burlington facility, which has added nearly 200 jobs to the area with a potential for more.

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

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

General Electric announced the addition of two lines to its West Burlington location, adding 50 f.t.e.'s to their labor force. Snyder's Lance was purchased by Shearer's, and subsequently announced the addition of over 100 f.t.e.'s to their labor force as well as an expansion of their facility's footprint in our community.

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

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

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

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 6.00 percent of General Fund expenditures. The City Council recently reviewed the Financial Management Policies and plans to increase the general fund balance.

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

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

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

### ***Acknowledgments***

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Burlington for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. The report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine eligibility for another certificate.

The preparation of this report would not have been possible without the skill, effort and dedication of the entire staff of the Finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Also appreciated is the continued interest and support by the members of the City Council and City departments in planning and conducting the financial operations of the city in a responsible and prudent manner in these times of limited resources and ever-increasing demands. Credit also must also be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Burlington's finances.

Respectfully submitted,

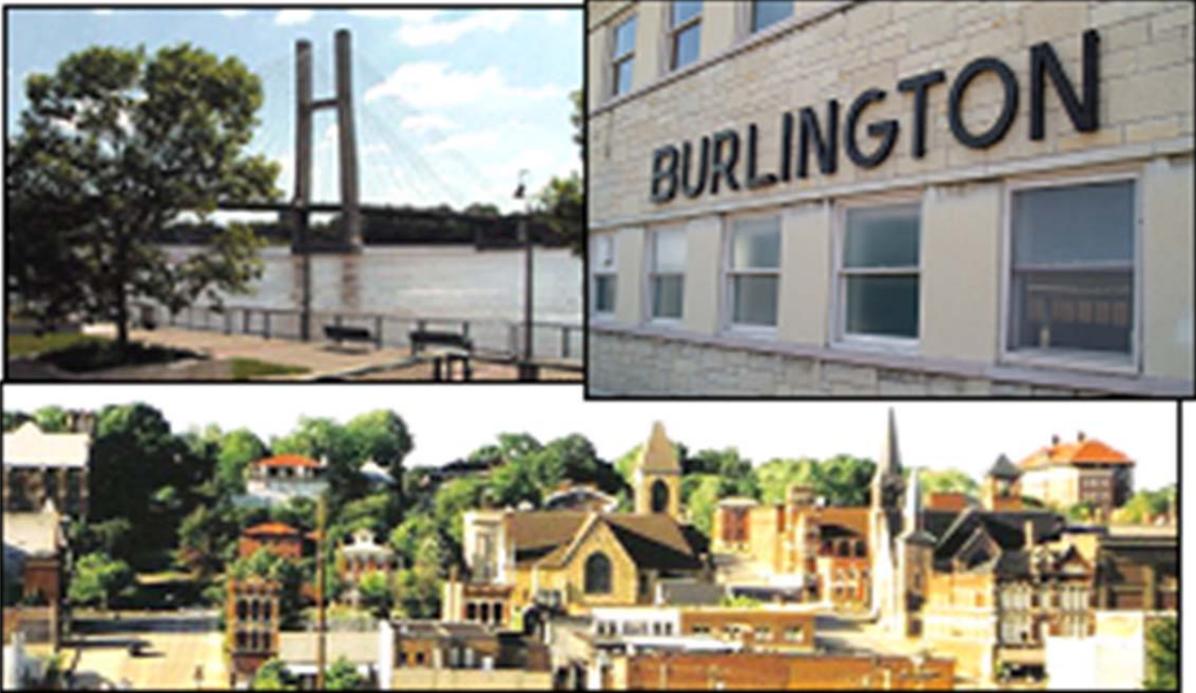


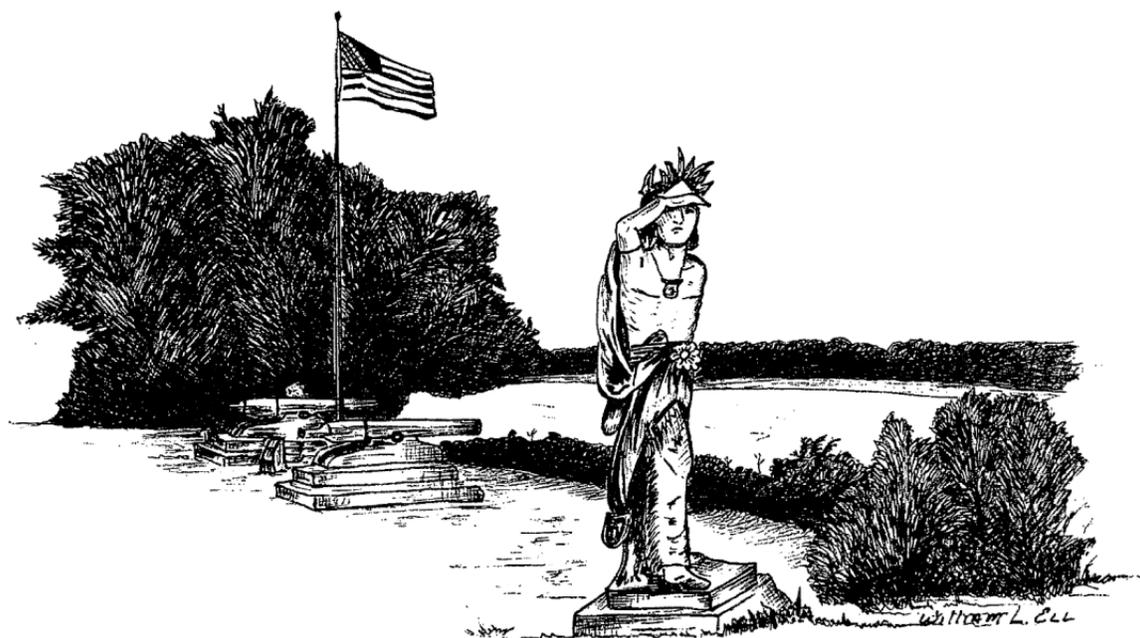
Jim Ferneau  
City Manager



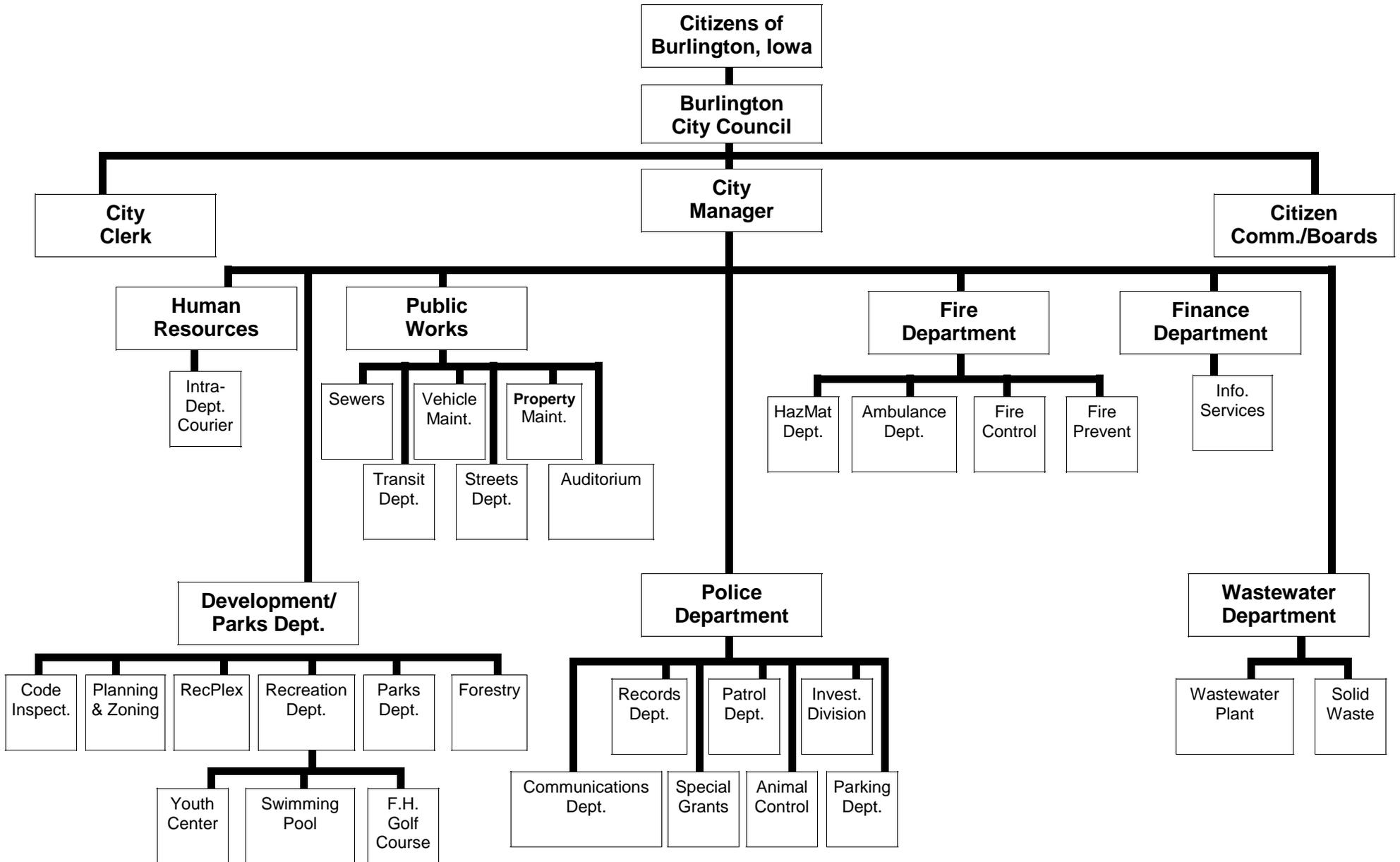
Stephanie Stuecker, CPA  
Director of Administrative Services







# City of Burlington Organizational Chart



# CITY OF BURLINGTON, IOWA

## List of Principal Officials June 30, 2014

### ELECTED OFFICIALS

Mayor	Shane McCampbell
Mayor Pro tem	Becky Anderson
Council Member	Robert Fleming
Council Member	Tim Scott
Council Member	Becky Shockley

### APPOINTED OFFICIALS

City Manager	Jim Ferneau
City Attorney	Patrick O'Connell
City Clerk	Kathleen Salisbury
Development and Parks Director	Eric Tysland
Director of Administrative Services	Stephanie Stuecker
Fire Chief	Matt Trexel
Library Director	Rhonda Frevert
Police Chief	Doug Beard
Public Works Director	Steve Hoambrecker
Wastewater Treatment Facility Superintendent	Donald Fitting



City of  
**Burlington**

## **VISION**

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

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

## **VALUES**

### **P**ARTNERSHIP

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

### **R**ESPECT

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

### **I**NTEGRITY

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

### **D**EDICATION

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

### **E**FFICIENCY

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

# **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.



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Burlington**  
**Iowa**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO



# **FINANCIAL SECTION**





## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burlington, Iowa (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

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

## **Opinion**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 19 through 29, Schedule of Funding Progress for Other Postemployment Benefits, Budgetary Comparison Schedule of Receipts, Disbursements and Change in Fund Balances, Budget and Actual (Budget Basis), Budgetary Basis to GAAP Reconciliation and Notes to Required Supplementary information on pages 76 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations* that are listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Davenport, Iowa  
December 9, 2014

## Management's Discussion and Analysis

Our discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2014 is intended to give the readers an overview of and additional insight into the financial activities of the City over the past year. This will be done most effectively by reading this discussion in conjunction with the letter of transmittal and the financial statements.

### Financial Highlights

- The assets and deferred outflows of resources of the City of Burlington exceeded its liabilities and deferred inflows at June 30, 2014 by \$48,242,290 (net position), an increase of \$4,735,092 from the previous year.
- At the close of the current fiscal year, the City of Burlington's governmental funds reported combined ending fund balance of \$7,564,107, an increase of \$1,550,644 in comparison with the prior year. The increase was attributed to a decrease in capital project spending. The Debt Service Fund increased by \$245,543. The General Fund increased by \$188,871. The Road Use Tax Fund decreased by \$126,230, the Local Option Sales Tax Fund decreased by \$577,786, the Tax Increment Financing Fund increased by \$201,485, the Capital Projects Fund increased by \$1,569,370, and all other governmental funds increased by \$49,391.
- At the end of the current fiscal year, the unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$1,046,735 and is 6.00 percent of total General Fund expenditures.

### Using this annual report

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

### Government-wide Financial Statements

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

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

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

The *Statement of Activities* presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event

giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods. (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements can be found on pages 33-35 of this report.

### **Fund Financial Statements**

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

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

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

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

The City uses funds to prepare its annual budget, but is not the legal level of control. The State of Iowa instead requires City's to budget at a higher "function" level that crosses funds and fund types. The eight levels are Public Safety, Culture and Recreation, Community and

Economic Development, Health and Social Services, Public Works, General Government, Debt Service, and Capital Projects. Legal compliance is demonstrated in the Budget to Actual Schedule in the required supplementary information immediately following the notes to the financial statements.

The basic governmental fund financial statements can be found on pages 36-41 of this report.

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

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

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

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

The basic proprietary fund financial statements can be found on pages 42-44 of this report.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages 46-73 of this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor proprietary funds and internal service funds are presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 83-91 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Burlington, assets and deferred outflows of

resources exceeded liabilities and deferred inflows of resources by \$48,242,290 at the close of the most recent fiscal year.

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

	Activities		Activities		Total	
	2013	2014	2013	2014	2013	2014
Current assets	\$ 21,022	\$ 23,260	\$ 5,314	\$ 6,154	\$ 26,336	\$ 29,414
Noncurrent assets	55,371	54,533	40,445	39,792	95,816	94,325
Total Assets	76,393	77,793	45,759	45,946	122,152	123,739
Deferred Outflows of Resources	185	302	-	-	185	302
Current liabilities	5,763	5,935	2,175	2,482	7,938	8,417
Noncurrent liabilities	36,370	33,679	21,582	20,639	57,952	54,318
Total Liabilities	42,133	39,614	23,757	23,121	65,890	62,735
Deferred Inflows of Resources	12,939	13,063	-	-	12,939	13,063
Net investment in capital assets	40,805	41,647	17,852	17,946	58,657	59,593
Restricted	4,473	5,210	114	121	4,587	5,331
Unrestricted	(23,773)	(21,440)	4,036	4,758	(19,737)	(16,682)
Total Net Position	\$ 21,505	\$ 25,417	\$ 22,002	\$ 22,825	\$ 43,507	\$ 48,242

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

At the end of the current fiscal year, the City reported deficit balances in its unrestricted net position but not in its invested in capital assets, net of related debt or its restricted assets for the government as a whole, as well as for its separate business-type activities. The net position of the City increased by \$4,735,092 during the current fiscal year. This increase was due to several different items occurring. Property tax revenues increased \$554,000 from the prior year because of the property tax increase. Charges for services increased \$865,000 in the business-type activities and \$252,000 in the primary governmental activities because of an increase in fees charged. Primary governmental operating grants increased \$534,000 from the prior year because of an increase in various grant funding sources including transit, CDBG and FEMA. Governmental activities expenses decreased \$2,446,000 from the prior year and was caused by the decrease in capital projects in the current year. The prior year capital projects included sealcoat and HMA streets projects of \$1,498,000 and the animal shelter construction of \$897,833.

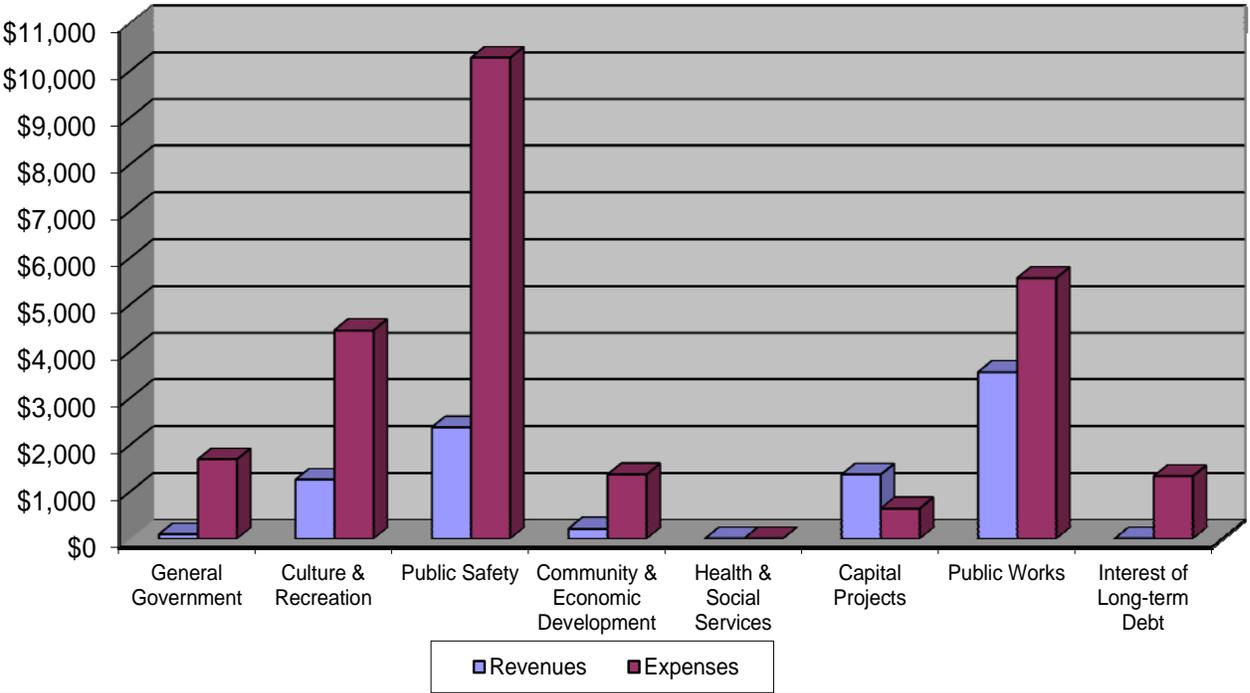
The following table summarizes the City's operating activities for the fiscal year 2014:

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

	Governmental Activities		Business Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Revenues:						
Program revenues:						
Charges for services	\$ 2,458	\$ 2,710	\$ 8,109	\$ 8,974	\$ 10,567	\$ 11,684
Operating grants and contributions	4,028	4,562	-	-	4,028	4,562
Capital grants and contributions	1,444	1,599	18	-	1,462	1,599
General revenues:						
Property taxes	12,025	12,579	-	-	12,025	12,579
Other taxes	5,110	5,626	-	-	5,110	5,626
Other	2,290	1,786	96	109	2,386	1,895
Total revenues	27,355	28,862	8,223	9,083	35,578	37,945
Expenses:						
General government	1,741	1,697	-	-	1,741	1,697
Public safety	10,311	10,284	-	-	10,311	10,284
Public works	5,196	5,571	-	-	5,196	5,571
Culture and recreation	4,165	4,458	-	-	4,165	4,458
Community and economic development	314	1,373	-	-	314	1,373
Health and social services	-	-	-	-	-	-
Capital projects	4,551	645	-	-	4,551	645
Interest on long-term debt	1,528	1,332	-	-	1,528	1,332
Sewer	-	-	5,305	5,228	5,305	5,228
Solid waste	-	-	1,396	1,320	1,396	1,320
Recplex	-	-	673	676	673	676
Parking	-	-	123	122	123	122
Flint Hills golf course	-	-	458	504	458	504
Total expenses	27,806	25,360	7,955	7,850	35,761	33,210
Increase (decrease) in net position before transfers	(451)	3,502	268	1,233	(183)	4,735
Transfers in (out)	(419)	410	419	(410)	-	-
Increase (decrease) in net position	(870)	3,912	687	823	(183)	4,735
Net position beginning	22,375	21,505	21,315	22,002	43,690	43,507
Net position ending	\$ 21,505	\$ 25,417	\$ 22,002	\$ 22,825	\$ 43,507	\$ 48,242

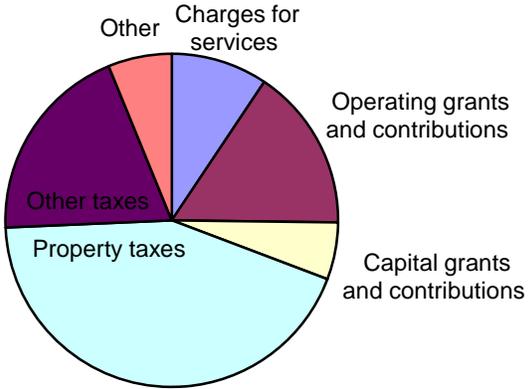
**Governmental activities.** Governmental activities increased the City of Burlington's net position by \$3,912,280, which accounted for the increase in the City's net position. Most of this increase is due to a decrease in capital project expenditures of \$3,905,841 from the prior year and an increase in community and economic development of \$1,059,009 and an increase of other expenses of \$401,116. An increase in property tax and other taxes revenues of \$1,070,000, a decrease in other revenues of \$504,015 also contributed to net position. The change in net position due to program activities is represented as follows:

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

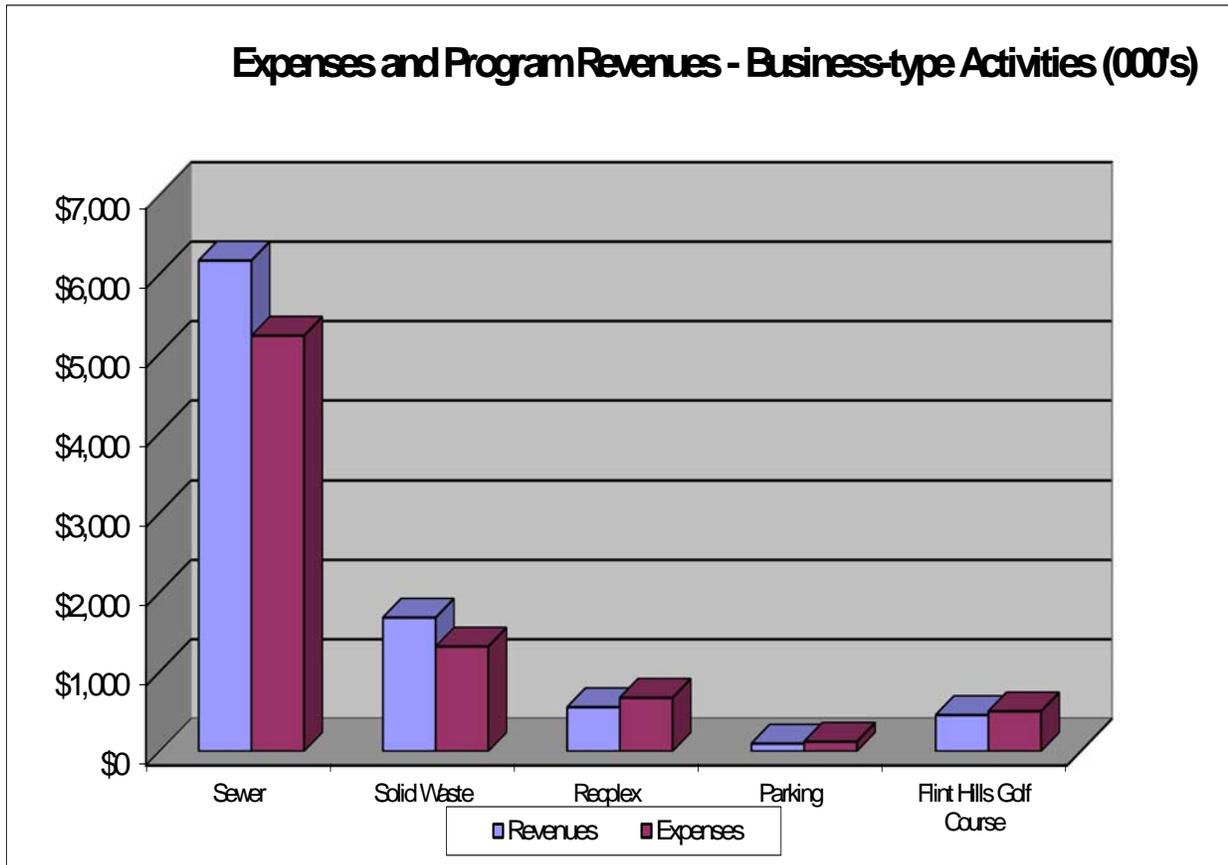


Expenses are higher than revenues for most of these programs due to the fact that many of the governmental activities are supported by general governmental revenues including property taxes and other taxes and other revenues. Revenues for the governmental activities are derived as follows:

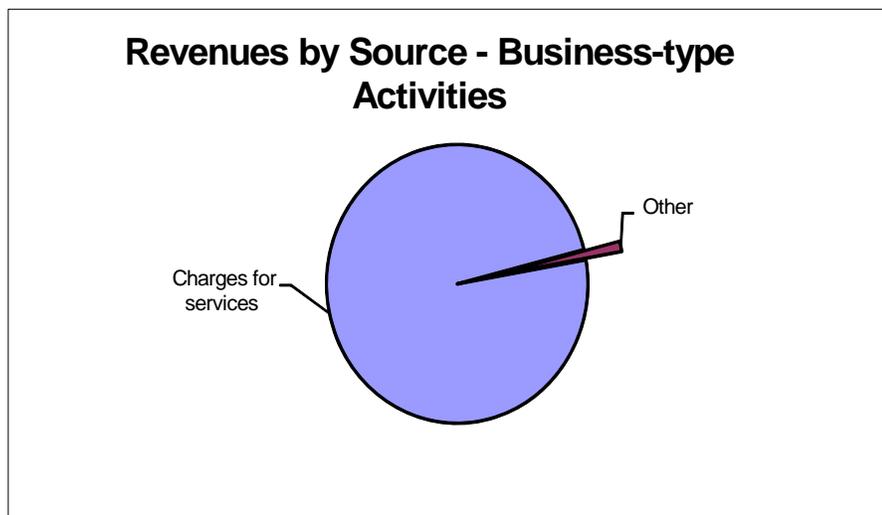
### Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the City of Burlington's net position by \$822,812. The increase in net position from all of the business-type activities is primarily due to an increase in charges for services. The business-type funds also recorded transfers out \$410,064 from the governmental funds.



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



## Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,564,107 an increase of \$1,550,644 in comparison with the prior year.

The General fund is the chief operating fund of the City of Burlington. At the end of the current fiscal year, total fund balance of the General Fund was \$1,280,482, which \$1,034,620 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance unassigned to total fund expenditures. Total unassigned fund balance represents 5.93 percent of total General Fund expenditures.

The fund balance of the City of Burlington's General fund increased by \$188,871 during the current fiscal year to \$1,280,482. The increase was primarily due to an increase in intergovernmental revenues for operating and capital grants.

The Debt Service fund increased its fund balance by \$245,543 during the year to \$262,803. The increase was primarily due to the increase in property taxes.

The Road Use Tax fund has a fund balance of \$1,104,999, a decrease of \$126,230. The decrease was primarily due to capital equipment purchased in the current year.

The Local Option Sales Tax fund has a balance of \$776,570, which is a decrease from the previous year of \$577,786. This balance represents funds allocated for projects, but not expended as of June 30, 2014, funds received in the prior year and carried forward for property tax relief in the ensuing fiscal year, and funds set aside for economic development purposes and not as of yet committed.

The Tax Increment Financing fund has a fund balance of \$282,028, which is an increase from the previous year of \$201,485.

The Capital Projects fund has a fund balance of \$3,329,167 at the end of the current fiscal year. This represents an increase from the previous year of \$1,569,370. The increase in fund balance is primarily due to the transfer in of loan proceeds for capital projects that will be completed in the next fiscal 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 position for the City's enterprise funds as of June 30, 2013 was \$22,824,734, which was an increase of \$822,812 from the previous year. The increase is due to increased revenue for charges of services.

The Recplex, Parking, and Golf Course funds all recorded net operating losses before contributions and transfers for the year. Depreciation expense is the primary reason for the operating losses. After removing depreciation expense from each of these funds, the Golf Course and Parking had positive net income. The Recplex still had operating losses of \$18,645. Revenue in each of these funds also remained steady or grew.

The Sewer fund recorded a net operating income before contributions and transfers of \$1,640,391. Revenues increased from the previous year by \$732,347 or 13.46%.

The Solid Waste Fund recorded a net operating income before transfers and contributions of \$364,905. Revenues increased from the previous year by \$96,039 or 6.04%.

### **Budget Analysis**

The amended budget for disbursement for all funds was \$2,215,000 lower or 4.44% less than the original budget. The final amended budget expenditures were \$47,727,858. The budget amendment included increases in expenditures for public works, culture and recreation, community and economic development, and business type activities and a decrease for capital projects expenditures.

### **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, 2014, amounts to \$92,157,378 (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 decrease in the City's investment in capital assets for the current fiscal year was \$789,587 or 1.27% (0.47% decrease for governmental activities and a 1.38% 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 \$3,622,481 during the year.
- Major asset additions in the governmental funds include police cars and equipment totaling \$127,996, communication equipment and purchase of an ambulance totaling \$436,245, a park shelter house roof, an outdoor shelter, boat docks and other equipment totaling \$256,380, forestry computer and equipment totaling \$43,217, animal shelter totaling \$47,578, computer upgrades and purchase of a copier totaling \$91,193, road use equipment including a street sweeper, dump truck, and a spreader totaling \$222,591, two concrete streets totaling \$947,220 and the Flint River trails for \$183,174.
- Major asset additions in the business-type funds include the design of the cascade sewer separation project for \$586,067, the design of the MASL sewer separation project for \$550,855, a truck for \$11,364, a dump truck for \$49,744, a sprayer for \$25,094 and \$53,625 for wastewater treatment upgrades.

- The value of work in progress amounted to \$617,258. Of this amount, the design of the MASL sewer separation project at \$562,111, a street project at \$1,835, bike trail at \$12,949, and a cab for a dump truck at \$40,363.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Land	\$ 2,005	\$ 1,991	\$ 399	\$ 399	\$ 2,404	\$ 2,390
Buildings and system	18,316	17,649	16,149	15,263	34,465	32,912
Improvements other than buildings	212	222	390	316	602	538
Fixtures and equipment	3,521	3,861	1,014	924	4,535	4,785
Infrastructure	29,871	29,939	19,159	20,976	49,030	50,915
Construction in progress	44	55	1,867	562	1,911	617
<b>Total</b>	<b>\$ 53,969</b>	<b>\$ 53,717</b>	<b>\$ 38,978</b>	<b>\$ 38,440</b>	<b>\$ 92,947</b>	<b>\$ 92,157</b>

Additional information on the City of Burlington's capital assets can be found in note III on pages 58-61 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 \$57,912,103. Of this amount, \$35,884,065 comprises debt backed by the full faith and credit of the government and \$17,264,401 is revenue bonds repayable with revenues from the City's sewer utility and \$4,525,000 of Urban Renewal Tax Increment Revenue bonds. In addition, notes payable of \$238,637 to the Waterworks for water mains.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
General obligation bonds	\$ 33,742	\$ 31,627	\$ 4,330	\$ 4,257	\$ 38,072	\$ 35,884
Sewer revenue bonds	-	-	17,938	17,264	17,938	17,264
Notes payable	238	239	-	-	238	239
Tax increment revenue bonds	5,040	4,525	-	-	5,040	4,525
<b>Total</b>	<b>\$ 39,020</b>	<b>\$ 36,391</b>	<b>\$ 22,268</b>	<b>\$ 21,521</b>	<b>\$ 61,288</b>	<b>\$ 57,912</b>

The City's total long-term debt decreased by \$3,376,448 during the current fiscal year. The City of Burlington maintains an "A2" rating from Moody's for general obligation bonds and an "A2" rating for sewer revenue bonds.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total assessed valuation. The current debt limitation for the City of Burlington is \$56,368,832. The City's current applicable debt is \$40,647,702, which is 72.11% of the statutory limit.

Additional information on the City of Burlington's long-term debt can be found in note V on pages 62-66 of this report.

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

- The unemployment rate for the City of Burlington, as of June 2014 was 5.6%, which was lower than the June 2013 of 6.3%. Total labor force grew from 13,050 in 2013 to 13,480 in 2014.
- Per capita income increased from the 2011 level of \$51,510 to the 2012 level of \$54,286 or 5.39%.
- For the fiscal 2014-2015 budget, the City's property tax rate increased from the previous year \$15.804 to \$15.9363 per \$1,000 of property valuation.
- The City's total taxable valuation increased by \$14,533,545 or 2.03%, the actual valuation was up by \$4,483,478 or 0.04%. This increase is at least partly attributed to an increase in the rollback on residential property, which increased from 52.82% to 54.40%, the rollback on commercial and industrial property decreased from 100% to 95%.
- Sewer revenues for FY 2015 budget include a 5% increase to sewer charges.
- The City's health insurance premiums are projected to increase 5%. Over the past eight years, the average annual increase in health care premiums has been 3%. This low level of increase may be contributed to our employee bargaining units working with us to make plan design changes and mitigate the impact of any increases.
- Departmental budget reductions were implemented in recognition of our declining financial situation.

## **Requests for Information**

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



**BASIC  
FINANCIAL  
STATEMENTS**



City of Burlington, Iowa

Statement of Net Position  
June 30, 2014

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Burlington Municipal Waterworks	Southeast Iowa Regional Airport Authority	Friends of the Burlington Public Library
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 3,600,561	\$ 7,156,633	\$ 10,757,194	\$ 1,042,231	\$ 355,469	\$ 455,369
Receivables:						
Property taxes	13,328,306	-	13,328,306	-	-	-
Accounts	456,512	110,639	567,151	447,622	123,027	62,991
Special assessments	266,721	-	266,721	-	-	-
Intergovernmental	1,848,507	-	1,848,507	-	67,108	-
Interest	34	-	34	73,031	-	28,041
Due from other governments	-	-	-	18,042	-	-
Loan receivable	191,978	-	191,978	-	-	-
Land held for resale	2,053,500	-	2,053,500	-	-	-
Internal balances	1,198,726	(1,198,726)	-	-	-	-
Inventories	85,654	23,692	109,346	44,235	-	-
Other assets	100,715	-	100,715	-	-	-
Prepaid contracts	128,077	61,423	189,500	127,012	5,146	-
Total current assets	23,259,291	6,153,661	29,412,952	1,752,173	550,750	546,401
Noncurrent assets:						
Restricted cash and cash equivalents	-	1,352,515	1,352,515	607,827	-	-
Loan receivable	815,824	-	815,824	-	-	-
Investments, at fair value	-	-	-	-	-	4,070,965
Capital assets:						
Land and Work in Progress	2,045,846	960,654	3,006,500	158,170	2,020,492	-
Buildings, infrastructure, and equipment, net	51,671,806	37,479,072	89,150,878	10,298,730	10,005,131	-
Total noncurrent assets	54,533,476	39,792,241	94,325,717	11,064,727	12,025,623	4,070,965.00
Total assets	\$ 77,792,767	\$ 45,945,902	\$ 123,738,669	\$ 12,816,900	\$ 12,576,373	\$ 4,617,366
Deferred Outflows of Resources						
Deferred amount on refunding	302,095	-	302,095	-	-	-
Total deferred outflows of resources	\$ 302,095	\$ -	\$ 302,095	\$ -	\$ -	\$ -
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	\$ 1,118,912	\$ 576,520	\$ 1,695,432	\$ 78,596	\$ 5,939	-
Claims payable	93,994	-	93,994	-	-	-
Accrued expense	-	-	-	-	14,428	2,305
Customers deposits	-	-	-	1,150	-	-
Lime removal liability	-	-	-	339,712	-	-
Unearned revenue	160,000	526,033	686,033	152,591	13,282	-
Bond interest payable	98,297	51,292	149,589	7,798	-	-
Current portion of long-term obligations	4,464,214	1,328,584	5,792,798	244,318	-	-
Total current liabilities	5,935,417	2,482,429	8,417,846	824,165	33,649	2,305
Noncurrent liabilities:						
Long-term obligations	33,679,105	20,638,739	54,317,844	2,946,110	3,760	-
Total liabilities	39,614,522	23,121,168	62,735,690	3,770,275	37,409	2,305
Deferred Inflows of Resources						
Property taxes	10,762,724	-	10,762,724	-	-	-
Tax increment financing	2,300,060	-	2,300,060	-	-	-
Total deferred inflows of resources	\$ 13,062,784	\$ -	\$ 13,062,784	\$ -	\$ -	\$ -
<b>Net Position</b>						
Net investment in capital assets	\$ 41,646,820	\$ 17,946,482	\$ 59,593,302	\$ 7,337,900	\$ 12,025,623	\$ -
Restricted for:						
Public Safety	154,867	-	154,867	-	-	-
Road Use	1,053,988	-	1,053,988	-	-	-
Culture and Recreation	457,435	-	457,435	-	-	1,522,244
Public Works	2,285	-	2,285	-	-	-
Community and Economic Development	202,464	-	202,464	-	-	-
Capital Projects	2,412,226	-	2,412,226	-	-	-
Property tax relief	309,532	-	309,532	-	-	-
Debt service	617,006	120,770	737,776	-	-	-
Unrestricted (deficit)	(21,439,067)	4,757,482	(16,681,585)	1,708,725	513,341	3,092,817
Total net position	\$ 25,417,556	\$ 22,824,734	\$ 48,242,290	\$ 9,046,625	\$ 12,538,964	\$ 4,615,061

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, 2014**

Programs/Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 1,696,879	\$ 13,535	\$ 76,956	\$ -	\$ (1,606,388)	-	\$ (1,606,388)
Culture and Recreation	4,457,807	606,923	420,881	229,762	(3,200,241)	-	(3,200,241)
Public Safety	10,283,691	1,717,586	662,738	-	(7,903,367)	-	(7,903,367)
Community and Economic Development	1,372,665	-	211,872	-	(1,160,793)	-	(1,160,793)
Health and Social Services	637	-	-	-	(637)	-	(637)
Capital Projects	644,750	-	-	1,369,616	724,866	-	724,866
Public works	5,571,409	371,764	3,190,015	-	(2,009,630)	-	(2,009,630)
Interest and charges on long-term debt	1,332,532	-	-	-	(1,332,532)	-	(1,332,532)
<b>Total governmental activities</b>	<b>25,360,370</b>	<b>2,709,808</b>	<b>4,562,462</b>	<b>1,599,378</b>	<b>(16,488,722)</b>	<b>-</b>	<b>(16,488,722)</b>
Business-type activities:							
Sewer	5,227,835	6,173,454	-	-	-	945,619	945,619
Solid waste	1,320,290	1,685,195	-	-	-	364,905	364,905
Recplex	675,862	557,433	-	-	-	(118,429)	(118,429)
Parking	122,102	99,288	-	-	-	(22,814)	(22,814)
Flint Hills golf course	504,482	458,772	-	-	-	(45,710)	(45,710)
<b>Total business-type activities</b>	<b>7,850,571</b>	<b>8,974,142</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,123,571</b>	<b>1,123,571</b>
<b>Total primary government</b>	<b>\$ 33,210,941</b>	<b>\$ 11,683,950</b>	<b>\$ 4,562,462</b>	<b>\$ 1,599,378</b>	<b>\$ (16,488,722)</b>	<b>\$ 1,123,571</b>	<b>\$ (15,365,151)</b>
<b>Component units:</b>							
Burlington Municipal Waterworks	\$ 4,202,796	\$ 3,796,671	\$ -	\$ 58,767	\$ -	\$ -	\$ -
Friends of the Burlington Public Library	70,328	-	91,524	-	-	-	-
Southeast Iowa Regional Airport	1,295,952	255,689	208,548	103,875	-	-	-
<b>Total component units</b>	<b>\$ 5,569,076</b>	<b>\$ 4,052,360</b>	<b>\$ 300,072</b>	<b>\$ 162,642</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
General revenues:							
Taxes:							
Property taxes					12,579,076	-	12,579,076
Local Option Sales					4,101,056	-	4,101,056
Other					1,525,245	-	1,525,245
Investment Income (loss), Net					6,941	40,580	47,521
Other Revenues					1,778,620	68,725	1,847,345
Transfers					410,064	(410,064)	-
<b>Total general revenues and transfers</b>					<b>20,401,002</b>	<b>(300,759)</b>	<b>20,100,243</b>
Changes in net position					3,912,280	822,812	4,735,092
Net position - beginning, restated					21,505,276	22,001,922	43,507,198
Net position - ending					<b>\$ 25,417,556</b>	<b>\$ 22,824,734</b>	<b>\$ 48,242,290</b>

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



City of Burlington, Iowa

Balance Sheet  
Governmental Funds  
June 30, 2014

	General	Debt Service	Road Use Tax	Local Option Sales Tax	Tax Increment Financing
<b>Assets</b>					
Cash and cash equivalents	\$ 1,185,297	\$ 104,808	\$ 316,589	\$ 172,891	\$ 228,879
Receivables:					
Property taxes	6,422,411	2,795,362	-	-	2,353,209
Accounts	332,875	122,632	-	-	-
Special assessments	227,219	-	-	-	-
Intergovernmental	391,788	-	197,659	947,085	-
Loan receivable	-	1,007,802	-	-	-
Inventory	-	-	31,915	-	-
Land held for resale	-	-	-	-	-
Due from other funds	-	-	31,344	-	-
Prepaid contracts	93,903	-	19,096	-	-
Advances to other funds	-	-	647,598	-	-
<b>Total assets</b>	<b>\$ 8,653,493</b>	<b>\$ 4,030,604</b>	<b>\$ 1,244,201</b>	<b>\$ 1,119,976</b>	<b>\$ 2,582,088</b>
<b>Liabilities, deferred inflows of resources and fund balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 772,492	\$ 16,243	\$ 139,202	\$ 14,331	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue - other	25,000	-	-	-	-
<b>Total liabilities</b>	<b>797,492</b>	<b>16,243</b>	<b>139,202</b>	<b>14,331</b>	<b>-</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - property taxes	6,295,273	2,743,756	-	-	-
Unavailable revenue - special assessments	227,219	-	-	-	-
Unavailable revenue - tax increment financing	-	-	-	-	2,300,060
Unavailable revenue - loans	44,466	1,007,802	-	-	-
Unavailable revenue - Intergovernmental	8,561	-	-	329,075	-
<b>Total deferred inflows of resources</b>	<b>6,575,519</b>	<b>3,751,558</b>	<b>-</b>	<b>329,075</b>	<b>2,300,060</b>
<b>Fund balances</b>					
Nonspendable	93,903	-	51,011	-	-
Restricted	139,844	262,803	1,053,988	776,570	452,500
Assigned	12,115	-	-	-	-
Unassigned	1,034,620	-	-	-	(170,472)
<b>Total fund balances</b>	<b>1,280,482</b>	<b>262,803</b>	<b>1,104,999</b>	<b>776,570</b>	<b>282,028</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 8,653,493</b>	<b>\$ 4,030,604</b>	<b>\$ 1,244,201</b>	<b>\$ 1,119,976</b>	<b>\$ 2,582,088</b>

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

<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 865,620	\$ 560,929	\$ 3,435,013
-	1,757,324	13,328,306
-	861	456,368
39,502	-	266,721
229,214	64,199	1,829,945
-	-	1,007,802
-	-	31,915
2,053,500	-	2,053,500
-	-	31,344
-	-	112,999
551,128	-	1,198,726
<u>\$ 3,738,964</u>	<u>\$ 2,383,313</u>	<u>\$ 23,752,639</u>

\$ 37,890	\$ 78,017	\$ 1,058,175
-	31,344	31,344
135,000	-	160,000
<u>172,890</u>	<u>109,361</u>	<u>1,249,519</u>

-	\$ 1,723,695	\$ 10,762,724
39,444	-	266,663
-	-	2,300,060
-	-	1,052,268
197,463	22,199	557,298
<u>236,907</u>	<u>1,745,894</u>	<u>14,939,013</u>

-	-	144,914
2,094,337	528,058	5,308,100
1,368,266	-	1,380,381
(133,436)	-	730,712
<u>3,329,167</u>	<u>528,058</u>	<u>7,564,107</u>

<u>\$ 3,738,964</u>	<u>\$ 2,383,313</u>	<u>\$ 23,752,639</u>
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**City of Burlington, Iowa**

**Reconciliation of the Balance Sheet to the  
Governmental Funds to Statement of Net Position  
June 30, 2014**

Total governmental fund balances		\$ 7,564,107
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets:		
Land and work in progress	\$ 2,045,846	
Buildings, improvements, and equipment, net of depreciation	51,671,806	
Less: Internal service fund capital assets, net of depreciation	<u>(611,195)</u>	53,106,457
The assets and liabilities of internal service funds are included in the governmental activities in the statement of net position.		
		643,669
Certain assets used in governmental activities are not current financial resources and, therefore are not reported in the funds, other assets		
		100,715
Other long-term assets are not available to pay for current period expenditures and, therefore are reported as unavailable revenue in the funds.		
General fund - accounts receivable	44,466	
Debt service fund - accounts receivable	1,007,802	
General fund - special assessments receivable	227,219	
General fund - intergovernmental receivable	8,561	
Local option sales tax fund - intergovernmental receivable	329,075	
Community Development fund - intergovernmental receivable	22,199	
Capital projects fund - intergovernmental receivable	197,463	
Capital projects fund - special assessments receivable	<u>39,444</u>	1,876,229
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	(31,627,065)	
Premium on general obligation bonds	(198,002)	
Deferred amount on refunding	302,095	
Tax increment revenue bonds	(4,525,000)	
Notes payable	(238,637)	
Compensated absences	(1,168,497)	
Less: Amount applicable to internal service funds	65,900	
Other post-employment benefits payable	(386,118)	
Bond interest payable	<u>(98,297)</u>	<u>(37,873,621)</u>
Net position of governmental activities		<u>\$ 25,417,556</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**  
**Governmental Funds**  
**For the Year Ended June 30, 2014**

	General Fund	Debt Service	Road Use Tax	Local Option Sales Tax	Tax Increment Financing	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>								
Property taxes	\$ 6,150,044	\$ 2,590,589	\$ -	\$ -	\$ 2,165,266	\$ -	\$ 1,673,177	\$ 12,579,076
Other taxes and assessments	1,533,057	96,986	-	3,771,981	-	9,625	66,142	5,477,791
Licenses and permits	778,882	-	-	-	-	-	1,255	780,137
Fines and forfeitures	157,457	-	-	-	-	-	-	157,457
Intergovernmental	1,462,736	-	2,639,251	-	-	1,557,570	233,352	5,892,909
Charges for services	1,344,932	-	-	-	-	-	22,646	1,367,578
Use of money and property	176,178	-	-	-	-	-	5,930	182,108
Other	309,625	861,412	420	-	20,000	346,567	731,343	2,269,367
<b>Total revenues</b>	<b>11,912,911</b>	<b>3,548,987</b>	<b>2,639,671</b>	<b>3,771,981</b>	<b>2,185,266</b>	<b>1,913,762</b>	<b>2,733,845</b>	<b>28,706,423</b>
<b>Expenditures:</b>								
<b>Current operating:</b>								
Public Safety	10,325,066	-	-	-	-	-	22,215	10,347,281
Culture and Recreation	3,593,161	-	-	50,000	-	-	276,264	3,919,425
Public Works	1,909,558	-	2,406,049	-	-	-	-	4,315,607
Community and Economic Development	199,245	-	-	93,150	622	-	769,936	1,062,953
Health and Social Services	637	-	-	-	-	-	-	637
General Government	1,410,438	85,657	-	98,654	-	-	-	1,594,749
<b>Debt service:</b>								
Principal	-	3,915,000	-	16,685	-	-	-	3,931,685
Interest and other charges	-	1,328,537	-	1,374	-	-	-	1,329,911
Capital outlay	-	-	-	-	-	2,303,681	-	2,303,681
<b>Total expenditures</b>	<b>17,438,105</b>	<b>5,329,194</b>	<b>2,406,049</b>	<b>259,863</b>	<b>622</b>	<b>2,303,681</b>	<b>1,068,415</b>	<b>28,805,929</b>
Excess (deficiency) of revenues over (under) expenditures	(5,525,194)	(1,780,207)	233,622	3,512,118	2,184,644	(389,919)	1,665,430	(99,506)
<b>Other financing sources (uses):</b>								
Issuance of general obligation bonds	-	1,301,750	-	-	-	-	-	1,301,750
Premium payment for general obligation bonds	-	26,249	-	-	-	-	-	26,249
Issuance of general refunding bonds	-	3,890,000	-	-	-	-	-	3,890,000
Premium payment for general refunding bonds	-	90,535	-	-	-	-	-	90,535
Payment to refunded bonds escrow agent	-	(4,035,410)	-	-	-	-	-	(4,035,410)
Transfers in	6,149,820	2,054,376	-	-	-	1,959,289	76,971	10,240,456
Transfers out	(435,755)	(1,301,750)	(359,852)	(4,089,904)	(1,983,159)	-	(1,693,010)	(9,863,430)
<b>Total other financing sources and uses</b>	<b>5,714,065</b>	<b>2,025,750</b>	<b>(359,852)</b>	<b>(4,089,904)</b>	<b>(1,983,159)</b>	<b>1,959,289</b>	<b>(1,616,039)</b>	<b>1,650,150</b>
<b>Net change in fund balance</b>	<b>188,871</b>	<b>245,543</b>	<b>(126,230)</b>	<b>(577,786)</b>	<b>201,485</b>	<b>1,569,370</b>	<b>49,391</b>	<b>1,550,644</b>
Fund balances, beginning	1,091,611	17,260	1,231,229	1,354,356	80,543	1,759,797	478,667	6,013,463
<b>Fund balances, ending</b>	<b>\$ 1,280,482</b>	<b>\$ 262,803</b>	<b>\$ 1,104,999</b>	<b>\$ 776,570</b>	<b>\$ 282,028</b>	<b>\$ 3,329,167</b>	<b>\$ 528,058</b>	<b>\$ 7,564,107</b>

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

**City of Burlington, Iowa**

**Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For The Year Ended June 30, 2014**

Net change in fund balances--total governmental funds \$ 1,550,644  
 Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The following is the amount by which depreciation expense exceeds capital outlays capitalized in the current year:

Capital outlay	2,339,729	
Loss on disposals of capital assets	(25,834)	
Depreciation	<u>(2,542,253)</u>	(228,358)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

General fund - accounts receivable	12,204	
Debt service fund - accounts receivable	(217,336)	
General fund - special assessments receivable	46,654	
General fund - intergovernmental receivable	(4,887)	
Local option sales tax fund - intergovernmental receivable	329,075	
Community Development fund - intergovernmental receivable	11,097	
Capital projects fund - intergovernmental receivable	(31,271)	
Capital projects fund - special assessments receivable	<u>(8,369)</u>	137,167

Decrease in other assets (292,029)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Governmental funds report the effect of premium and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:

Repayment of bond principal	3,931,685	
Payments to escrow agent, including \$145,410 deferred amount on refunding	4,035,410	
Issuance of long-term debt	(5,191,750)	
Premiums	(116,784)	
Amortization of deferred amount on refunding	(27,956)	
Amortization of bond premiums	12,787	
Adjustment to bond and note interest payable	<u>12,462</u>	2,655,854

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in compensated absences	\$ (40,118)	
Change in other post-employment benefits payable	(48,296)	(88,414)

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.

177,416

Changes in net position of governmental activities \$ 3,912,280

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

City of Burlington, Iowa

Statement of Net Position  
Proprietary Funds  
June 30, 2014

	Business Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Sewer	Solid Waste	Total Non-Major Enterprise Funds	Total Enterprise Funds	
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 6,923,459	\$ 233,174	\$ -	\$ 7,156,633	\$ 165,548
Receivables:					
Accounts	86,928	10,519	13,192	110,639	144
Intergovernmental	-	-	-	-	18,562
Interest	-	-	-	-	34
Due from other funds	-	-	-	-	184,712
Inventories	-	-	23,692	23,692	53,739
Prepaid contracts	33,589	15,510	12,324	61,423	15,078
Total current assets	7,043,976	259,203	49,208	7,352,387	437,817
Noncurrent assets:					
Restricted cash and cash equivalents	1,352,515	-	-	1,352,515	-
Capital assets:					
Land and Work in Progress	562,111	-	398,543	960,654	-
Buildings, infrastructure, and equipment, net	34,384,621	292,580	2,801,871	37,479,072	611,195
Total noncurrent assets	36,299,247	292,580	3,200,414	39,792,241	611,195
Total assets	\$ 43,343,223	\$ 551,783	\$ 3,249,622	\$ 47,144,628	\$ 1,049,012
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 415,831	\$ 74,308	\$ 86,381	\$ 576,520	\$ 60,737
Claims payable	-	-	-	-	93,994
Due to other funds	-	-	-	-	184,712
Unearned revenue	401,240	119,193	5,600	526,033	-
Bond interest payable	51,292	-	-	51,292	-
Current portion of long-term obligations	1,311,963	5,967	10,654	1,328,584	16,475
Total current liabilities	2,180,326	199,468	102,635	2,482,429	355,918
Noncurrent liabilities:					
Advances from other funds	-	-	1,198,726	1,198,726	-
Long-term obligations	20,588,876	17,901	31,962	20,638,739	49,425
Total liabilities	22,769,202	217,369	1,333,323	24,319,894	405,343
<b>Net Position</b>					
Net investment in capital assets	14,453,488	292,580	3,200,414	17,946,482	611,195
Restricted for:					
Debt service	120,770	-	-	120,770	-
Unrestricted (deficit)	5,999,763	41,834	(1,284,115)	4,757,482	32,474
Total net position	\$ 20,574,021	\$ 334,414	\$ 1,916,299	\$ 22,824,734	\$ 643,669

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

City of Burlington, Iowa

Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Funds  
 For The Year Ended June 30, 2014

	Business Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds	
	Sewer	Solid Waste	Total Non-Major Enterprise Funds		
Operating revenues:					
Charges for services	\$ -	\$ 1,685,195	\$ 1,115,493	\$ 2,800,688	\$ 1,930,411
Sewer Charges Pledged as Security for Revenue Bonds	6,173,454	-	-	6,173,454	-
Other	-	-	-	-	18,897
<b>Total operating revenues</b>	<b>6,173,454</b>	<b>1,685,195</b>	<b>1,115,493</b>	<b>8,974,142</b>	<b>1,949,308</b>
Operating expenses:					
Personal services	1,737,418	444,438	531,896	2,713,752	904,066
Contractual services	730,647	781,297	230,665	1,742,609	100,828
Operating supplies	500,214	51,654	329,789	881,657	773,971
Depreciation	1,564,784	42,901	210,096	1,817,781	26,200
<b>Total operating expenses</b>	<b>4,533,063</b>	<b>1,320,290</b>	<b>1,302,446</b>	<b>7,155,799</b>	<b>1,805,065</b>
Operating income (loss)	1,640,391	364,905	(186,953)	1,818,343	144,243
Nonoperating revenues (expenses):					
Interest revenue	40,580	-	-	40,580	135
Intergovernmental	68,725	-	-	68,725	-
Interest expense	(694,772)	-	-	(694,772)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(585,467)</b>	<b>-</b>	<b>-</b>	<b>(585,467)</b>	<b>135</b>
Net income (loss) before transfers	1,054,924	364,905	(186,953)	1,232,876	144,378
Transfers in	-	-	369,888	369,888	60,000
Transfers out	(603,402)	(176,550)	-	(779,952)	(26,962)
<b>Change in net position</b>	<b>451,522</b>	<b>188,355</b>	<b>182,935</b>	<b>822,812</b>	<b>177,416</b>
Total net position - beginning	20,122,499	146,059	1,733,364	22,001,922	466,253
<b>Total net position - ending</b>	<b>\$ 20,574,021</b>	<b>\$ 334,414</b>	<b>\$ 1,916,299</b>	<b>\$ 22,824,734</b>	<b>\$ 643,669</b>

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

**City of Burlington, Iowa**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended June 30, 2014**

	Business Type Activities - Enterprise Funds			Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Sewer	Solid Waste	Non-Major Enterprise Funds		
Cash flows from operating activities:					
Receipts from customers	\$ 6,214,018	\$ 1,680,800	\$ 1,131,209	\$ 9,026,027	\$ 1,960,129
Payments to suppliers	(1,172,866)	(833,919)	(572,480)	(2,579,265)	(1,141,207)
Payments to employees	(1,705,774)	(451,889)	(517,999)	(2,675,662)	(731,948)
Net cash provided by operating activities	<u>\$ 3,335,378</u>	<u>\$ 394,992</u>	<u>\$ 40,730</u>	<u>\$ 3,771,100</u>	<u>\$ 86,974</u>
Cash flows from noncapital financing activities:					
Transfers to other funds	\$ (603,402)	\$ (176,550)	\$ -	\$ (779,952)	(26,962)
Transfers from other funds	-	-	369,888	369,888	60,000
(Payments) to interfund accounts	-	-	(385,523)	(385,523)	(247,457)
Proceeds from interfund accounts	-	-	-	-	36,641
Net cash (used) in noncapital financing activities	<u>\$ (603,402)</u>	<u>\$ (176,550)</u>	<u>\$ (15,635)</u>	<u>\$ (795,587)</u>	<u>\$ (177,778)</u>
Cash flows from capital and related financing activities:					
Proceeds from capital debt	\$ 326,401	\$ -	\$ -	\$ 326,401	\$ -
Purchase of capital assets	(1,247,592)	-	(25,095)	(1,272,687)	(3,149)
Principal paid on capital debt	(1,073,000)	-	-	(1,073,000)	-
Intergovernmental bond rebates	68,725	-	-	68,725	-
Premium from capital debt	5,376	-	-	5,376	-
Interest paid on capital debt	(716,630)	-	-	(716,630)	-
Net cash (used) in capital and related financing activities	<u>\$ (2,636,720)</u>	<u>-</u>	<u>\$ (25,095)</u>	<u>\$ (2,661,815)</u>	<u>(3,149)</u>
Cash flows from investing activities:					
Interest received	\$ 40,580	\$ -	\$ -	\$ 40,580	\$ 135
Net increase (decrease) in cash and cash equivalents	\$ 135,836	\$ 218,442	\$ -	\$ 354,278	\$ (93,818)
Balances - beginning of year	8,140,138	14,732	-	8,154,870	259,366
Balances - end of year	<u>\$ 8,275,974</u>	<u>\$ 233,174</u>	<u>\$ -</u>	<u>\$ 8,509,148</u>	<u>\$ 165,548</u>
Reconciliation of cash and cash equivalents to the statement of net position:					
Cash and cash equivalents	6,923,459	233,174	-	7,156,633	165,548
Restricted cash and cash equivalents	1,352,515	-	-	1,352,515	-
	<u>8,275,974</u>	<u>233,174</u>	<u>-</u>	<u>8,509,148</u>	<u>165,548</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 1,640,391	\$ 364,905	\$ (186,953)	\$ 1,818,343	\$ 144,243
Adjustments to reconcile operating income(loss) to net cash provided (used) by operating activities:					
Depreciation	1,564,784	42,901	210,096	1,817,781	26,200
Changes in assets and liabilities:					
Receivables, net	5,746	(4,897)	15,577	16,426	10,821
Inventories	-	-	(2,049)	(2,049)	(2,405)
Prepaid contracts	(623)	(83)	1,460	754	(3,824)
Accounts and other payables	90,262	(8,336)	2,460	84,386	(88,061)
Unearned revenue	34,818	502	139	35,459	-
Net cash provided by operating activities	<u>\$ 3,335,378</u>	<u>\$ 394,992</u>	<u>\$ 40,730</u>	<u>\$ 3,771,100</u>	<u>\$ 86,974</u>
Noncash capital and related financing activities:					
Capitalized interest	\$ 6,916	\$ -	\$ -	\$ 6,916	\$ -
Amortization of premium	12,919	-	-	12,919	-

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



**I. Summary of significant accounting policies**

**A. Financial Reporting Entity**

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

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

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

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

**Discretely Presented Component Units**

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

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

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

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

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

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

Friends of the Burlington Public Library Foundation (Foundation), a separate legal entity, exists for the purpose of attracting funds to benefit the Public Library, which serves the Burlington area and to disburse those funds in a manner that will benefit the Library. The Foundation meets the definition of a component unit since its primary purpose is to raise funds on behalf of the Burlington Public Library. The Foundation is a business type activity. The Foundation's fiscal year ended on May 31, 2014.

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

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

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

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for any borrowings that are attributed to the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. The sewer fund had \$1,231,745 of unspent bond proceeds.

Restricted net position results when constraints placed on their use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Net position restricted through enabling legislation consists of \$2,285 for public works, \$1,053,988 for road use, \$309,532 for property tax relief, \$452,500 for debt service (for tax increment debt), \$157,506 for economic development, \$309,532 for capital projects, and \$139,844 in culture and recreation.

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

#### *Net Position Flow Assumption*

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

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

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

The City reports the following major governmental funds:

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

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following nonmajor proprietary fund type:

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

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

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

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

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

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

Other taxes and assessments, intergovernmental service charges, and fines and forfeitures associated with current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits and other receipts become measurable and available when cash is received

by the City and are recognized as revenue at that time. Interest earnings are recorded as earned, since they are measurable and available.

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

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

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

##### *Cash, Cash Equivalents and Investments*

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

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

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

##### *Interfund Balances*

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

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

*Property Tax Receivable, Including Tax Increment Financing*

Property taxes are recognized in the year in which the levy is due and collectable. The current tax levy, which is due and collectable during the year ending June 30, 2014 was certified on March 15, 2013 by the local taxing authority, Des Moines County, based on January 1, 2012 valuations establishing a lien date of March 15, 2013. Property taxes are due in two installments with the first half becoming delinquent after September 30 and the second half after March 31 of the following year. Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the City to the County. Any County collections on the 2012-2013 tax levy remitted to the City within sixty days subsequent to June 30, 2014, are recorded as property tax revenues. Taxes not collected and remitted to the City within sixty days subsequent to June 30, 2014, are delinquent and have been recorded as receivables and unavailable revenue.

By statute, the City is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable for 2013-2014 tax levy has been recorded, the related revenue is unavailable and will not be recognized as revenue until the year for which it is levied and budgeted for.

*Intergovernmental receivables*

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

*Inventories and Prepaid Contracts*

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

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

*Restricted cash and cash equivalents*

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

*Capital Assets*

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

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

Major outlays for capital assets and improvements are capitalized as construction-in-progress as the projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. Capitalized interest was \$6,916 in the Sewer fund.

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

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

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

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

### *Compensated Absences*

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

In governmental fund financial statements, these accrued benefits, including Firefighter compensatory time, are considered long-term liabilities similar to that of long-term debt and are not reported as a fund liability unless the liability has matured, for example, as a result of employee retirements and resignations.

### *Long-term Debt*

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

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

#### *Deferred Outflows/Inflows of Resources*

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

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

#### *Fund Balance Policies*

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

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

*Fund Balance Flow Assumptions*

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

**II. CASH AND INVESTMENTS**

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

As of June 30, 2014, the carrying amount of the City's cash deposits, which includes certificates of deposit, total \$12,105,214 with bank balances of \$12,278,891. 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, 2014, the carrying amount of deposits, related bank balances, and other cash, including fiduciary funds, were as follows:

	Carrying Amount	Bank Balance
Demand Deposits	\$ 12,076,481	\$ 12,250,158
Certificates of Deposit	28,733	28,733
Petty Cash	4,495	-
Total	<u>\$ 12,109,709</u>	<u>\$ 12,278,891</u>

NOTES TO FINANCIAL STATEMENTS  
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SIRAA's deposits at June 30, 2014 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, 2014, consisted of unrestricted cash of \$355,469. The cash balances are entirely from checking and savings deposits. SIRAA held no investments as of June 30, 2014.

Waterworks' carrying amount of deposits was \$1,650,058 all of which are covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of funds. Waterworks' held no investments as of June 30, 2014.

The Foundation had cash deposits of \$455,369. Investments held by the foundation were as follows:

U. S. Agency obligations	\$ 38,557
Municipal bonds and notes	50,559
Corporate debt securities	425,821
Fixed income funds	950,954
Equity securities	983,460
Equity funds	<u>1,621,614</u>
Total	<u>\$ 4,070,965</u>

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

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

*Interest Rate Risk.* The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within fifteen months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in instruments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City. The City did not hold any investments as of June 30, 2014 subject to interest rate risk.

*Credit Risk.* The City's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. As of June 30, 2014, the City did not hold any investments subject to credit risk.

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

*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 investments subject to this risk during the year.

*Custodial Credit Risk - Investment.* For an investment, this is the risk that, in the event of the failure the counterparty, the government will not to 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 investments during the year.

### III. CAPITAL ASSETS

Capital asset activity for the City for the year ended June 30, 2014, is as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,004,602	\$ -	\$ 13,903	\$ 1,990,699
Work-in-progress	43,857	55,147	43,857	55,147
Total, undepreciated	<u>2,048,459</u>	<u>55,147</u>	<u>57,760</u>	<u>2,045,846</u>
Capital assets being depreciated:				
Land improvements	1,325,197	29,435	-	1,354,632
Infrastructure	44,791,022	1,128,559	-	45,919,581
Buildings	20,534,455	80,994	6,920	20,608,529
Building improvements	7,344,127	29,500	25,857	7,347,770
Fixtures and equipment	6,550,906	716,120	1,349,911	5,917,115
Vehicles	6,788,240	346,980	393,006	6,742,214
Total, depreciated	<u>87,333,947</u>	<u>2,331,588</u>	<u>1,775,694</u>	<u>87,889,841</u>
Less accumulated depreciation for:				
Land improvements	1,112,578	19,799	-	1,132,377
Infrastructure	14,920,558	1,059,393	-	15,979,951
Buildings	4,972,133	499,622	807	5,470,948
Building improvements	4,589,676	266,681	20,039	4,836,318
Fixtures and equipment	5,070,785	300,157	1,349,911	4,021,031
Vehicles	4,747,615	422,801	393,006	4,777,410
Total accumulated depreciation	<u>35,413,345</u>	<u>2,568,453</u>	<u>1,763,763</u>	<u>36,218,035</u>
Total capital assets being depreciated, net	<u>51,920,602</u>	<u>(236,865)</u>	<u>11,931</u>	<u>51,671,806</u>
Governmental activities capital assets, net	<u>\$ 53,969,061</u>	<u>\$ (181,718)</u>	<u>\$ 69,691</u>	<u>\$ 53,717,652</u>

CITY OF BURLINGTON, IOWA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 398,543	\$ -	\$ -	\$ 398,543
Work-in-progress	1,867,102	562,111	1,867,102	562,111
Total, undepreciated	<u>2,265,645</u>	<u>562,111</u>	<u>1,867,102</u>	<u>960,654</u>
Capital assets being depreciated:				
Land improvements	2,315,613	-	25,655	2,289,958
Infrastructure	27,779,026	2,441,913	-	30,220,939
Buildings	32,956,227	37,700	-	32,993,927
Building improvements	2,550,348	-	-	2,550,348
Fixtures and equipment	2,639,305	93,617	64,764	2,668,158
Vehicles	1,571,894	11,364	23,202	1,560,056
Total, depreciated	<u>69,812,413</u>	<u>2,584,594</u>	<u>113,621</u>	<u>72,283,386</u>
Less accumulated depreciation for:				
Land improvements	1,925,893	73,958	25,655	1,974,196
Infrastructure	8,620,231	624,736	-	9,244,967
Buildings	18,064,057	802,392	-	18,866,449
Building improvements	1,293,376	120,856	-	1,414,232
Fixtures and equipment	1,912,079	137,279	64,764	1,984,594
Vehicles	1,284,518	58,560	23,202	1,319,876
Total accumulated depreciation	<u>33,100,154</u>	<u>1,817,781</u>	<u>113,621</u>	<u>34,804,314</u>
Total capital assets being depreciated, net	<u>36,712,259</u>	<u>766,813</u>	<u>-</u>	<u>37,479,072</u>
Business-type activities capital assets, net	<u>\$ 38,977,904</u>	<u>\$ 1,328,924</u>	<u>\$ 1,867,102</u>	<u>\$ 38,439,726</u>

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

Governmental activities:	
Public Safety	\$ 471,751
Cultural and Recreation	642,257
Public Works	1,385,640
General government	42,605
Internal Service	26,200
Total depreciation expense - governmental activities	<u>\$ 2,568,453</u>
Business-type activities:	
Sewer	\$ 1,564,784
Solid waste	42,901
Recplex	99,784
Parking	60,685
Flint Hills golf course	49,627
Total depreciation expense - business-type activities	<u>\$ 1,817,781</u>

*Reclassification*

Certain amounts included in prior year balances have been reclassified with no effect on net position or the change in net position to conform with the current presentation.

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

The following is a summary of capital assets for the Burlington Municipal Waterworks for the year ended June 30, 2014:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets not being depreciated:				
Land	\$ 151,981	\$ -	\$ -	\$ 151,981
Construction in progress	411,805	6,189	411,805	6,189
Total, not depreciated	<u>563,786</u>	<u>6,189</u>	<u>411,805</u>	<u>158,170</u>
Capital assets being depreciated:				
Building and tanks	4,551,796	872,540	-	5,424,336
Distribution miscellaneous equipment	160,452	27,055	-	187,507
Distribution mains	12,393,900	50,209	-	12,444,109
Emergency well water	77,072	-	-	77,072
Filter equipment	1,009,122	-	-	1,009,122
Furniture and office equipment	212,861	3,198	2,340	213,719
Land improvements	775,595	-	-	775,595
Miscellaneous plant equipment	187,002	3,371	-	190,373
Power/pumping equipment	3,387,314	-	-	3,387,314
Sludge equipment	133,303	-	-	133,303
Vehicles	478,782	22,025	-	500,807
Total, capital assets being depreciated	<u>23,367,199</u>	<u>978,398</u>	<u>2,340</u>	<u>24,343,257</u>
Less accumulated depreciation/amortization for:				
Building and tanks	2,494,833	151,192	-	2,646,025
Distribution miscellaneous equipment	58,979	11,724	-	70,703
Distribution mains	6,357,604	277,550	-	6,635,154
Emergency well water	22,143	4,184	-	26,327
Filter equipment	947,538	10,348	-	957,886
Furniture and office equipment	191,706	5,281	(2,340)	194,647
Land improvements	500,874	29,836	-	530,710
Miscellaneous plant equipment	104,980	10,681	-	115,661
Power/pumping equipment	2,260,810	70,108	-	2,330,918
Sludge equipment	48,712	10,752	-	59,464
Vehicles	470,471	6,561	-	477,032
Total accumulated depreciation/amortization	<u>13,458,650</u>	<u>588,217</u>	<u>2,340</u>	<u>14,044,527</u>
Total capital assets being depreciated, net	<u>9,908,549</u>	<u>390,181</u>	<u>-</u>	<u>10,298,730</u>
Capital assets, net	<u>\$ 10,472,335</u>	<u>\$ 396,370</u>	<u>\$ 411,805</u>	<u>\$ 10,456,900</u>

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

The following is a summary of capital assets for the Southeast Iowa Regional Airport Authority for the year ended June 30, 2014:

	Balance June 30, 2013	Additions	Decreases	Balance June 30, 2014
Capital assets not being depreciated:				
Land	\$ 2,018,675	\$ 1,817	\$ -	\$ 2,020,492
Capital assets being depreciated:				
Land improvements	17,022,704	102,687	-	17,125,391
Building and improvements	2,720,808	-	-	2,720,808
Furniture and equipment	1,540,431	15,800	-	1,556,231
Total capital assets being depreciated	<u>21,283,943</u>	<u>118,487</u>	<u>-</u>	<u>21,402,430</u>
Less accumulated depreciation for:				
Land improvements	8,046,849	828,094	-	8,874,943
Building and improvements	1,257,594	85,744	-	1,343,338
Furniture and equipment	1,106,537	72,481	-	1,179,018
Total accumulated depreciation:	<u>10,410,980</u>	<u>986,319</u>	<u>-</u>	<u>11,397,299</u>
Total capital assets being depreciated, net	<u>10,872,963</u>	<u>(867,832)</u>	<u>-</u>	<u>10,005,131</u>
Capital assets, net	<u>\$ 12,891,638</u>	<u>\$ (866,015)</u>	<u>\$ -</u>	<u>\$ 12,025,623</u>

**IV. INTERFUND RECEIVABLES AND PAYABLES:**

*Due to/from other funds:*

Receivable Fund	Payable Fund	Amount
Road use tax	Nonmajor governmental fund - employee benefits	\$ 31,344
Internal service fund - Self ins.	Internal service funds - property maint.	126,648
	Internal service funds - vehicle maint.	58,064
		<u>\$ 216,056</u>

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

*Advances from/to other funds:*

Receivable Fund	Payable Fund	Amount
Road use tax	Nonmajor enterprise funds - parking	\$ 153,087
	Nonmajor enterprise funds - golf	494,511
Capital project fund	Nonmajor enterprise funds - Rec Plex	551,128
		<u>\$ 1,198,726</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
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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, 2014 were as follows:

	Transfers In:			
	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds
Transfers out:				
General	\$ -	\$ 38,993	\$ -	\$ 14
Road use tax	170,000	-	189,852	-
Local option sales tax	3,507,355	32,224	457,185	60,000
Tax increment financing	-	1,983,159	-	-
Debt service	-	-	1,301,750	-
Nonmajor governmental	1,665,551	-	10,502	16,957
Sewer	603,402	-	-	-
Solid waste	176,550	-	-	-
Internal service	26,962	-	-	-
	<u>\$ 6,149,820</u>	<u>\$ 2,054,376</u>	<u>\$ 1,959,289</u>	<u>\$ 76,971</u>

	Transfers In:				
	Parking Fund	Golf Course Fund	Recplex Fund	Internal Service Funds	Total
Transfers out:					
General	\$ 60,000	\$ 100,000	\$ 176,748	\$ 60,000	\$ 435,755
Road use tax	-	-	-	-	359,852
Local option sales tax	-	33,140	-	-	4,089,904
Tax increment financing	-	-	-	-	1,983,159
Debt service	-	-	-	-	1,301,750
Nonmajor governmental	-	-	-	-	1,693,010
Sewer	-	-	-	-	603,402
Solid waste	-	-	-	-	176,550
Internal service	-	-	-	-	26,962
	<u>\$ 60,000</u>	<u>\$ 133,140</u>	<u>\$ 176,748</u>	<u>\$ 60,000</u>	<u>\$ 10,670,344</u>

## V. LONG-TERM DEBT

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

During Fiscal Year 2014, the City issued \$3,890,000 to advance refund the General Obligation Corporate Purpose Bonds, Series 2005 and 2008A. Those proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 and 2008A series bonds. As a result, the 2005 and 2008A series bonds are considered defeased and the liability for those bonds has

**NOTES TO FINANCIAL STATEMENTS**  
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been removed from the government-wide statement of net position. The transactions resulted in a reduction of \$156,038 in future debt service payments and an economic gain of \$259,289.

General obligation bonds as of June 30, 2014 consist of the following individual issues:

<u>Debt</u>	<u>Date</u>	<u>Issued</u>	<u>Rates</u>	<u>June 30, 2014</u>
G.O. Refunding	07/01/06	\$ 4,520,000	3.90-4.15%	\$ 2,685,000
General corporate	11/01/07	3,350,000	4.00	2,725,000
G.O. Urban renewal	07/01/08	2,165,000	4.25-5.80	980,000
General corporate	01/06/10	1,785,000	1.60-4.60	965,000
General corporate	02/01/11	9,000,000	2.70-3.40	8,675,000
G.O. Refunding	03/15/12	3,390,000	1.00-1.25	1,810,000
G.O. Refunding	06/28/12	817,000	1.37	757,000
G.O. Refunding and general corporate	05/22/13	2,225,000	1.65-3.05	2,225,000
G.O. Refunding	05/22/13	3,670,000	.50-2.85	3,370,000
G.O. Refunding	05/22/13	5,670,000	2.00-3.00	5,345,000
G.O. Refunding	05/22/13	1,140,000	2.00	920,000
General corporate	12/02/13	103,750	2.80	87,065
General corporate	04/15/14	1,450,000	1.90-4.00	1,450,000
G.O. Refunding	04/15/14	3,890,000	1.25-2.00	3,890,000
		<u>\$ 43,175,750</u>		<u>\$ 35,884,065</u>

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

<u>Year</u> <u>Ending</u> <u>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>	
2015	\$ 3,627,090	\$ 882,713	\$ 415,000	\$ 85,858	\$ 5,010,661
2016	3,602,065	784,971	420,000	76,517	4,883,553
2017	3,590,910	697,615	430,000	68,117	4,786,642
2018	3,516,621	601,405	457,379	59,517	4,634,922
2019	3,197,000	497,866	445,000	50,370	4,190,236
2020-2024	12,199,793	1,225,457	1,933,207	125,009	15,483,466
2025-2029	1,563,103	184,715	86,897	23,723	1,858,438
2030-2031	330,483	19,829	69,517	4,171	424,000
	<u>\$ 31,627,065</u>	<u>\$ 4,894,571</u>	<u>\$ 4,257,000</u>	<u>\$ 493,282</u>	<u>\$ 41,271,918</u>

*Sewer revenue bonds.* The City issues sewer revenue bonds to provide for the construction of sewer system infrastructure. These bonds are reported in the sewer fund in the enterprise funds and under the bond agreement are payable solely from net revenues derived from the operation of the sewer system. Annual principal and interest payments on the bonds are expected to require less than 55 percent of net revenues. These bonds are not general obligations of the City. Total principal and interest remaining on the bonds are \$23,092,116 payable through 2031. For the current year, principal and interest paid and net revenues generated were \$1,371,256 and \$3,205,175, respectively.

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Sewer revenue bonds as of June 30, 2014 consist of the following issues:

<u>Debt</u>	<u>Date</u>	<u>Issued</u>	<u>Rates</u>	<u>June 30, 2014</u>
Sewer capital loan	07/01/08	\$ 3,851,000	3.00%	\$ 3,090,000
Sewer revenue	01/06/10	4,350,000	3.00	3,675,000
Sewer revenue	07/19/11	5,340,000	1.00-4.20	5,025,000
Sewer revenue	05/22/13	5,400,000	2.00-3.00	5,400,000
Sewer capital loan	06/21/13	1,000,000	0	74,401
		<u>\$ 19,941,000</u>		<u>\$ 17,264,401</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 853,000	\$ 596,240	\$ 1,449,240
2016	873,000	573,230	1,446,230
2017	973,401	549,280	1,522,681
2018	920,000	523,710	1,443,710
2019	950,000	497,010	1,447,010
2020-2024	5,237,000	2,020,420	7,257,420
2025-2029	6,258,000	1,005,275	7,263,275
2030-2031	1,200,000	62,550	1,262,550
	<u>\$ 17,264,401</u>	<u>\$ 5,827,715</u>	<u>\$ 23,092,116</u>

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

Cash from the Sewer Fund shall be transferred monthly into the Sewer Revenue Bond Sinking Fund to pay the interest on, and to redeem the principal amount of, the bonds at maturity. The monthly transfers must be equal to one-sixth of the interest due on the next payment date, plus one-twelfth of the principal maturing on the next retirement date. As of June 30, 2014, the sinking funds had a balance of \$120,770.

The Sewer Reserve Fund maintains an amount equal to \$1,231,745, which is the maximum principal and interest coming due any fiscal year on all sewer revenue bonds.

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.

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*Urban Renewal Tax Increment Revenue Bonds.* In November 2006 the City issued \$6,520,000 of Urban Renewal Tax Increment Revenue Bonds to finance acquisition, demolition, and redevelopment of a World War II era housing development adjacent to Roosevelt Avenue (U. S. Highway 61). In addition this issue included funds to finance the construction of a street within Flint Ridge Business Park and economic development incentives for Dresser Rand Corporation. These bonds will be repaid with incremental property taxes generated by development within the area. Total principal and interest remaining on the bonds is \$5,774,630, payable through year 2021. For the current year, principal and interest paid and total incremental sales tax revenues were \$843,720 and \$1,886,141, respectively.

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

The Debt Service Reserve shall be funded to a balance equal to the lesser of 1) the maximum amount of principal and interest becoming due on the bonds in any succeeding year, 2) 125% of the average amount of principal and interest becoming due on the bonds in any succeeding year, or 3) 10% of the principal amount of the bonds then outstanding. The amount restricted at June 30, 2014 under this bond provision is \$452,500.

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

Year Ending June 30	Principal	Interest	Total
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	680,000	141,520	821,520
2020-2021	1,480,000	147,480	1,627,480
	<u>\$ 4,525,000</u>	<u>\$ 1,249,630</u>	<u>\$ 5,774,630</u>

*Notes payable.* The City and the Burlington Municipal Waterworks entered an agreement in 1997 for the construction of five water main extensions in the Flint Hills Business Park. The water main extensions are to be repaid utilizing tax increment financing when tax increment financing revenue becomes available. Interest shall accrue annually based on the Public funds rate set by the State of Iowa for the one year to 397 day category. As of June 30, 2014 the principal of amount of \$165,606 and accrued interest of \$73,031 is outstanding. These amounts are classified as long term and do not have a payment schedule.

CITY OF BURLINGTON, IOWA

NOTES TO FINANCIAL STATEMENTS  
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The following is a summary of the changes in the long-term debt of the City for the year ended June 30, 2014. Typically, long-term liabilities of the governmental activities, other than debt, are liquidated by the fund incurring the debt.

	June 30, 2013	Additions	Retirements	June 30, 2014	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 33,742,000	\$ 5,191,750	\$ 7,306,685	\$ 31,627,065	\$ 3,627,090
Add: bond premiums	94,005	116,784	12,787	198,002	-
Notes payable	238,551	86	0	238,637	-
Tax increment revenue	5,040,000	-	515,000	4,525,000	545,000
Other post-employment benefits	337,822	48,296	-	386,118	-
Compensated absences	1,127,009	323,240	281,752	1,168,497	292,124
Total governmental activities	<u>40,579,387</u>	<u>5,680,156</u>	<u>8,116,224</u>	<u>38,143,319</u>	<u>4,464,214</u>
Business-type activities:					
General obligation bonds	4,330,000	252,000	325,000	4,257,000	415,000
Sewer revenue bonds	17,938,000	74,401	748,000	17,264,401	853,000
Add: bond premiums	211,131	5,376	12,919	203,588	-
Compensated absences	252,232	53,160	63,058	242,334	60,584
Total business-type activities	<u>22,731,363</u>	<u>384,937</u>	<u>1,148,977</u>	<u>21,967,323</u>	<u>1,328,584</u>
Total long-term debt	<u>\$ 63,310,750</u>	<u>\$ 6,065,093</u>	<u>\$ 9,265,201</u>	<u>\$ 60,110,642</u>	<u>\$ 5,792,798</u>

NOTES TO FINANCIAL STATEMENTS  
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## VI. COMPONENTS OF FUND BALANCE

	General	Debt Service	Tax Increment Financing	Road Use	Local Option Sales Tax	Capital Projects	Non-Major Governmental Funds	Total
Nonspendable:								
Inventory	\$ -	\$ -	\$ -	\$ 31,915	\$ -	\$ -	\$ -	\$ 31,915
Prepaid Items	93,903	-	-	19,096	-	-	-	112,999
Total Nonspendable	93,903	-	-	51,011	-	-	-	144,914
Restricted for:								
Debt Service	-	262,803	452,500	-	-	-	-	715,303
Capital improvements & equipment	-	-	-	-	309,532	2,094,337	8,357	2,412,226
Road Use	-	-	-	1,053,988	-	-	-	1,053,988
Public Safety	-	-	-	-	-	-	154,867	154,867
Economic Development	-	-	-	-	157,506	-	44,958	202,464
Property Tax Relief	-	-	-	-	309,532	-	-	309,532
Culture & Recreation	139,844	-	-	-	-	-	317,591	457,435
Public Works	-	-	-	-	-	-	2,285	2,285
Total Restricted	139,844	262,803	452,500	1,053,988	776,570	2,094,337	528,058	5,308,100
Assigned to:								
Capital improvements & equipment	12,115	-	-	-	-	1,368,266	-	1,380,381
Total Assigned	12,115	-	-	-	-	1,368,266	-	1,380,381
Unassigned:								
	1,034,620	-	(170,472)	-	-	(133,436)	-	730,712
Total Fund Balances	\$ 1,280,482	\$ 262,803	\$ 282,028	\$ 1,104,999	\$ 776,570	\$ 3,329,167	\$ 528,058	\$ 7,564,107

## VII. RETIREMENT SYSTEMS

### Iowa Public Employees Retirement System (IPERS)

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

Plan members are required to contribute 5.95% of their annual covered salary and the City, Waterworks, and SIRAA are required to contribute 8.93% of annual covered payroll. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012, were \$584,959, \$586,801, and \$553,419 respectively, equal to the required contributions for each year.

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

The City contributes to the Municipal Fire and Police Retirement System of Iowa (MFPRSI), which is a cost-sharing, multiple-employer defined benefit plan administered by a Board of Trustees. MFPRSI provides retirement, disability and death benefits, which are established by State statute to plan members and

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beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104<sup>th</sup> Street, Urbandale, Iowa 50322.

Plan members are required to contribute 9.4% of their earnable compensation and the City's contribution rate may not be less than 17% of earnable compensation. For fiscal year 2013-2014 the City's contribution rate was 30.12%. Contribution requirements are established by State statute. The City's contributions to MFPRSI for the years ended June 30, 2014, 2013, and 2012 were \$1,395,078, \$1,235,756, and \$1,129,606, respectively, which met the required minimum contributions for each year.

**VIII. DEFICIT BALANCES**

The following City funds have a deficit net position as of June 30, 2014:

	<u>Deficit Balance</u>
Internal Service:	
Property Maintenance	\$ 70,267
Enterprise:	
Flint Hills Golf Course, non-major fund	328,741

These deficits will be eliminated as resources are obtained from charges for services and transfers in.

**IX. RISK MANAGEMENT**

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

The City is insured for general and automotive liability, property, and other coverage through insurance purchased from Berkshire Hathaway. The City purchased insurance coverage of \$99,954,081 for buildings and contents with a deductible of \$10,000. The City purchased liability coverage of \$1,000,000 per occurrence and \$2,000,000 in aggregate with no deductible. The City also purchased an additional \$4,000,000 in umbrella coverage per incident and in aggregate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

The changes in the aggregate liability for claims for the years ended June 30, 2014 and 2013 are as follows:

	2014	2013
Claims payable, beginning of year	\$ 129,542	\$ 190,684
Incurred claims and other adjustments (including IBNR)	150,422	169,117
Claim payments	(185,970)	(230,259)
Claims payable, end of year	\$ 93,994	\$ 129,542

## **X. OTHER POST EMPLOYMENT BENEFITS**

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

The City pays 100% of the health and dental insurance premiums for employees for the standard health and dental package. Premium growth is limited to 5% annually on a cumulative basis over the next five years. Employees must contribute premium costs above this level or change health and dental plan provision to reduce premium costs to less than 5% growth. Retirees pay 102% of the employee premium rates. Retirees may elect to stay on the City's group health and dental plan until they reach the age of 65. The plan does not issue a stand-alone financial report.

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

Annual OPEB and Net OPEB Obligation – The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover

**NOTES TO FINANCIAL STATEMENTS**  
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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, 2014, the amount actually contributed to the plan, and changes in the net OPEB obligation:

Annual required contribution	\$ 116,228
Interest on net OPEB obligation	13,513
Adjustment to annual required contribution	<u>(19,536)</u>
Annual OPEB cost	110,205
Contributions made	<u>61,909</u>
Increase in net OPEB obligation	48,296
Net OPEB obligation, beginning of year	<u>337,822</u>
Net OPEB obligation, end of year	<u><u>\$ 386,118</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 110,205	56.2%	\$ 386,118
6/30/2013	111,066	43.5%	337,822
6/30/2012	91,507	43.1%	289,526

Funding Status and Funding Progress – As of July 1, 2012, the actuarial accrued liability was \$992,123 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$992,123. The covered payroll (annual payroll of covered employees by the plan) was approximately \$12,233,413 and the ratio of UAAL to covered payroll was approximately 8.1%. As of June 30, 2014, 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

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methods and assumptions used include techniques that are used to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

#### **XI. JOINTLY GOVERNED ORGANIZATIONS**

The City participates in several jointly governed organizations. The City is a member of the Des Moines County Regional Solid Waste Commission (DMCRSWC). The Solid Waste Commission manages the landfill and the recycling center in Des Moines County. The City, along with ten other governmental entities, forms the DMCRSWC. The City provides three board members while each of the other entities provide one board member creating a thirteen member board. The City paid \$377,583 in recycling fees and \$280,295 in landfill charges in fiscal year 2013.

The City also participates in the Joint Safety Committee (JSC). The JSC is a cooperative effort by the City, Des Moines County, the Des Moines County Regional Solid Waste Commission, and the Burlington Municipal Waterworks to monitor and improve on-the-job safety conditions and to assist in complying with OSHA regulations. Board members are based on number of employees covered, with the City appointing two members, the County two members, the DMCRSC one member, and the Waterworks one member. The City contributed \$49,826 and the Waterworks contributed \$5,334 in fiscal year 2014 to the JSC for operating expenses and also provided accounting services at no cost.

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

In 2001 the City entered into an agreement with the Southeast Iowa Regional Airport Authority to help fund the re-construction of a taxiway. The construction was funded 90% from a Federal Aviation Administration grant. The City issued \$540,000 in general obligation bonds to assist the SIRAA with their share of the project of \$716,000. In fiscal year 2009, the general obligation bonds were refunded, and SIRAA's payment plan to the City was extended. SIRAA was making annual payments over ten years to the City to cover the debt service. During the June 30, 2014 fiscal year the general obligation bond was refunded again and SIRRA paid off their balance in full.

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

In 1984, under the terms of the Small Cities Community Development Block Grant Program, the City awarded \$1,200,000 to a local construction company for the

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redevelopment and operation of a housing project in the Flint Hills Manor subdivision of the City. The contract is guaranteed by the officers of the construction company and is due on October 16, 2024.

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

Any amounts received by the City under these conditions will be considered interest. In no case will the City's rate of return on the \$1,200,000 award exceed the greater of: (1) the bond rate as of December 31 of the subject year on the First Mortgage Revenue bonds to be issued by the Iowa Housing Finance Authority in conjunction with the project, or (2) the cost of rollover financing on the project, or (3) ten percent (10%). Any funds received from the housing project in excess of the above limitations belong to the construction company. As of June 30, 2014, the City has not received any cash under this contract.

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

The City also has outstanding commitments for construction projects including street and sewer improvements, and other miscellaneous construction. The City's commitment to these contracts, net of amounts funded through state and federal grants, is \$67,137.

The City has outstanding commitments for purchase orders that have been issued to various vendors. For budgetary purposes, these commitments are considered encumbrances. The City had encumbrances in the General Fund, Local Option Sales Tax Fund, Capital Projects Fund, nonmajor governmental funds, Sewer fund and Solid Waste Funds of \$25,355, \$353, \$160,290, \$1,525, \$37,673, and \$2,172, respectively.

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

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

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

Statement No. 68, Accounting and Financial Reporting for Pensions; an amendment of GASB Statement 27, issued June 2012, will be effective for the fiscal year ending

June 30, 2015. The objective of this Statement is to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities. Under Statement No. 68, each employer participating in a multiple-employer defined benefit pension plan will be required to record a liability representing their “proportionate share” of the plan’s net pension liability.

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

Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68, issued November 2013, will be effective for the City beginning with its year ending June 30, 2015. This Statement eliminates a potential source of understatement of restated beginning net position and expense in a government’s first year of implementing GASB Statement No. 68, Accounting and Financial Reporting for Pensions. To correct this potential understatement, Statement 71 requires a state or local government, when transitioning to the new pension standards, to recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. This amount will be recognized regardless of whether it is practical to determine the beginning amounts of all other deferred outflows of resources and deferred inflows of resources related to pensions.

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

## **XVI. PRIOR PERIOD ADJUSTMENT**

During the year ended June 30, 2014, Waterworks and SIRAA restated their net position for the adoption of GASB. No. 65, which resulted in the elimination of prepaid debt issuance costs. The effect of the change on unrestricted net position as of June 30, 2013 was a decrease of \$16,037 for Waterworks and a decrease of \$2,218 for SIRAA. Additional information can be obtained from the Waterworks and SIRAA separately issued financial statements.



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

City of Burlington, Iowa

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

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2012	\$ -	\$ 992,123	\$ 992,123	0.00%	\$ 12,233,413	8.11%
7/1/2012	\$ -	\$ 992,123	\$ 992,123	0.00%	\$ 11,877,100	8.35%
7/1/2011	\$ -	\$ 748,043	\$ 748,043	0.00%	\$ 11,829,800	6.32%

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, 2014**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final To Actual Variance
				Original	Final	
Resources (inflows):						
Property taxes	\$ 10,413,810	\$ -	\$ 10,413,810	\$ 10,549,690	\$ 10,549,690	\$ 135,880
Tax increment revenues	2,165,266	-	2,165,266	2,389,554	2,389,554	224,288
Other taxes	5,411,649	-	5,411,649	6,442,338	6,442,338	1,030,689
Licenses and permits	780,137	-	780,137	733,857	733,857	(46,280)
Use of money and property	182,108	43,099	225,207	262,721	262,721	37,514
Intergovernmental revenue	5,892,909	127,492	6,020,401	6,149,230	6,149,230	128,829
Charges for services	1,367,578	13,121,141	14,488,719	14,157,427	14,157,427	(331,292)
Miscellaneous	2,426,824	-	2,426,824	1,294,949	1,294,949	(1,131,875)
<b>Total Receipts</b>	<b>28,706,423</b>	<b>13,291,732</b>	<b>41,998,155</b>	<b>41,979,766</b>	<b>41,979,766</b>	<b>(18,390)</b>
Disbursements:						
Public Safety	10,374,449	-	10,374,449	10,449,499	10,449,499	75,050
Public Works	4,315,606	-	4,315,606	4,247,087	4,447,087	131,481
Health and Social Services	637	-	637	2,050	2,050	1,413
Culture and Recreation	3,919,423	-	3,919,423	3,833,338	3,983,338	63,915
Community and Economic Development	1,179,666	-	1,179,666	664,263	1,599,263	419,597
General Government	1,383,270	-	1,383,270	1,468,720	1,468,720	85,450
Debt Service	5,443,030	-	5,443,030	6,064,518	6,064,518	621,488
Capital Projects	2,304,791	-	2,304,791	11,944,207	4,944,207	2,639,416
Business Type Activities	-	12,773,818	12,773,818	11,269,176	14,769,176	1,995,358
<b>Total Disbursements</b>	<b>28,920,872</b>	<b>12,773,818</b>	<b>41,694,690</b>	<b>49,942,858</b>	<b>47,727,858</b>	<b>6,033,168</b>
Excess(deficiency) of receipts over (under) disbursements	(214,449)	517,914	303,465	(7,963,092)	(5,748,092)	(6,051,558)
Other financing sources (uses):						
Bond proceeds	1,389,815	326,401	1,716,216	7,357,588	3,357,588	1,641,372
Transfers in	8,340,331	534,712	8,875,043	12,046,321	12,045,321	3,170,278
Transfers out	(7,944,173)	(930,870)	(8,875,043)	(12,046,321)	(12,046,321)	(3,171,278)
Other financing sources (uses)	1,785,973	(69,757)	1,716,216	7,357,588	3,356,588	1,640,372
Excess(deficiency) of receipts and other financing sources over(under) disbursements and other financing uses	1,571,524	448,157	2,019,681	(605,504)	(2,391,504)	(4,411,185)
Balances beginning of year	5,292,915	11,845,304	17,138,219	18,333,803	9,586,351	(7,551,868)
Balances end of year	\$ 6,864,439	\$ 12,293,461	\$ 19,157,900	\$ 17,728,299	\$ 7,194,847	\$ (11,963,053)

**City of Burlington, Iowa**  
**Budgetary Basis to GAAP Reconciliation**  
**For The Year Ended June 30, 2014**

	Governmental Funds			Proprietary Funds		
	Budget Basis	Adjustments	Modified Accrual Basis	Budget Basis	Adjustments	Modified Accrual Basis
Revenues & other financing sources	\$ 38,436,569	\$ 5,818,844	\$ 44,255,413	\$ 14,152,845	\$ (4,699,510)	\$ 9,453,335
Expenditures & other financing uses	36,865,045	5,839,724	42,704,769	13,704,688	(5,074,165)	8,630,523
Excess revenues & other sources over (under) expenditures & other uses	1,571,524	(20,880)	1,550,644	448,157	374,655	822,812
Balances beginning of year	5,292,915	720,548	6,013,463	11,845,304	10,156,618	22,001,922
Balances end of year	\$ 6,864,439	\$ 699,668	\$ 7,564,107	\$ 12,293,461	\$ 10,531,273	\$ 22,824,734

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

JUNE 30, 2014

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

After the initial budget is adopted, the budget may be amended for specific purposes. Budget amendments are required for budget transfers between funds as well as between programs. Management is not authorized to amend the budget without the approval of City Council. The City filed one budget amendment for the fiscal year ended June 30, 2014 for a decrease in expenditures of \$2,215,000. The budget amendment included an increase in expenditures for community and economic development, public works, culture and recreation and business type activities and a decrease in capital projects.

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

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

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

JUNE 30, 2014

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

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

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

A reconciliation of the expenditures as presented in accordance with U.S. GAAP to the amounts presented on the budgetary basis is also presented as Required Supplementary Information.

**SUPPLEMENTARY  
INFORMATION**

## Nonmajor Governmental Funds

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

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

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

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

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

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

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

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

**City of Burlington, Iowa**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2014**

	<b>Special Revenue</b>							<b>Total Governmental Funds</b>
	<b>Library</b>	<b>Community Development</b>	<b>SEINT Operating</b>	<b>Bridge</b>	<b>Downtown SSMID District</b>	<b>Employee Benefits</b>	<b>Special Contribution</b>	
<b>Assets</b>								
Cash and cash equivalents	\$ 195,580	\$ 75,599	\$ 90,148	\$ 11,137	\$ 31,436	\$ -	\$ 157,029	\$ 560,929
Receivables:								
Taxes	-	-	-	-	62,116	1,695,208	-	1,757,324
Accounts	-	-	-	-	-	-	861	861
Intergovernmental	-	22,199	-	-	-	-	42,000	64,199
Total assets	<u>\$ 195,580</u>	<u>\$ 97,798</u>	<u>\$ 90,148</u>	<u>\$ 11,137</u>	<u>\$ 93,552</u>	<u>\$ 1,695,208</u>	<u>\$ 199,890</u>	<u>\$ 2,383,313</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ -	\$ 30,641	\$ 652	\$ 500	\$ 31,436	\$ -	\$ 14,788	\$ 78,017
Due to other funds	-	-	-	-	-	31,344	-	31,344
Total liabilities	<u>-</u>	<u>30,641</u>	<u>652</u>	<u>500</u>	<u>31,436</u>	<u>31,344</u>	<u>14,788</u>	<u>109,361</u>
<b>Deferred inflows of resources</b>								
Unavailable revenue - property taxes	-	-	-	-	59,831	1,663,864	-	1,723,695
Unavailable revenue - intergovernmental	-	22,199	-	-	-	-	-	22,199
Total deferred inflows of resources	<u>-</u>	<u>22,199</u>	<u>-</u>	<u>-</u>	<u>59,831</u>	<u>1,663,864</u>	<u>-</u>	<u>1,745,894</u>
<b>Fund balances</b>								
Restricted	<u>195,580</u>	<u>44,958</u>	<u>89,496</u>	<u>10,637</u>	<u>2,285</u>	<u>-</u>	<u>185,102</u>	<u>528,058</u>
Total fund balances	<u>195,580</u>	<u>44,958</u>	<u>89,496</u>	<u>10,637</u>	<u>2,285</u>	<u>-</u>	<u>185,102</u>	<u>528,058</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 195,580</u>	<u>\$ 97,798</u>	<u>\$ 90,148</u>	<u>\$ 11,137</u>	<u>\$ 93,552</u>	<u>\$ 1,695,208</u>	<u>\$ 199,890</u>	<u>\$ 2,383,313</u>

City of Burlington, Iowa

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For The Year Ended June 30, 2014

	Special Revenue							Total Governmental Funds	
	Library	Community Development	SEINT Operating	Bridge	Downtown SSMID District	Employee Benefits	Targeted Jobs		Special Contribution
Revenues:									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 63,266	\$ 1,609,911	\$ -	\$ -	\$ 1,673,177
Other taxes and assessments	-	-	-	-	-	66,142	-	-	66,142
Licenses and permits	-	-	-	-	-	-	-	1,255	1,255
Intergovernmental	18,491	170,387	-	-	-	-	-	44,474	233,352
Charges for services	13,235	-	-	9,411	-	-	-	-	22,646
Use of money and property	5,632	-	30	-	-	-	-	268	5,930
Other	97,867	-	55,171	3,100	-	-	496,341	78,864	731,343
<b>Total revenues</b>	<b>135,225</b>	<b>170,387</b>	<b>55,201</b>	<b>12,511</b>	<b>63,266</b>	<b>1,676,053</b>	<b>496,341</b>	<b>124,861</b>	<b>2,733,845</b>
Expenditures:									
Current operating:									
Public Safety	-	-	18,705	-	-	-	-	3,510	22,215
Culture and Recreation	114,761	-	-	13,769	-	-	-	147,734	276,264
Community and Economic Development	-	210,375	-	-	63,220	-	496,341	-	769,936
<b>Total expenditures</b>	<b>114,761</b>	<b>210,375</b>	<b>18,705</b>	<b>13,769</b>	<b>63,220</b>	<b>-</b>	<b>496,341</b>	<b>151,244</b>	<b>1,068,415</b>
Excess (deficiency) of revenues over (under) expenditures	20,464	(39,988)	36,496	(1,258)	46	1,676,053	-	(26,383)	1,665,430
Other financing sources (uses):									
Transfers in	-	60,000	-	-	-	-	-	16,971	76,971
Transfers out	-	-	-	-	-	(1,676,053)	-	(16,957)	(1,693,010)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,676,053)</b>	<b>-</b>	<b>14</b>	<b>(1,616,039)</b>
Net change in fund balance	20,464	20,012	36,496	(1,258)	46	-	-	(26,369)	49,391
Fund balances, beginning	175,116	24,946	53,000	11,895	2,239	-	-	211,471	478,667
Fund balances, ending	\$ 195,580	\$ 44,958	\$ 89,496	\$ 10,637	\$ 2,285	-	-	\$ 185,102	\$ 528,058

**City of Burlington, Iowa**  
**Non-Major Proprietary Funds**  
**Combining Statement of Net Position**  
**June 30, 2014**

	<u>Recplex</u>	<u>Parking</u>	<u>Flint Hills Golf Course</u>	<u>Total Non-Major Enterprise Funds</u>
<b>Assets</b>				
Current assets:				
Receivables:				
Accounts	\$ 8,423	\$ 4,690	\$ 79	\$ 13,192
Inventories	-	-	23,692	23,692
Prepaid contracts	6,048	1,991	4,285	12,324
Total current assets	<u>14,471</u>	<u>6,681</u>	<u>28,056</u>	<u>49,208</u>
Noncurrent assets:				
Capital assets:				
Land and Work in Progress	262,981	129,162	6,400	398,543
Buildings, infrastructure, and equipment, net	<u>2,311,137</u>	<u>313,922</u>	<u>176,812</u>	<u>2,801,871</u>
Total noncurrent assets	<u>2,574,118</u>	<u>443,084</u>	<u>183,212</u>	<u>3,200,414</u>
Total assets	<u>\$ 2,588,589</u>	<u>\$ 449,765</u>	<u>\$ 211,268</u>	<u>\$ 3,249,622</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 51,983	\$ 3,204	\$ 31,194	\$ 86,381
Unearned revenue	-	5,600	-	5,600
Current portion of long-term obligations	<u>6,911</u>	<u>167</u>	<u>3,576</u>	<u>10,654</u>
Total current liabilities	58,894	8,971	34,770	102,635
Noncurrent liabilities:				
Advances from other funds	551,128	153,087	494,511	1,198,726
Noncurrent portion of long-term obligations	<u>20,732</u>	<u>502</u>	<u>10,728</u>	<u>31,962</u>
Total liabilities	<u>630,754</u>	<u>162,560</u>	<u>540,009</u>	<u>1,333,323</u>
<b>Net Position</b>				
Investment in capital assets	2,574,118	443,084	183,212	3,200,414
Unrestricted (deficit)	<u>(616,283)</u>	<u>(155,879)</u>	<u>(511,953)</u>	<u>(1,284,115)</u>
Total net position	<u>\$ 1,957,835</u>	<u>\$ 287,205</u>	<u>\$ (328,741)</u>	<u>\$ 1,916,299</u>

**City of Burlington, Iowa**

**Non-Major Proprietary Funds  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
For The Year Ended June 30, 2014**

	<u>Recplex</u>	<u>Parking</u>	<u>Flint Hills Golf Course</u>	<u>Total Non-Major Enterprise Funds</u>
Operating revenues:				
Charges for services	<u>\$ 557,433</u>	<u>\$ 99,288</u>	<u>\$ 458,772</u>	<u>\$ 1,115,493</u>
Total operating revenues	<u>557,433</u>	<u>99,288</u>	<u>458,772</u>	<u>1,115,493</u>
Operating expenses:				
Personal services	278,915	27,116	225,865	531,896
Contractual services	111,070	32,684	86,911	230,665
Operating supplies	186,093	1,617	142,079	329,789
Depreciation	<u>99,784</u>	<u>60,685</u>	<u>49,627</u>	<u>210,096</u>
Total operating expenses	<u>675,862</u>	<u>122,102</u>	<u>504,482</u>	<u>1,302,446</u>
Operating income (loss)	<u>(118,429)</u>	<u>(22,814)</u>	<u>(45,710)</u>	<u>(186,953)</u>
Transfers in	<u>176,748</u>	<u>60,000</u>	<u>133,140</u>	<u>369,888</u>
Change in net position	58,319	37,186	87,430	182,935
Total net position - beginning	<u>1,899,516</u>	<u>250,019</u>	<u>(416,171)</u>	<u>1,733,364</u>
Total net position - ending	<u><u>\$ 1,957,835</u></u>	<u><u>\$ 287,205</u></u>	<u><u>\$ (328,741)</u></u>	<u><u>\$ 1,916,299</u></u>

**City of Burlington, Iowa**

**Non-Major Proprietary Funds  
Combining Statement of Cash Flows  
For The Year Ended June 30, 2014**

	<u>Recplex</u>	<u>Parking</u>	<u>Flint Hills Golf Course</u>	<u>Total Non-Major Enterprise Funds</u>
Cash flows from operating activities:				
Receipts from customers	\$ 566,958	\$ 97,936	\$ 466,315	\$ 1,131,209
Payments to suppliers	(300,705)	(34,716)	(237,059)	(572,480)
Payments to employees	(272,493)	(26,462)	(219,044)	(517,999)
Net cash provided (used) by operating activities	<u>\$ (6,240)</u>	<u>\$ 36,758</u>	<u>\$ 10,212</u>	<u>\$ 40,730</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	176,748	60,000	133,140	369,888
Payments from interfund accounts	(170,508)	(96,758)	(118,257)	(385,523)
Net cash provided (used) by noncapital financing activities	<u>\$ 6,240</u>	<u>\$ (36,758)</u>	<u>\$ 14,883</u>	<u>\$ (15,635)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	\$ -	\$ -	\$ (25,095)	\$ (25,095)
Net cash (used) by capital and related financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,095)</u>	<u>\$ (25,095)</u>
Net increase in cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Balances - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balances - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:				
Operating (loss)	\$ (118,429)	\$ (22,814)	\$ (45,710)	\$ (186,953)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:				
Depreciation	99,784	60,685	49,627	210,096
Changes in assets and liabilities:				
Receivables, net	9,525	(1,491)	7,543	15,577
Inventories	-	-	(2,049)	(2,049)
Prepaid contracts	1,087	(33)	406	1,460
Accounts and other payables	1,793	272	395	2,460
Unearned revenue	-	139	-	139
Net cash provided (used) by operating activities	<u><u>\$ (6,240)</u></u>	<u><u>\$ 36,758</u></u>	<u><u>\$ 10,212</u></u>	<u><u>\$ 40,730</u></u>

## **Internal Service Funds**

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

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

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

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

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

City of Burlington, Iowa

Combining Statement of Net Position  
Internal Service Funds  
June 30, 2014

	<u>Property Maintenance</u>	<u>Vehicle Maintenance</u>	<u>Safety Coordination</u>	<u>Self Insurance</u>	<u>Total</u>
Assets					
Current assets:					
Cash and cash equivalents	\$ -	\$ -	\$ 14,448	\$ 151,100	\$ 165,548
Receivables:					
Accounts	-	144	-	-	144
Intergovernmental	-	18,562	-	-	18,562
Interest	-	-	34	-	34
Due from other funds	-	-	-	184,712	184,712
Inventories	-	53,739	-	-	53,739
Prepaid contracts	3,568	7,042	-	4,468	15,078
Total current assets	3,568	79,487	14,482	340,280	437,817
Noncurrent assets:					
Capital assets:					
Buildings, infrastructure, and equipment, net	108,001	502,993	201	-	611,195
Total assets	\$ 111,569	\$ 582,480	\$ 14,683	\$ 340,280	\$ 1,049,012
Liabilities					
Current liabilities:					
Accounts payable	\$ 12,341	\$ 21,423	\$ 3,194	\$ 23,779	\$ 60,737
Claims payable	-	-	-	93,994	93,994
Due to other funds	126,648	58,064	-	-	184,712
Long-term obligations	10,712	5,226	537	-	16,475
Total current liabilities	149,701	84,713	3,731	117,773	355,918
Noncurrent liabilities:					
Long-term obligations	32,135	15,678	1,612	-	49,425
Total liabilities	181,836	100,391	5,343	117,773	405,343
Net Position					
Investment in capital assets	108,001	502,993	201	-	611,195
Unrestricted (deficit)	(178,268)	(20,904)	9,139	222,507	32,474
Total net position	\$ (70,267)	\$ 482,089	\$ 9,340	\$ 222,507	\$ 643,669

City of Burlington, Iowa

Combining Statement of Revenues, Expenses, and Changes in Net Position  
Internal Service Funds  
For The Year Ended June 30, 2014

	Property Maintenance	Vehicle Maintenance	Safety Coordination	Self Insurance	Total
Operating revenues:					
Charges for services	\$ 472,300	\$ 1,011,318	\$ 96,793	\$ 350,000	\$ 1,930,411
Other	-	17,578	-	1,319	18,897
Total operating revenues	472,300	1,028,896	96,793	351,319	1,949,308
Operating expenses:					
Personal services	411,604	228,037	101,720	162,705	904,066
Contractual services	44,595	18,257	9,191	28,785	100,828
Operating supplies	15,703	753,941	4,327	-	773,971
Depreciation	5,106	20,691	403	-	26,200
Total operating expenses	477,008	1,020,926	115,641	191,490	1,805,065
Operating income (loss)	(4,708)	7,970	(18,848)	159,829	144,243
Nonoperating revenues (expenses):					
Interest revenue	-	-	135	-	135
Total nonoperating revenues (expenses)	-	-	135	-	135
Net income (loss) before contributions and transfers	(4,708)	7,970	(18,713)	159,829	144,378
Transfers in	60,000	-	-	-	60,000
Transfers out	(4,600)	(22,362)	-	-	(26,962)
Change in net position	50,692	(14,392)	(18,713)	159,829	177,416
Total net position - beginning	(120,959)	496,481	28,053	62,678	466,253
Total net position - ending	\$ (70,267)	\$ 482,089	\$ 9,340	222,507	\$ 643,669

**City of Burlington, Iowa**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For The Year Ended June 30, 2014**

	<u>Property Maintenance</u>	<u>Vehicle Maintenance</u>	<u>Safety Coordination</u>	<u>Self Insurance</u>	<u>Totals</u>
Cash flows from operating activities:					
Receipts from customers	\$ 472,300	\$ 1,038,381	\$ 98,129	\$ 351,319	\$ 1,960,129
Payments to suppliers	(62,757)	(820,682)	(13,850)	(243,918)	(1,141,207)
Payments to employees	(402,198)	(228,829)	(100,921)	-	(731,948)
Net cash provided (used) by operating activities	<u>7,345</u>	<u>(11,130)</u>	<u>(16,642)</u>	<u>107,401</u>	<u>86,974</u>
Cash flows from noncapital financing activities:					
Transfers to other funds	(4,600)	(22,362)	-	-	(26,962)
Transfers from other funds	60,000	-	-	-	60,000
(Payments) to interfund accounts	(62,745)	-	-	(184,712)	(247,457)
Proceeds from interfund accounts	-	36,641	-	-	36,641
Net cash provided (used) by noncapital financing activities	<u>(7,345)</u>	<u>14,279</u>	<u>-</u>	<u>(184,712)</u>	<u>(177,778)</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	-	(3,149)	-	-	(3,149)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(3,149)</u>	<u>-</u>	<u>-</u>	<u>(3,149)</u>
Cash flows from investing activities:					
Interest received	\$ -	\$ -	\$ 135	\$ -	\$ 135
Net increase (decrease) in cash and cash equivalents	-	-	(16,507)	(77,311)	(93,818)
Balances - beginning of year	-	-	30,955	228,411	259,366
Balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,448</u>	<u>\$ 151,100</u>	<u>\$ 165,548</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (4,708)	\$ 7,970	\$ (18,848)	\$ 159,829	\$ 144,243
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	5,106	20,691	403	-	26,200
Changes in assets and liabilities:					
Receivables, net	-	9,485	1,336	-	10,821
Inventories	-	(2,405)	-	-	(2,405)
Prepaid contracts	(52)	(1,055)	-	(2,717)	(3,824)
Accounts and other payables	6,999	(45,816)	467	(49,711)	(88,061)
Net cash provided (used) by operating activities	<u>\$ 7,345</u>	<u>\$ (11,130)</u>	<u>\$ (16,642)</u>	<u>\$ 107,401</u>	<u>\$ 86,974</u>



**City of Burlington, Iowa**

**Statistical Section  
Contents**

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

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<b>Financial Trends</b> These schedules contain information to help the reader understand how the City's financial performance and well being have changed over time.	94
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	102
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	107
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment with which the City's financial activities take place.	115
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	118

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

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

Activity	Fiscal Year Ended June 30				
	2014	2013	2012	2011	2010
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 41,646,820	\$ 40,805,638	\$ 39,961,600	\$ 41,867,298	\$ 43,862,027
Restricted	5,209,803	4,472,718	12,369,051	1,030,213	1,108,623
Unrestricted	(21,439,067)	(23,773,080)	(29,955,814)	(21,346,433)	(22,618,131)
Total governmental activities net position	<u>\$ 25,417,556</u>	<u>\$ 21,505,276</u>	<u>\$ 22,374,837</u>	<u>\$ 21,551,078</u>	<u>\$ 22,352,519</u>
<b>Business Type Activities</b>					
Net Investment in Capital Assets	\$ 17,946,482	\$ 17,852,028	\$ 14,606,326	\$ 20,053,622	\$ 23,323,859
Restricted	120,770	114,271	1,351,424	975,690	979,720
Unrestricted	4,757,482	4,035,623	5,357,113	450,806	(2,182,581)
Total business type activities net position	<u>\$ 22,824,734</u>	<u>\$ 22,001,922</u>	<u>\$ 21,314,863</u>	<u>\$ 21,480,118</u>	<u>\$ 22,120,998</u>
<b>Primary Government</b>					
Net Investment in Capital Assets	\$ 59,593,302	\$ 58,657,666	\$ 54,567,926	\$ 61,920,920	\$ 67,185,886
Restricted	5,330,573	4,586,989	13,720,475	2,005,903	2,088,343
Unrestricted	(16,681,585)	(19,737,457)	(24,598,701)	(20,895,627)	(24,800,712)
Total primary government net position	<u>\$ 48,242,290</u>	<u>\$ 43,507,198</u>	<u>\$ 43,689,700</u>	<u>\$ 43,031,196</u>	<u>\$ 44,473,517</u>

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

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

Expenses	Fiscal Year Ending June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
General government	\$ 1,696,879	\$ 1,741,098	\$ 1,608,915	\$ 1,302,747	\$ 1,432,096	\$ 1,407,686	\$ 1,314,315	\$ 1,525,097	\$ 1,466,664	\$ 1,468,785
Culture and Recreation	4,457,807	4,164,515	4,315,176	4,499,063	4,377,852	4,288,883	4,073,422	4,004,287	3,552,327	3,560,012
Public Safety	10,283,691	10,310,527	10,424,084	9,791,474	9,304,686	8,925,533	9,236,690	9,405,488	9,383,857	8,622,916
Community and Economic Development	1,372,665	313,656	571,563	745,160	809,430	405,557	380,320	307,679	321,534	304,048
Health and Social Services	637	977	490	2,185	2,143	2,223	2,420	3,470	1,027	2,052
Capital Projects	644,750	4,550,591	2,142,386	4,136,038	3,672,762	6,916,875	2,559,567	3,674,836	4,767,471	3,433,235
Public works	5,571,409	5,196,487	5,189,466	5,399,149	6,929,289	6,300,014	8,118,733	6,214,676	6,155,706	5,504,824
Interest and charges on long-term debt	1,332,532	1,528,235	1,560,195	1,606,771	1,728,474	1,783,112	1,720,794	1,457,941	1,180,074	1,059,329
<b>Total governmental activities expenses</b>	<b>25,360,370</b>	<b>27,806,086</b>	<b>25,812,275</b>	<b>27,482,587</b>	<b>28,256,732</b>	<b>30,029,883</b>	<b>27,406,261</b>	<b>26,593,474</b>	<b>26,828,660</b>	<b>23,955,201</b>
Business-type activities:										
Sewer	5,227,835	5,305,037	4,802,320	4,709,385	4,511,560	4,187,831	4,240,121	4,194,161	4,196,415	4,072,268
Solid waste	1,320,290	1,396,653	1,401,404	1,368,098	1,213,741	1,171,645	1,163,318	1,111,637	1,102,774	1,188,290
Recplex	675,862	672,695	661,996	659,849	653,524	632,083	618,287	595,717	527,352	520,097
Parking	122,102	123,061	133,062	130,902	127,429	131,822	162,354	164,361	143,453	137,152
Flint Hills golf course	504,482	458,246	509,546	485,277	463,066	479,613	456,565	480,494	500,965	536,944
<b>Total business-type activities expenses</b>	<b>7,850,571</b>	<b>7,955,692</b>	<b>7,508,328</b>	<b>7,353,511</b>	<b>6,969,320</b>	<b>6,602,994</b>	<b>6,640,645</b>	<b>6,546,370</b>	<b>6,470,959</b>	<b>6,454,751</b>
<b>Total primary government expenses</b>	<b>\$ 33,210,941</b>	<b>\$ 35,761,778</b>	<b>\$ 33,320,603</b>	<b>\$ 34,836,098</b>	<b>\$ 35,226,052</b>	<b>\$ 36,632,877</b>	<b>\$ 34,046,906</b>	<b>\$ 33,139,844</b>	<b>\$ 33,299,619</b>	<b>\$ 30,409,952</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 13,535	\$ 8,364	\$ 7,044	\$ 7,005	\$ 10,697	\$ 11,090	\$ 18,824	\$ 171,294	\$ 125,216	\$ -
Culture and recreation	606,923	624,453	595,691	585,441	602,282	569,138	561,058	142,746	164,952	346,628
Public Safety	1,717,586	1,678,596	1,571,740	1,462,616	1,780,131	1,252,305	1,379,173	1,096,761	1,082,990	771,955
Community and Econ. Development	-	-	-	-	-	-	-	-	925	9,429
Public works	371,764	146,888	438,644	585,257	2,667,977	2,222,313	3,523,969	1,883,189	1,788,023	1,563,778
Operating Grants and Contributions	4,562,462	4,028,486	3,984,689	5,699,128	3,856,539	3,192,005	3,135,254	2,832,876	2,740,265	2,476,106
Capital grants and contributions	1,599,378	1,444,299	1,383,862	447,239	3,688,661	1,532,159	1,980,230	4,539,926	7,058,709	5,915,051
<b>Total governmental activities program revenue</b>	<b>\$ 8,871,648</b>	<b>\$ 7,931,086</b>	<b>\$ 7,981,670</b>	<b>\$ 8,786,686</b>	<b>\$ 12,606,287</b>	<b>\$ 8,779,010</b>	<b>\$ 10,598,508</b>	<b>\$ 10,666,792</b>	<b>\$ 12,961,080</b>	<b>\$ 11,082,947</b>
Business type activities:										
Charges for services:										
Sewer	\$ 6,173,454	\$ 5,441,107	\$ 5,131,396	\$ 4,794,049	\$ 4,498,611	\$ 4,094,765	\$ 3,952,836	\$ 3,790,159	\$ 3,282,090	\$ 3,096,581
Solid Waste	1,685,195	1,589,156	1,460,237	1,406,400	1,285,986	1,226,281	1,218,442	1,146,690	1,114,072	1,127,757
Recplex	557,433	550,311	545,100	511,104	488,979	465,324	457,403	123,916	83,818	81,097
Parking	99,288	76,288	57,648	53,299	57,546	54,752	63,771	36,573	39,163	36,076
Flint Hills golf course	458,772	452,432	497,480	438,441	424,317	425,870	414,011	200,303	207,782	209,340
Capital grants and contributions	0	18,305	35,150	97,551	59,454	11,238	386,000	292,049	275,206	727,233
<b>Total business type activities program revenues</b>	<b>\$ 8,974,142</b>	<b>\$ 8,127,599</b>	<b>\$ 7,727,011</b>	<b>\$ 7,300,844</b>	<b>\$ 6,814,893</b>	<b>\$ 6,278,230</b>	<b>\$ 6,492,463</b>	<b>\$ 5,589,690</b>	<b>\$ 5,002,131</b>	<b>\$ 5,278,084</b>
<b>Total primary government program revenues</b>	<b>\$ 17,845,790</b>	<b>\$ 16,058,685</b>	<b>\$ 15,708,681</b>	<b>\$ 16,087,530</b>	<b>\$ 19,421,180</b>	<b>\$ 15,057,240</b>	<b>\$ 17,090,971</b>	<b>\$ 16,256,482</b>	<b>\$ 17,963,211</b>	<b>\$ 16,361,031</b>

Net (expense)/revenues											
Governmental Activities	\$ (16,488,722)	\$ (19,875,000)	\$ (17,830,605)	\$ (18,695,901)	\$ (15,650,445)	\$ (21,250,873)	\$ (16,807,753)	\$ (15,926,682)	\$ (13,867,580)	\$ (12,872,254)	
Business-type activities	1,123,571	171,907	218,683	(52,667)	(154,427)	(324,764)	(148,182)	(956,680)	(1,468,828)	(1,176,667)	
Total primary government net expense	<u>\$ (15,365,151)</u>	<u>\$ (19,703,093)</u>	<u>\$ (17,611,922)</u>	<u>\$ (18,748,568)</u>	<u>\$ (15,804,872)</u>	<u>\$ (21,575,637)</u>	<u>\$ (16,955,935)</u>	<u>\$ (16,883,362)</u>	<u>\$ (15,336,408)</u>	<u>\$ (14,048,921)</u>	
<b>General Revenues and Other Change in Net Position</b>											
Governmental activities:											
Taxes											
Property taxes	\$ 12,579,076	\$ 12,025,225	\$ 11,443,115	\$ 11,082,102	\$ 10,614,886	\$ 10,068,175	\$ 9,778,727	\$ 9,603,728	\$ 9,707,204	\$ 9,256,709	
Other city taxes	5,626,301	5,109,548	5,505,394	5,179,181	4,917,868	5,037,847	5,115,362	4,931,632	4,427,377	4,028,019	
Unrestricted grants and contributions	-	-	-	-	-	-	45,067	116,944	1,460	10,451	
Interest	6,941	25,930	19,527	28,354	17,778	19,569	21,534	24,897	22,421	11,482	
Other	1,778,620	2,263,646	1,196,250	930,599	742,179	636,075	464,153	1,908,950	1,652,584	2,023,883	
Gain(loss) on disposal of capital assets	-	-	-	-	-	-	-	-	-	(17,112)	
Transfers	410,064	(418,910)	490,078	674,224	656,774	424,905	484,760	496,126	507,686	483,675	
Total Governmental revenues and transfers	<u>\$ 20,401,002</u>	<u>\$ 19,005,439</u>	<u>\$ 18,654,364</u>	<u>\$ 17,894,460</u>	<u>\$ 16,949,485</u>	<u>\$ 16,186,571</u>	<u>\$ 15,909,603</u>	<u>\$ 17,082,277</u>	<u>\$ 16,318,732</u>	<u>\$ 15,797,107</u>	
Business-type activities											
Interest	\$ 40,580	\$ 23,471	\$ 28,500	\$ 7,072	\$ 5,755	\$ 10,599	\$ 17,776	\$ 13,322	\$ 11,873	\$ 7,374	
Other	68,725	72,771	77,640	78,939	-	-	6,857	562,264	642,027	584,702	
Gain(loss) on disposal of capital assets	-	-	-	-	-	-	-	-	(13,743)	-	
Transfers	(410,064)	418,910	(490,078)	(674,224)	(656,774)	(424,905)	(484,760)	(496,126)	(507,686)	(483,675)	
Total business-type activities	<u>\$ (300,759)</u>	<u>\$ 515,152</u>	<u>\$ (383,938)</u>	<u>\$ (588,213)</u>	<u>\$ (651,019)</u>	<u>\$ (414,306)</u>	<u>\$ (460,127)</u>	<u>\$ 79,460</u>	<u>\$ 132,471</u>	<u>\$ 108,401</u>	
Total Primary Government	<u>\$ 20,100,243</u>	<u>\$ 19,520,591</u>	<u>\$ 18,270,426</u>	<u>\$ 17,306,247</u>	<u>\$ 16,298,466</u>	<u>\$ 15,772,265</u>	<u>\$ 15,449,476</u>	<u>\$ 17,161,737</u>	<u>\$ 16,451,203</u>	<u>\$ 15,905,508</u>	
<b>Change in Net Position</b>											
Governmental activities	\$ 3,912,280	\$ (869,561)	\$ 823,759	\$ (801,441)	\$ 1,299,040	\$ (5,064,302)	\$ (898,150)	\$ 1,155,595	\$ 2,451,152	\$ 2,924,853	
Business-type activities	822,812	687,059	(165,255)	(640,880)	(805,446)	(739,070)	(608,309)	(877,220)	(1,336,356)	(1,068,266)	
Total primary government	<u>\$ 4,735,092</u>	<u>\$ (182,502)</u>	<u>\$ 658,504</u>	<u>\$ (1,442,321)</u>	<u>\$ 493,594</u>	<u>\$ (5,803,372)</u>	<u>\$ (1,506,459)</u>	<u>\$ 278,375</u>	<u>\$ 1,114,796</u>	<u>\$ 1,856,587</u>	

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

Fund	Fiscal Year End June 30				
	2014	2013	2012	2011	2010
General					
Reserved for Encumbrances (1)	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable (2)	93,903	515,754	86,938	83,404	77,280
Restricted	139,844	129,909	-	-	-
Assigned	12,115	6,538	13,576	13,108	12,720
Unassigned	1,034,620	439,410	279,212	423,305	375,625
Total General Fund	<u>1,280,482</u>	<u>1,091,611</u>	<u>379,726</u>	<u>519,817</u>	<u>465,625</u>
All Other Governmental Funds					
Reserved for Encumbrances (1)	-	-	-	-	-
Unreserved In:					
Debt service Fund	-	-	-	-	-
Special revenue funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Nonspendable (2)	51,011	77,089	17,475	16,681	16,262
Restricted	5,168,256	4,342,809	12,396,270	7,199,121	3,792,438
Assigned	1,368,266	925,411	-	-	-
Unassigned	(303,908)	(423,457)	(5,991,431)	(4,477,570)	(7,205,671)
Total All Other Governmental Funds	<u>6,283,625</u>	<u>4,921,852</u>	<u>6,422,314</u>	<u>2,738,232</u>	<u>(3,396,971)</u>
Total All Governmental Funds	<u>\$ 7,564,107</u>	<u>\$ 6,013,463</u>	<u>\$ 6,802,040</u>	<u>\$ 3,258,049</u>	<u>\$ (2,931,346)</u>

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

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$	-	\$ -	\$ 31,345	\$ 54,657	\$ 11,641
	574,305	610,706	857,630	878,067	894,764
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	<u>574,305</u>	<u>610,706</u>	<u>888,975</u>	<u>932,724</u>	<u>906,405</u>
	-	-	17,602	75,560	9,884
	95,677	(1,000)	59,911	(169,158)	(166,201)
	981,955	190,141	706,657	570,711	617,232
	(1,219,316)	2,276,237	1,442,283	(383,977)	(1,132,112)
	-	-	-	-	-
	-	-	-	-	-
	<u>(141,684)</u>	<u>2,465,378</u>	<u>2,226,453</u>	<u>93,136</u>	<u>(671,197)</u>
\$	<u>432,621</u>	<u>\$ 3,076,084</u>	<u>\$ 3,115,428</u>	<u>\$ 1,025,860</u>	<u>\$ 235,208</u>

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

	<b>Fiscal Year Ending June 30</b>									
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Revenues:</b>										
Property taxes	\$ 12,579,076	\$ 12,025,225	\$ 11,443,115	\$ 11,082,102	\$ 10,625,143	\$ 10,057,918	\$ 9,798,256	\$ 9,585,099	\$ 9,706,907	\$ 9,240,703
Other taxes and assessments	5,477,791	5,281,294	5,705,525	5,401,120	5,064,691	4,995,182	5,130,107	4,685,584	4,427,377	4,182,801
Licenses and permits	780,137	747,984	660,454	624,937	742,564	561,608	786,634	310,543	324,326	260,275
Fines and forfeitures	157,457	163,750	155,293	159,122	125,483	129,262	123,896	108,916	92,629	92,958
Intergovernmental	5,892,909	4,881,159	5,332,894	4,361,254	6,885,070	3,917,695	4,293,553	4,805,047	5,720,967	2,989,316
Charges for services	1,367,578	1,457,554	1,504,392	1,618,526	1,643,967	1,567,066	1,469,105	1,517,622	1,488,086	1,425,570
Use of money and property	182,108	225,513	167,834	172,701	187,579	171,242	200,578	329,962	303,075	308,962
Other	2,269,367	2,779,498	1,475,792	1,308,001	1,292,933	949,163	430,630	1,127,200	1,016,001	578,515
<b>Total revenues</b>	<b>28,706,423</b>	<b>27,561,977</b>	<b>26,445,299</b>	<b>24,727,763</b>	<b>26,567,430</b>	<b>22,349,136</b>	<b>22,232,759</b>	<b>22,469,973</b>	<b>23,079,368</b>	<b>19,079,100</b>
<b>Expenditures:</b>										
<b>Current operating:</b>										
Public Safety	10,347,281	10,096,728	10,032,889	9,558,168	9,307,639	8,622,210	8,900,098	8,515,122	8,431,159	7,990,261
Culture and Recreation	3,919,425	3,592,934	3,859,804	3,869,042	3,764,134	3,809,686	3,490,816	3,443,628	3,281,080	3,234,453
Public Works	4,315,607	3,863,563	3,838,322	4,025,977	4,589,875	4,039,784	3,860,364	3,626,934	3,836,492	3,454,777
Community and Economic Development	1,062,953	494,735	521,153	377,499	811,015	405,557	454,933	303,682	315,418	231,124
Health and Social Services	637	977	490	2,185	2,143	2,223	2,420	3,470	1,027	2,052
General Government	1,594,749	1,605,045	1,548,995	1,305,088	1,334,200	1,283,283	1,293,138	1,242,467	1,184,274	1,285,467
<b>Debt service:</b>										
Principal	3,931,685	3,762,642	3,339,446	3,079,936	4,310,041	2,349,849	2,016,234	2,357,602	2,225,094	2,024,600
Interest and other charges	1,329,911	1,418,960	1,557,006	1,569,278	1,775,423	1,731,934	1,802,276	1,183,286	1,139,196	1,014,855
Capital outlay	2,303,681	4,799,874	3,447,331	4,291,098	6,156,766	6,916,875	4,288,778	6,641,559	7,312,284	4,278,342
<b>Total expenditures</b>	<b>28,805,929</b>	<b>29,635,458</b>	<b>28,145,436</b>	<b>28,078,271</b>	<b>32,051,236</b>	<b>29,161,401</b>	<b>26,109,057</b>	<b>27,317,750</b>	<b>27,726,024</b>	<b>23,515,931</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(99,506)</b>	<b>(2,073,481)</b>	<b>(1,700,137)</b>	<b>(3,350,508)</b>	<b>(5,483,806)</b>	<b>(6,812,265)</b>	<b>(3,876,298)</b>	<b>(4,847,777)</b>	<b>(4,646,656)</b>	<b>(4,436,831)</b>
<b>Other financing sources (uses):</b>										
Proceeds from notes payable	-	-	-	-	-	-	1,000,000	-	-	-
Proceeds from general obligation refunding bonds net of bond discount/bond premium	3,980,535	6,193,822	4,207,000	-	-	3,545,000	-	-	-	-
Proceeds from general obligation bonds net of bond discount/bond premium	1,327,999	2,225,000	5,039,714	8,910,000	1,775,092	2,699,020	3,361,718	6,454,800	4,937,507	2,925,000
Refunding payment for general obligation bonds	(4,035,410)	(6,110,000)	(4,195,000)	-	-	(3,485,000)	-	-	-	-
Impairment of land value	-	(1,275,945)	-	-	-	-	-	-	-	-
Transfers in	10,240,456	10,189,222	9,580,834	8,535,980	9,990,370	8,526,118	7,608,995	8,152,912	7,131,640	6,998,729
Transfers out	(9,863,430)	(9,937,195)	(9,388,420)	(7,906,077)	(9,347,464)	(8,116,336)	(7,133,759)	(7,670,366)	(6,631,828)	(6,531,856)
<b>Total other financing sources and uses</b>	<b>1,650,150</b>	<b>1,284,904</b>	<b>5,244,128</b>	<b>9,539,903</b>	<b>2,417,998</b>	<b>3,168,802</b>	<b>4,836,954</b>	<b>6,937,346</b>	<b>5,437,319</b>	<b>3,391,873</b>
<b>Net change in fund balance</b>	<b>\$ 1,550,644</b>	<b>\$ (788,577)</b>	<b>\$ 3,543,991</b>	<b>\$ 6,189,395</b>	<b>\$ (3,065,808)</b>	<b>\$ (3,643,463)</b>	<b>\$ 960,656</b>	<b>\$ 2,089,569</b>	<b>\$ 790,663</b>	<b>\$ (1,044,958)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>19.88%</b>	<b>18.77%</b>	<b>19.83%</b>	<b>19.55%</b>	<b>23.50%</b>	<b>18.35%</b>	<b>17.50%</b>	<b>17.13%</b>	<b>16.48%</b>	<b>15.80%</b>

**City of Burlington, Iowa**

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

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<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Tax Increment Revenues</b>	<b>Local Option Sales Tax</b>	<b>Hotel/Motel Tax</b>	<b>Total All Taxes</b>
2005	8,026,705	1,231,998	2,993,058	335,145	12,586,906
2006	8,394,598	1,312,309	3,207,906	404,495	13,319,308
2007	8,296,663	1,288,436	3,492,988	496,684	13,574,771
2008	8,432,783	1,365,473	3,671,507	663,900	14,133,663
2009	8,684,020	1,373,898	3,564,857	632,740	14,255,515
2010	9,165,850	1,459,293	3,691,986	598,231	14,915,360
2011	9,428,724	1,653,377	4,005,732	666,127	15,753,960
2012	9,290,014	2,153,101	4,103,077	737,052	16,283,244
2013	9,842,972	2,182,253	3,819,826	700,883	16,545,934
2014	10,413,810	2,165,266	3,771,981	806,151	17,157,208

(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:				
	2012	2011	2010	2009	2008
Residential	756,868,479	\$ 753,141,375	\$ 757,629,741	\$ 755,175,191	\$ 753,231,209
Agricultural land	2,932,678	3,006,944	2,972,374	3,522,066	2,235,266
Agricultural buildings	32,900	32,900	38,360	55,200	104,200
Commercial	197,066,606	203,346,577	195,419,838	208,426,151	206,130,311
Industrial	45,998,096	47,852,099	49,264,944	51,985,261	52,080,624
Railroad	4,262,813	-	2,849,604	2,486,839	2,119,074
Utilities	4,517,704	8,290,770	4,383,507	4,173,976	4,058,479
Utility Reimburse	48,600,896	46,690,118	44,529,685	39,466,851	35,255,739
Gross valuation	\$ 1,060,280,172	\$ 1,062,360,783	\$ 1,057,088,053	\$ 1,065,291,535	\$ 1,055,214,902
Less: Military exemption	3,155,808	3,266,928	3,362,306	3,478,056	3,568,804
Net valuation	\$ 1,057,124,364	\$ 1,059,093,855	\$ 1,053,725,747	\$ 1,061,813,479	\$ 1,051,646,098
Incremental value	73,217,851	66,764,882	55,867,807	41,991,662	38,731,464
Actual valuation	\$ 1,130,342,215	\$ 1,125,858,737	\$ 1,109,593,554	\$ 1,103,805,141	\$ 1,090,377,562
Percent change	0.398%	1.466%	0.524%	1.231%	2.489%

**Taxable Valuation**

	As of January 1:				
	2012	2011	2010	2009	2008
Residential	399,752,325	\$ 382,232,782	\$ 362,049,069	\$ 349,989,812	\$ 340,312,409
Agricultural land	1,757,655	1,730,230	1,784,615	2,203,669	2,081,910
Agricultural buildings	19,719	18,931	21,257	36,583	97,799
Commercial	197,066,606	203,346,577	195,419,838	208,426,151	206,130,311
Industrial	45,998,096	47,852,099	49,264,944	51,985,261	52,080,624
Railroad	4,262,813	-	2,849,604	2,486,839	2,119,074
Utilities	4,517,704	8,290,770	4,383,507	4,173,976	4,058,479
Utility Reimburse	16,913,241	17,877,352	17,394,745	17,097,426	19,451,004
Gross valuation	\$ 670,288,159	\$ 661,348,741	\$ 633,167,579	\$ 636,399,717	\$ 626,331,610
Less: Military exemption	3,155,808	3,266,928	3,341,344	3,470,711	3,568,804
Net valuation	\$ 667,132,351	\$ 658,081,813	\$ 629,826,235	\$ 632,929,006	\$ 622,762,806
Incremental value	63,001,076	57,518,069	55,849,287	41,984,317	38,731,464
Taxable valuation	\$ 730,133,427	\$ 715,599,882	\$ 685,675,522	\$ 674,913,323	\$ 661,494,270
Percent change	2.031%	4.364%	1.595%	2.029%	4.900%
Total Direct Tax Rate	\$ 15.8043	\$ 15.0573	\$ 15.0192	\$ 15.0192	\$ 14.9278
Taxable Valuation as a percentage of Actual Valuation	64.59%	63.56%	61.80%	61.14%	60.67%

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

2007	2006	2005	2004	2003
\$ 744,730,429	\$ 670,546,753	\$ 661,281,405	\$ 648,201,598	\$ 638,948,275
2,213,041	1,440,510	1,619,367	1,397,977	1,367,127
104,200	103,765	103,780	108,460	108,040
192,506,454	190,687,821	192,116,644	191,298,473	183,565,011
50,107,443	55,113,390	52,276,172	52,400,469	57,267,613
2,210,969	2,064,419	1,792,442	1,516,071	1,682,459
4,279,674	3,943,387	5,149,950	4,782,920	4,488,137
34,042,228	34,776,945	34,912,231	22,188,694	24,924,177
\$ 1,030,194,438	\$ 958,676,990	\$ 949,251,991	\$ 921,894,662	\$ 912,350,839
3,681,776	3,760,484	3,838,452	-	-
\$ 1,026,512,662	\$ 954,916,506	\$ 945,413,539	\$ 921,894,662	\$ 912,350,839
37,385,413	36,554,199	34,468,312	34,978,222	36,444,742
\$ 1,063,898,075	\$ 991,470,705	\$ 979,881,851	\$ 956,872,884	\$ 948,795,581
7.305%	1.183%	2.405%	0.851%	2.621%

2007	2006	2005	2004	2003
\$ 324,480,255	\$ 302,344,999	\$ 300,555,797	\$ 310,904,711	\$ 309,607,498
1,967,598	1,440,510	1,619,367	1,397,977	1,367,127
93,886	103,765	103,780	108,040	108,040
191,920,964	190,687,821	190,280,895	191,298,473	182,201,123
50,107,443	55,113,390	52,276,172	52,400,469	57,267,613
2,205,026	2,064,419	1,777,223	1,516,071	1,669,958
4,279,674	3,943,387	5,142,950	4,782,920	4,488,137
21,834,155	20,925,681	21,809,175	22,188,694	24,924,177
\$ 596,889,001	\$ 576,623,972	\$ 573,565,359	\$ 584,597,355	\$ 581,633,673
3,668,812	3,760,484	3,827,340	3,969,898	4,318,457
\$ 593,220,189	\$ 572,863,488	\$ 569,738,019	\$ 580,627,457	\$ 577,315,216
37,372,449	36,554,199	34,457,200	34,978,222	36,444,742
\$ 630,592,638	\$ 609,417,687	\$ 604,195,219	\$ 615,605,679	\$ 613,759,958
3.475%	0.864%	-1.854%	0.301%	-0.191%

\$ 14.9278	\$ 14.9835	\$ 14.8937	\$ 14.7560	\$ 14.2324
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59.27%	61.47%	61.66%	64.34%	64.69%
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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	
2005	8.1000	2.7048	3.4276	14.2324	15.5650	10.1901	39.9875	35.59%
2006	8.1000	2.6825	3.9735	14.7560	16.5145	10.2681	41.5387	35.52%
2007	8.1000	2.7343	4.0594	14.8937	16.7898	9.7491	41.4326	35.95%
2008	8.1000	2.8522	4.0313	14.9835	16.4811	9.7551	41.2197	36.35%
2009	8.1000	2.8880	3.9398	14.9278	16.3269	9.4329	40.6876	36.69%
2010	8.1000	2.8880	3.9398	14.9278	16.3564	10.1954	41.4797	35.99%
2011	8.1000	2.8880	4.0312	15.0192	17.8346	10.3847	43.2386	34.74%
2012	8.1000	2.8880	4.0693	15.0573	16.2457	10.1502	41.4532	36.32%
2013	8.1000	3.6891	3.2682	15.8043	15.0797	10.1600	41.0440	38.51%
2014	8.1000	3.7971	3.1602	15.9363	15.4322	10.1435	41.5120	38.39%

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	2014			2005		
	January 1, 2012 Taxable Valuation	Rank	Percent of Total Taxable Value	January 1, 2003 Taxable Valuation	Rank	Percent of Total Taxable Value
Huckleberry Holdings LLC	\$ 27,685,080	1	4.04%			
Interstate Power and Light	15,362,287	2	2.24%			
Case New Holland (CNH)	11,000,000	3	1.60%	\$ 14,624,400	1	2.38%
Winegard Realty Company	8,236,404	4	1.20%	11,882,300	2	1.94%
Lance Private Brands LLC	7,393,400	5	1.08%	6,196,500	4	1.01%
Stonegate Lodging Inc	6,714,500	6	0.98%			
Lowe's Home Centers, Inc	5,942,900	7	0.87%	5,942,900	6	0.97%
Dr Steam LLC	5,442,300	8	0.79%	5,086,800	9	0.83%
Sunrise West Inc	4,855,375	9	0.71%			
The Mt Pleasant Street Bakery	4,726,500	10	0.69%	5,836,700	7	0.95%
Standard of Beaverdale, Inc.				6,206,800	3	1.01%
Federal Mogul Company				6,000,000	5	0.98%
Bradley Operating Limited				5,200,900	8	0.85%
	<u>\$ 97,358,746</u>		<u>14.20%</u>	<u>\$ 66,977,300</u>		<u>10.90%</u>

Source: Des Moines County Auditor

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>
2005	8,018,819	7,998,364	99.74%	4,124	8,002,488	99.80%
2006	8,381,044	8,380,700	100.00%	(102)	8,380,598	99.99%
2007	8,307,683	8,291,334	99.80%	5,329	8,296,663	99.87%
2008	8,420,461	8,419,123	99.98%	1,422	8,420,545	100.00%
2009	8,677,890	8,667,634	99.88%	934	8,668,568	99.89%
2010	9,156,917	9,156,772	100.00%	-	9,156,772	100.00%
2011	9,408,434	9,404,639	99.96%	3,558	9,408,197	100.00%
2012	9,401,924	9,126,007	97.07%	5,094	9,131,101	97.12%
2013	9,841,979	9,621,741	97.76%	3,153	9,624,894	97.79%
2014	10,549,692	10,201,715	96.70%	5,178	10,206,893	96.75%

City of Burlington, Iowa

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Population (1)	General Government			Business Type Activities			Total Primary Government	Debt Per Capita
		General Obligation Bonds	Notes Payable	Tax Increment	General Obligation Bonds	Sewer Revenue Bonds	Leases Payable		
2005	26,839	24,334,438	268,085	-	6,185,562	2,955,000	15,543	33,758,628	1,257.82
2006	26,839	27,135,916	227,043	-	6,150,322	2,585,000	-	36,098,281	1,344.99
2007	26,839	25,177,377	148,800	6,520,000	6,078,679	2,195,000	-	40,119,856	1,494.83
2008	26,839	26,549,597	1,016,411	6,520,000	5,936,188	1,900,000	-	41,922,196	1,561.99
2009	26,839	27,137,406	894,218	6,470,000	5,793,472	4,491,837	-	44,786,933	1,668.73
2010	26,839	24,782,291	754,757	6,420,000	5,660,640	9,244,404	-	46,862,092	1,746.04
2011	25,663	31,214,240	896,401	5,985,000	5,527,808	8,654,000	-	52,277,449	2,037.07
2012	25,663	33,416,538	798,420	5,525,000	5,398,834	18,299,000	-	63,437,792	2,471.96
2013	25,663	33,836,005	238,551	5,040,000	4,330,000	18,149,131	-	61,593,687	2,400.10
2014	25,663	31,825,067	238,637	4,525,000	4,257,000	17,467,989	-	58,313,693	2,272.29

(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
2005	26,839	613,759,958	30,520,000	(166,201)	6,185,562	4,771,091	19,729,548	3.2145%	735.11
2006	26,839	615,605,679	33,286,238	(169,158)	6,137,296	3,816,141	23,501,959	3.8177%	875.66
2007	26,839	604,195,219	31,256,055	59,911	6,078,679	3,040,000	22,077,465	3.6540%	822.59
2008	26,839	607,873,412	32,485,785	(1,000)	5,936,188	5,568,483	20,982,114	3.4517%	781.78
2009	26,839	628,531,154	32,930,878	95,677	5,793,472	5,948,315	21,093,414	3.3560%	785.92
2010	26,839	659,314,561	30,442,931	137,303	5,660,640	5,769,853	18,875,135	2.8628%	703.27
2011	25,663	672,673,071	36,742,048	67,605	5,527,808	5,117,531	26,029,104	3.8695%	1,014.27
2012	25,663	683,869,650	38,815,372	192,177	5,398,834	8,252,765	24,971,596	3.6515%	973.06
2013	25,663	713,850,721	38,166,005	17,260	4,330,000	8,534,960	25,283,785	3.5419%	985.22
2014	25,663	728,356,053	36,082,067	262,803	4,257,000	14,825,785	16,736,479	2.2978%	652.16

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

**City of Burlington, Iowa**

**Computation of Direct and Overlapping Bonded Debt  
June 30, 2014**

	<b>Net Bonded Debt June 30, 2014</b>	<b>Percent Applicable to City</b>	<b>Direct and Overlapping Bonded Debt</b>
City of Burlington direct debt	\$ 16,736,479 (1)	100.00%	<u>\$ 16,736,479</u>
Great Prairie Education Agency	745,000	8.08%	60,196
Southeastern Community College	7,115,000	19.28%	1,371,993
West Burlington Community School District	205,000	11.31%	23,192
Des Moines County	2,890,000	48.97%	1,415,117
Burlington Community School District	<u>-</u>	76.13%	<u>-</u>
Subtotal, overlapping debt			<u>2,870,498</u>
Total direct and overlapping bonded debt	<u>\$ 27,691,479</u>		<u>\$ 19,606,977</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, 2014**

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Total assessed valuation as of January 1, 2012	<u>\$ 1,127,376,637</u>
Debt limit - 5% of assessed valuation	<u>56,368,832</u>
Amount of debt applicable to limit:	
General obligation bonds	35,884,065
Tax increment revenue bonds	<u>4,763,637</u>
Total Applicable to Limit	<u>40,647,702</u>
Legal debt margin	<u>\$ 15,721,130</u>
Percent of debt limit	27.89%



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

	<b>Fiscal Year</b>					
	2014	2013	2012	2011	2010	2009
Debt Limit	\$ 56,368,832	\$ 56,140,945	\$ 55,329,141	\$ 55,011,394	\$ 54,401,905	\$ 53,194,904
Total Net Debt Applicable to Limit	<u>40,647,702</u>	<u>43,350,551</u>	<u>44,570,450</u>	<u>42,965,112</u>	<u>41,362,931</u>	<u>43,938,078</u>
Legal Debt Margin	<u>\$15,721,130</u>	<u>\$12,790,394</u>	<u>\$10,758,691</u>	<u>\$12,046,282</u>	<u>\$ 13,038,974</u>	<u>\$9,256,826</u>
Total debt applicable to the limit as a percentage of debt limit	72.11%	77.22%	80.56%	78.10%	76.03%	82.60%

2008	2007	2006	2005
\$ 49,573,535	\$48,994,093	\$47,843,644	\$47,439,779
<u>39,085,765</u>	<u>31,404,855</u>	<u>33,472,238</u>	<u>30,706,000</u>
<u>\$10,487,770</u>	<u>\$17,589,238</u>	<u>\$14,371,406</u>	<u>\$16,733,779</u>
78.84%	64.10%	69.96%	64.73%

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	
2005	3,181,296	2,513,876	667,420	390,000	117,608	507,608	1.315
2006	3,416,009	2,524,771	891,238	390,000	117,608	507,608	1.756
2007	3,807,777	2,552,565	1,255,212	370,000	100,273	470,273	2.669
2008	3,975,408	2,604,768	1,370,640	340,000	59,088	399,088	3.434
2009	4,105,364	2,525,815	1,579,549	493,000	174,618	667,618	2.366
2010	4,504,366	2,740,974	1,763,392	658,000	400,158	1,058,158	1.666
2011	4,801,121	2,704,402	2,096,719	678,000	376,340	1,054,340	1.989
2012	5,159,896	2,677,404	2,482,492	793,000	604,925	1,397,925	1.776
2013	5,464,474	2,917,619	2,546,855	1,160,000	296,050	1,456,050	1.749
2014	6,214,034	2,968,279	3,245,755	973,401	549,280	1,522,681	2.132

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

(2) Total operating expenses exclusive of depreciation.

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

**City of Burlington, Iowa**

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

2014		2005	
Name	Approximate Number of Employees	Name	Approximate Number of Employees
		Aldi, Inc	100-200
Alfa Gomma America	Under 100	Alfa Gomma America	Under 100
American Ordinance	500-1,000	American Ordinance	Over 1,000
Antennacraft, Division of RadioShack Corporation	Under 100	Antennacraft, Division of RadioShack Corporation	Under 100
Big River Resources, LLC	100-200		
Borghini International	100-200	Borghini International	Under 100
		Burlington Basket Company	100-200
Burlington Northern Santa Fe, Inc.	Under 100	Burlington Northern Santa Fe, Inc.	Under 100
Case New Holland	500-1,000	Case New Holland	200-500
		Cessford Construction Company	100-200
Cobo International	100-200		
Federal Mogul Ignition Products	200-500	Champion Spark Plug, Division of Federal Mogul	500-1,000
CSI Employment	Under 100	CSI Employment	200-500
Diamond Vogel Paint Company	Under 100	Diamond Vogel Paint Company	Under 100
Dresser Rand	100-200	Tuthill Corporation, Murray Turbo Division	100-200
Flint Cliffs Mfg.	Under 100	Flint Cliffs Mfg.	Under 100
General Electric Company	200-500	General Electric	500-1,000
Great River Entertainment	500-1,000		
Great River Medical Center	Over 1,000	Great River Medical Center	Over 1,000
Hawk Eye, The	100-200	Hawk Eye, The	100-200
Hawkeye Concrete Products	100-200	Hawkeye Concrete Products	100-200
Hope Haven	200-500	Hope Haven	100-200
Industrial Service Corp	100-200	Industrial Service Corp	100-200
Lamont Limited	200-500	Lamont Limited	200-500
Lance Private Brand Inc.	500-1,000	Vista Bakery	500-1000
KPI Concepts, Inc	Under 100		
Manpower Temporary Services	100-200	Manpower Temporary Services	100-200
Modern Welding Company	Under 100	Modern Welding Company	Under 100
P.P.G. Industries	Under 100	P.P.G. Industries	Under 100
Precision Resistive Products	Under 100	Precision Resistive Products	Under 100
PCI	Under 100	Raider Precast Concrete	200-500
		Ron Weber & Associates	Under 100
Sterzing Food Company	Under 100	Sterzing Food Company	Under 100
The Baking Company	100-200		
U.S. Gypsum Company	200-500	U.S. Gypsum Company	200-500
Wal-Mart Stores	200-500	Wal-Mart Stores	200-500
Winegard Company	200-500	Winegard Company	200-500

Source: Grow Greater Burlington

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

**City of Burlington, Iowa**

**Historical Economic Data  
Last Ten Years**

<b>Employment</b>				<b>Retail Sales (3)</b>		
<b>Calendar Year</b>	<b>Population (1)</b>	<b>Labor Force (2)</b>	<b>Unemployment Rate (2)</b>	<b>Fiscal Year</b>	<b>Retail Permits</b>	<b>Retail Sales</b>
2005	26,839	12,686	5.1%	2005	712	255,202,262
2006	26,839	12,820	4.7%	2006	703	264,365,555
2007	26,839	12,847	4.4%	2007	686	282,230,876
2008	26,839	12,685	6.1%	2008	696	289,150,021
2009	26,839	12,841	7.4%	2009	724	297,807,457
2010	26,839	12,740	8.9%	2010	709	293,256,724
2011	25,663	12,530	8.1%	2011	741	295,246,223
2012	25,663	13,350	6.5%	2012	742	308,393,605
2013	25,663	13,050	6.3%	2013	738	300,384,103
2014	25,663	13,480	5.6%	2014	Not available	

(1) U.S. Census Bureau

(2) Iowa Workforce Development

(3) Iowa Department of Revenue

(4) Bureau of Economic Analysis; Des Moines County

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<b>Building Permits</b>			<b>Personal Income (4)</b>	
<b>Fiscal Year</b>	<b>Number of Permits Issued</b>	<b>Dollar Value of Permits Issued</b>	<b>Calendar Year</b>	<b>Per Capita Income</b>
2005	206	27,179,000	2003	28,302
2006	209	28,203,162	2004	30,609
2007	237	26,498,176	2005	31,733
2008	226	41,092,033	2006	35,087
2009	184	9,085,283	2007	37,798
2010	222	31,908,276	2008	43,089
2011	222	17,305,279	2009	41,311
2012	292	18,489,664	2010	40,454
2013	244	26,828,640	2011	51,510
2014	284	26,973,402	2012	54,286

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

<b>Function</b>	<b>Full-Time Equivalent Employees as of June 30</b>					
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>General Government</b>						
Executive Administration	2.65	2.75	4.35	4.35	4	4
Finance	6	6	5	5	5	5
City Clerk	1.6	1.6	1.75	2	2	2
<b>Public Safety</b>						
Police Officers	42	39	42	42	42	42
Firefighters and Officers	42.5	44	46	46	46	46
Civilian Employees	16.52	18.45	16.8	16.8	17	16.5
Building Code	5	5	4.6	5.6	5.25	5.25
<b>Public Works</b>						
Administration/Engineering	8	8	8.75	9	8.8	8.8
Streets	13.72	13	14.07	15.07	15.55	15.55
Property Maintenance	5.75	5.73	5.75	5.75	5	5
Vehicle Maintenance	3.8	3.73	3.8	3.8	4	4
Transit	10.75	9.46	9	9	9	9
Other	5.17	5.18	6.07	6.27	4.5	4.5
<b>Culture and Recreation</b>						
Parks	13.15	13.02	13.02	14.02	13.1	13.1
Recreation/Pool	3.9	3.9	4.7	4.7	3.25	3.25
Library	17.83	17.35	19.68	19.68	20.27	20.27
<b>Community and Economic Development</b>						
	2	2	3	3.8	4	4
<b>Business Type Activities</b>						
Sewer	18.07	24.95	24.57	23.57	23.8	23.8
Solid Waste	7.8	7.73	7.8	7.8	7.75	7
Parking	0.8	0.73	0.8	0.8	1.15	1.15
Flint Hills Golf	5.71	6.32	6.64	6.64	6.15	6.15
RecPlex	6.05	6.05	6.05	6.05	9.25	9.25
<b>Total</b>	<b>238.77</b>	<b>243.95</b>	<b>254.2</b>	<b>257.7</b>	<b>256.82</b>	<b>255.57</b>

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>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
3	3	3	3
6	6	6	6
2	2	2	2
42	42	42	42
46	46	46	46
16.5	16.5	16.5	16.5
5.25	5.25	5.25	4
8.8	8.8	8.8	8.8
15.55	15.55	15.55	15.55
5	5	5	5
4	4	4	4
9	9	9	9
4.5	5.2	5.2	5.2
13.1	13.1	13.1	13.1
3.25	3.25	3.25	3.25
20.27	20.27	20.27	20.27
4	4	4	4
23.8	24.8	24.8	25.8
7	7.75	7.75	8
1.15	1.15	1.15	1.15
6.15	6.4	6.4	6.4
9.25	9.25	9.25	9.25
255.57	258.27	258.27	258.27

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

	2014	2013	2012	2011	2010	2009	2008
<b>Police</b>							
Number of Stations	1	1	1	1	1	1	1
Number of Officers	42	39	42	42	42	42	42
<b>Fire</b>							
Number of Stations	2	2	2	2	2	2	2
Number of Firefighting Personnel	42.5	44	46	46	46	46	46
<b>Parks</b>							
Number of parks	13	13	13	13	13	13	13
Acres	220	220	220	220	220	220	220
Golf Courses	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1
<b>Building Code</b>							
Number of permits Issued	284	244	292	222	222	184	237
Permit Value	26,973,402	26,828,640	18,489,664	17,305,279	31,908,276	9,085,283	41,092,033
<b>Wastewater Treatment Facility</b>							
Number of Facilities	1	1	1	1	1	1	1
Major Pumping Stations	3	3	3	3	3	3	3
Minor Pumping Stations	11	11	11	11	11	11	11

2007	2006	2005
1	1	1
42	42	42
2	2	2
46	46	46
13	13	13
220	220	220
1	1	1
1	1	1
237	209	206
26,498,176	28,203,162	27,179,000
1	1	1
3	3	3
11	11	11



# COMPLIANCE SECTION





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

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burlington, Iowa (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 9, 2014. Our report includes a reference to other auditors who audited Burlington Municipal Waterworks, Southeast Iowa Regional Airport Authority and Friends of the Burlington Public Library Foundation as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The Friends of the Burlington Public Library was not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. 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.

## **Purpose of this Report**

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

*McGladrey LLP*

Davenport, Iowa  
December 9, 2014



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

**Independent Auditor's Report**

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

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

We have audited the City of Burlington, Iowa's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Burlington Municipal Waterworks, Southeast Iowa Regional Airport Authority, and Friends of the Burlington Public Library Foundation, discretely presented component units, which did not have a single audit performed for fiscal year ended June 30, 2014. Our audit, described below, does not include the operations of these organizations.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the City of Burlington, Iowa complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

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

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

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

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

*McGladrey LLP*

Davenport, Iowa  
December 9, 2014

# City of Burlington, Iowa

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Identifying Number	Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
Passed through Iowa Department of Economic Development:			
State-Administered CDBG Cluster:			
Neighborhood Stabilization Program	14.228	08-NSP-003	\$ 12,640
Neighborhood Stabilization Program	14.228	11-NSP-003	149,207
Community Development Block Grant	14.228	11-HSG-005	115,979
Community Development Block Grant	14.228	12-DTR-001	65,505
<b>Total U.S. Department of Housing and Urban Development</b>			<b>343,331</b>
<b>U.S. Department of Interior</b>			
Passed through State Historical Society of Iowa:			
Historic Preservation Funds Grant-In-Aid	15.904	2012-09	6,000
Historic Preservation Funds Grant-In-Aid	15.904	2014-030	15,305
Historic Preservation Funds Grant-In-Aid	15.904	2013-02	3,999
<b>Total U.S. Department of Interior</b>			<b>25,304</b>
<b>U.S. Department of Justice</b>			
Direct:			
JAG Cluster, Dispatch JAG	16.738	2012-DJ-BX-0319	24,454
JAG Cluster, Mobile Communications Upgrade	16.738	2013-DJ-BX-0084	21,276
Subtotal			45,730
Passed through Governor's Office of Drug Control Policy:			
ARRA - 2010 Byrne Justice Assistance Grant	16.803	11-JAG-42271	68,040
<b>Total U.S. Department of Justice</b>			<b>113,770</b>
<b>U.S. Department of Transportation</b>			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction Cluster, Flint River			
Recreational Trail	20.205	STP-ES-0977(636)-8T-29	35,635
Formula Grants for Rural Areas:			
Federal Transit Assistance	20.509	18-0030-097-14	340,632
SFY2011 RTAP Fellowship - Training	20.509	RTAP-80% IA-18-X029	922
Subtotal			341,554
Passed through Governor's Traffic Safety Bureau:			
Traffic Safety Grant	20.600	14-402-MOPT	8,959
Traffic Safety Grant	20.600	13-04, Task 03	7,052
Subtotal			16,011
<b>Total U.S. Department of Transportation</b>			<b>393,200</b>
<b>U.S. Department of Homeland Security</b>			
Direct:			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2013-FH-00089	15,444
Assistance to Firefighters	97.044	EMW-2011-FR-00148	230,625
Subtotal			246,069
Passed through Iowa Department of Homeland Security:			
Disaster Grant	97.036	IA-DRA-1928	82,271
Disaster Grant	97.036	IA-DR-4119	81,396
Disaster Grant	97.036	IA-DR-4126	231,842
Subtotal			395,509
<b>Total U.S. Department of Homeland Security</b>			<b>641,578</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,517,183</b>

See Notes to Schedule of Expenditures of Federal Awards.

**City of Burlington, Iowa**

**Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2014**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City for year ended June 30, 2014. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies expended during the year, is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States and Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**Note 2. Significant Accounting Policies**

Revenue from federal awards is recognized when the City has done everything necessary to establish its right to revenue. In the governmental funds, revenue from federal grants is recognized when they become both measureable and available. For proprietary funds, revenue from federal grants is recognized when they are earned.

Expenditures of federal awards are recognized in the accounting period when the liability is incurred and has met the eligibility criteria of the federal grant. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**City of Burlington, Iowa**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2014**

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<b>Number</b>	<b>Comment</b>	<b>Status</b>	<b>Corrective Action or Other Explanation</b>
13-IV-A	Disbursements during the year ended June 30, 2013 exceeded the amount budgeted in the business-type activities function.	Corrected	

**City of Burlington, Iowa**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014**

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

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
20.509	Formula Grants For Rural Areas
97.036	Disaster Grants

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

Auditee qualified as low-risk auditee?  Yes  No

(Continued)

City of Burlington, Iowa

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2014

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

A. Internal Controls

None reported

B. Compliance Findings

None reported

III. Findings and Questioned Costs for Federal Awards

A. Internal Controls

None reported

B. Compliance Findings

None reported

IV. Other Findings Related to Required Statutory Reporting

14-IV-A

**Certified Budget:** No disbursements exceeded the amount budgeted.

14-IV-B

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

14-IV-C

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

14-IV-D

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

14-IV-E

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

14-IV-F

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

14-IV-G

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

14-IV-H

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

**City of Burlington, Iowa**

**Corrective Action Plan  
Year Ended June 30, 2014**

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Current Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
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None noted