

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 14, 2017

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Notes is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Notes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

The City will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

New Issue

Rating Application Made: S&P Global Markets

CITY OF BURLINGTON, WISCONSIN (Racine and Walworth Counties)

\$1,495,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2017D

BID OPENING: November 21, 2017, 10:00 A.M., C.T. **CONSIDERATION:** November 21, 2017, 6:30 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$1,495,000* General Obligation Promissory Notes, Series 2017D (the "Notes") of the City of Burlington, Wisconsin (the "City") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including financing capital projects related to flood recovery. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF NOTES: December 6, 2017

MATURITY: April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2018	\$145,000	2022	\$145,000	2026	\$160,000
2019	140,000	2023	150,000	2027	165,000
2020	140,000	2024	150,000		
2021	145,000	2025	155,000		

MATURITY ADJUSTMENTS: * The City reserves the right to increase or decrease the amount of any individual maturity of the Notes in increments of \$5,000 on the day of sale. If individual maturities are increased or decreased, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: April 1, 2018 and semiannually thereafter.

OPTIONAL REDEMPTION: Notes maturing April 1, 2025 and thereafter are subject to call for prior redemption on April 1, 2024 or any date thereafter, at par.

MINIMUM BID: \$1,480,050.

MAXIMUM BID: \$1,524,900.

GOOD FAITH DEPOSIT: A cashier's check in the amount of \$29,900 may be submitted contemporaneously with the bid or, alternatively, a good faith deposit shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: To be determined by the Issuer.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein is deemed by the issuer to be final as of the date hereof for purposes of SEC Rule 15c2-12(b)(1), however, the pricing and underwriting information is subject to revision, completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.



REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers & Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers & Associates, Inc., payable entirely by the City, is contingent upon the sale of the issue.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Notes to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers & Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the Notes are exempt or required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Notes, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Notes and all times subsequent thereto up to and including the time of the delivery of the Notes, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Notes; (3) a certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Notes, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Notes in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

TABLE OF CONTENTS

<p>INTRODUCTORY STATEMENT. 1</p> <p>THE NOTES. 1</p> <p style="padding-left: 20px;">GENERAL. 1</p> <p style="padding-left: 20px;">OPTIONAL REDEMPTION. 1</p> <p style="padding-left: 20px;">AUTHORITY; PURPOSE. 2</p> <p style="padding-left: 20px;">ESTIMATED SOURCES AND USES. 2</p> <p style="padding-left: 20px;">SECURITY. 2</p> <p style="padding-left: 20px;">RATING. 3</p> <p style="padding-left: 20px;">CONTINUING DISCLOSURE. 3</p> <p style="padding-left: 20px;">LEGAL OPINION. 4</p> <p style="padding-left: 20px;">TAX EXEMPTION. 4</p> <p style="padding-left: 20px;">QUALIFIED TAX-EXEMPT OBLIGATIONS. 5</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR. 5</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR AFFILIATED COMPANIES. . . 5</p> <p style="padding-left: 20px;">INDEPENDENT AUDITORS. 5</p> <p style="padding-left: 20px;">RISK FACTORS. 6</p> <p>VALUATIONS. 8</p> <p style="padding-left: 20px;">WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES. 8</p> <p style="padding-left: 20px;">2017 EQUALIZED VALUE BY CLASSIFICATION. . . 9</p> <p style="padding-left: 20px;">TREND OF VALUATIONS. 9</p> <p style="padding-left: 20px;">LARGER TAXPAYERS. 10</p> <p>DEBT. 11</p> <p style="padding-left: 20px;">DIRECT DEBT. 11</p> <p style="padding-left: 20px;">SCHEDULE OF GENERAL OBLIGATION DEBT. . . . 12</p> <p style="padding-left: 20px;">SCHEDULE OF WATER REVENUE DEBT. 14</p> <p style="padding-left: 20px;">SEWER REVENUE DEBT. 15</p> <p style="padding-left: 20px;">DEBT LIMIT. 16</p> <p style="padding-left: 20px;">OVERLAPPING DEBT. 16</p> <p style="padding-left: 20px;">DEBT RATIOS. 17</p> <p style="padding-left: 20px;">DEBT PAYMENT HISTORY. 17</p> <p style="padding-left: 20px;">FUTURE FINANCING. 17</p> <p>TAX LEVIES AND COLLECTIONS. 18</p> <p style="padding-left: 20px;">PROPERTY TAX RATES. 19</p>	<p>THE ISSUER. 22</p> <p style="padding-left: 20px;">CITY GOVERNMENT. 22</p> <p style="padding-left: 20px;">EMPLOYEES; PENSIONS. 22</p> <p style="padding-left: 20px;">OTHER POST EMPLOYMENT BENEFITS. 23</p> <p style="padding-left: 20px;">LITIGATION. 24</p> <p style="padding-left: 20px;">MUNICIPAL BANKRUPTCY. 24</p> <p style="padding-left: 20px;">FUNDS ON HAND. 25</p> <p style="padding-left: 20px;">ENTERPRISE FUNDS. 26</p> <p>GENERAL INFORMATION. 28</p> <p style="padding-left: 20px;">LOCATION. 28</p> <p style="padding-left: 20px;">LARGER EMPLOYERS. 28</p> <p style="padding-left: 20px;">BUILDING PERMITS. 29</p> <p style="padding-left: 20px;">U.S. CENSUS DATA. 30</p> <p style="padding-left: 20px;">EMPLOYMENT/UNEMPLOYMENT DATA. 30</p> <p>FINANCIAL STATEMENTS. A-1</p> <p>FORM OF LEGAL OPINION. B-1</p> <p>BOOK-ENTRY-ONLY SYSTEM. C-1</p> <p>FORM OF CONTINUING DISCLOSURE CERTIFICATE. D-1</p> <p>NOTICE OF SALE. E-1</p> <p>BID FORM</p>
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COMMON COUNCIL

		<u>Term Expires</u>
Jeannie Hefty	Mayor	April 2018
Susan Kott	Aldersperson	April 2019
Edward Johnson	Aldersperson	April 2018
Ruth Dawidziak	Aldersperson	April 2018
Bob Grandi	Aldersperson	April 2019
Tom Vos	Aldersperson	April 2018
Jon Schultz	Aldersperson	April 2019
Todd Bauman	Aldersperson	April 2019
Thomas Preusker	Aldersperson	April 2019

ADMINISTRATION

Carina Walters, City Administrator

Steve DeQuaker, Finance Director / Treasurer

Diahnn Halbach, City Clerk

Megan Watkins, Director of Administrative Services

PROFESSIONAL SERVICES

John Bjelajac, City Attorney, Racine, Wisconsin

Quarles & Brady LLP, Bond Counsel, Milwaukee, Wisconsin

Ehlers & Associates, Inc., Municipal Advisors, Pewaukee, Wisconsin
(*Other offices located in Roseville, Minnesota, Chicago, Illinois and Denver, Colorado*)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Burlington, Wisconsin (the "City") and the issuance of its \$1,495,000* General Obligation Promissory Notes, Series 2017D (the "Notes" or the "Obligations"). Any descriptions or summaries of the Notes, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Notes to be included in the resolution awarding the sale of the Notes (the "Award Resolution") to be adopted by the Common Council on November 21, 2017.

Inquiries may be directed to Ehlers & Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the City's Municipal Advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE NOTES

GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of December 6, 2017. The Notes will mature on April 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2018, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2019 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Notes are held under the book-entry system, beneficial ownership interests in the Notes may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Notes shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Notes shall be payable as provided in the Award Resolution.

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after April 1, 2025 shall be subject to optional redemption prior to maturity on April 1, 2024 or on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the City.

* Preliminary, subject to change.

If only part of the Notes having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including financing capital projects related to flood recovery.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Notes	<u>\$1,495,000</u>	
Total Sources		\$1,495,000
Uses		
Project Costs	\$1,432,519	
Contingency	2,356	
Estimated Discount	14,950	
Costs of Issuance	<u>45,175</u>	
Total Uses		\$1,495,000

* Preliminary, subject to change.

SECURITY

For the prompt payment of the Notes with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the City will be irrevocably pledged. The City will levy a direct, annual, irrevocable tax on all taxable property in the City sufficient to pay the interest on the Notes when it becomes due and also to pay and discharge the principal on the Notes at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

RATING

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "AA-" by S&P Global Ratings ("S&P").

The City has requested a rating on this issue from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Notes, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Notes any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist the underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"), the City shall covenant to take certain actions pursuant to the Award Resolution adopted by the Common Council by entering into a Continuing Disclosure Certificate (the "Disclosure Undertaking") for the benefit of holders, including beneficial holders. The Disclosure Undertaking requires the City to provide electronically or in the manner otherwise prescribed certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule. The details and terms of the Disclosure Undertaking for this issue are set forth in Appendix D to be executed and delivered by the City at the time of delivery of the Obligations. Such Disclosure Undertaking will be in substantially the form attached hereto.

The City had not funded the debt service reserve fund in conjunction with its \$2,050,000 Waterworks System Revenue Refunding Bonds, Series 2011A until September 9, 2014. An event notice was filed on the same date. Standard & Poor's revised the rating on outstanding waterworks system revenue debt of the City on April 29, 2015. The event notice was not filed until September 3, 2015. Except to the extent the preceding is deemed to be material, in the previous five years the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities to help ensure compliance in the future.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on this issue or any issue outstanding. However, such a failure may adversely affect the transferability and liquidity of the Obligations and their market price.

The City will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system or any system that may be prescribed in the future. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org. Ehlers is currently the disclosure dissemination agent for the City.

LEGAL OPINION

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City, and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

STATEMENT REGARDING COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for this Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B).

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Notes under existing law substantially in the following form:

"The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Notes is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes."

The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Notes. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Notes may be enacted. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a Municipal Advisor.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2016, have been audited by Patrick W. Romenesko, S.C., Lake Geneva, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Notes without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Notes are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Notes. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Notes for resale prior to maturity.

Tax Exemption: If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Notes may fall for purposes of resale. Noncompliance by the City with the covenants in the Award Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Notes in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Notes. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Notes to the accounts of the Beneficial Owners of the Notes may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Notes.

Depository Risk: Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Notes in the secondary market.

Secondary Market for the Notes: No assurance can be given that a secondary market will develop for the purchase and sale of the Notes or, if a secondary market exists, that such Notes can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Notes at the request of the owners thereof. Prices of the Notes as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Notes. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Notes will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

CURRENT PROPERTY VALUATIONS

	Racine County	Walworth County	Total
2017 Equalized Value	\$ 881,910,000	\$ 22,085,500	\$ 903,995,500
2017 Equalized Value Reduced by Tax Increment Valuation	694,370,900	541,600	694,912,500
2017 Assessed Value	868,518,250	10,568,100	879,086,350

2017 EQUALIZED VALUE BY CLASSIFICATION

	2017 Equalized Value	Percent of Total Equalized Value
Residential	\$ 546,926,500	60.501%
Commercial	268,837,300	29.739%
Manufacturing	50,170,800	5.550%
Agricultural	63,800	0.007%
Undeveloped	188,000	0.021%
Ag Forest	615,800	0.068%
Forest	625,000	0.069%
Other	157,100	0.017%
Personal Property	36,411,200	4.028%
Total	<u>\$ 903,995,500</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value¹	Percent Increase/Decrease in Equalized Value
2013	\$822,893,700	\$817,681,400	-1.81%
2014	825,006,500	807,245,600	-1.28%
2015	822,137,100	826,054,600	2.33%
2016	860,161,600	858,346,500	3.91%
2017	879,086,350	903,995,500	5.32%

Source: Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2016 Equalized Value¹	Percent of City's Total Equalized Value
Nestle	Manufacturing	\$ 16,274,763	1.80%
Wal-Mart	Retail	10,755,395	1.19%
Lynch Ventures	Automotive	10,447,831	1.16%
Burlington Boardwalk	Apartments	10,295,657	1.14%
JW Westridge	Apartments	9,387,740	1.04%
Aurora Surgery Center	Medical clinic	8,771,607	0.97%
Menards	Retail	8,635,112	0.96%
Memorial Hospital	Medical	7,703,977	0.85%
Cretex Materials	Industrial	7,455,514	0.82%
Aurora Medical	Medical	7,149,256	0.79%
Total		\$ 96,876,852	10.72%
City's Total 2016 Equalized Value ²		\$903,995,500	

Source: The City.

¹ Calculated by dividing the 2016 Assessed Values by the 2016 Aggregate Ratio of assessment for the City. 2017 information is not available as of the date of this Official Statement, however the main change the City anticipates is the addition of Aurora Surgery Center, with an approximate assessed value of \$9.7 million.

² Includes tax increment valuation.

DEBT

DIRECT DEBT¹ (includes the Notes)*

General Obligation Debt (see schedules following)

Total General Obligation Debt*	<u><u>\$26,620,000</u></u>
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* Preliminary, subject to change.

Revenue Debt (see schedules following)

Total revenue debt secured by revenues of the Water Utility	<u><u>\$ 3,481,932</u></u>
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Total revenue debt secured by revenues of the Sewer Utility	<u><u>\$11,074,718</u></u>
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¹ Outstanding debt is as of the dated date of the Obligations.

CITY OF BURLINGTON, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of December 6, 2017)

Dated Amount	Refunding Bonds Series 2007		Refunding Bonds Series 2011		GO St. Impr. Bonds Series 2012A		Taxable GO Refunding Bonds Series 2012B		GO Ref Bonds Series 2014A	
	9/20/2007 \$1,500,000	4/1	11/15/2011 \$9,120,000	4/1	5/23/2012 \$3,155,000	4/1	6/12/2012 \$1,460,000	4/1	6/10/2014 \$6,200,000	5/1
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017										
2018	110,000	7,235	940,000	75,200	50,000	73,335	150,000	9,678	245,000	112,055
2019	120,000	2,490	970,000	48,900	165,000	71,185	145,000	7,248	245,000	109,299
2020			1,145,000	17,175	170,000	67,835	155,000	4,354	255,000	105,855
2021					120,000	64,785	55,000	2,133	340,000	101,053
2022					125,000	62,029	60,000	750	360,000	94,743
2023					165,000	58,766			370,000	87,438
2024					200,000	54,660			380,000	79,183
2025					190,000	50,273			390,000	69,938
2026					195,000	45,844			410,000	59,528
2027					200,000	41,103			425,000	47,936
2028					205,000	36,039			435,000	35,355
2029					215,000	30,576			450,000	21,855
2030					220,000	24,758			465,000	7,440
2031					385,000	16,494				
2032					400,000	5,600				
2033										
2034										
2035										
2036										
2037										
	230,000	9,725	3,055,000	141,275	3,005,000	703,280	565,000	24,161	4,770,000	931,675

(Continued on next page.)

CITY OF BURLINGTON, WISCONSIN
Schedule of Bonded Indebtedness
General Obligation Debt
(As of December 6, 2017)

Fiscal Year Ending	GO Ref Bonds Series 2015A		Tax. GO Prom Notes Series 2015B		GO Prom Notes Bank Note		GO Corp Purp Bonds Series 2017A		GO Prom Notes Series 2017D		Total Principal*	Total Interest*	Principal & Interest*	Principal Outstanding*	Principal %Paid*	Year
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity						
2017	5/13/2015 \$4,215,000	4/1	5/13/2015 \$4,500,000	4/1	12/17/2015 \$300,000	4/1	5/25/2017 \$7,990,000	4/1	12/6/2017 \$1,495,000*	4/1	0	0	0	26,620,000	0.00%	2017
2018											4,045,000	663,215	4,708,215	22,575,000	15.20%	2018
2019											3,015,000	523,305	3,538,305	19,560,000	26.52%	2019
2020											3,240,000	454,726	3,694,726	16,320,000	38.69%	2020
2021											2,000,000	398,986	2,398,986	14,320,000	46.21%	2021
2022											2,045,000	357,587	2,402,587	12,275,000	53.89%	2022
2023											1,195,000	323,595	1,518,595	11,080,000	58.38%	2023
2024											1,230,000	296,996	1,526,996	9,850,000	63.00%	2024
2025											1,220,000	267,885	1,487,885	8,630,000	67.58%	2025
2026											1,225,000	236,618	1,461,618	7,405,000	72.18%	2026
2027											1,240,000	202,896	1,442,896	6,165,000	76.84%	2027
2028											1,015,000	170,938	1,185,938	5,150,000	80.65%	2028
2029											1,005,000	141,250	1,146,250	4,145,000	84.43%	2029
2030											1,060,000	110,291	1,170,291	3,085,000	88.41%	2030
2031											760,000	83,338	843,338	2,325,000	91.27%	2031
2032											750,000	61,569	811,569	1,575,000	94.08%	2032
2033											325,000	45,844	370,844	1,250,000	95.30%	2033
2034											325,000	35,891	360,891	925,000	96.53%	2034
2035											325,000	25,531	350,531	600,000	97.75%	2035
2036											300,000	15,188	315,188	300,000	98.87%	2036
2037											300,000	5,063	305,063	0	100.00%	2037
											26,620,000	4,420,710	31,040,710			

CITY OF BURLINGTON, WISCONSIN
Schedule of Bonded Indebtedness
Revenue Debt Secured by Revenues of the Water Utility
(As of December 6, 2017)

Waterworks Revenue Bonds Series 2011A
Safe Drinking Water Fund Loan
Safe Drinking Water Fund Loan

Dated Amount	11/15/2011 \$2,050,000		2/22/2012 \$2,044,276		6/28/2017 \$896,473		Total Principal	Total Interest	Principal & Interest	Principal Outstanding	Principal %Paid	Year
	Maturity	5/1	5/1	5/1	5/1							
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest						
2017	195,000	30,723	95,153	32,843	37,376	16,415	0	0	0	3,481,932	0.00%	2017
2018	200,000	24,798	97,246	30,727	38,075	15,709	79,981	407,509	407,509	3,154,404	9.41%	2018
2019	210,000	18,438	99,386	28,564	38,787	14,990	71,234	406,555	406,555	2,819,083	19.04%	2019
2020	215,000	11,476	101,572	26,354	39,512	14,258	61,992	410,164	410,164	2,470,910	29.04%	2020
2021	225,000	3,938	103,807	24,094	40,251	13,513	52,088	408,172	408,172	2,114,826	39.26%	2021
2022			106,090	21,786	41,004	12,753	41,544	410,602	410,602	1,745,768	49.86%	2022
2023			108,424	19,426	41,770	11,979	34,538	181,632	181,632	1,598,674	54.09%	2023
2024			110,810	17,014	42,552	11,190	31,405	181,600	181,600	1,448,479	58.40%	2024
2025			113,248	14,550	43,347	10,387	28,205	181,566	181,566	1,295,118	62.80%	2025
2026			115,739	12,031	44,158	9,569	156,595	24,937	181,532	1,138,523	67.30%	2026
2027			118,285	9,457	44,984	8,736	159,897	21,600	181,497	978,626	71.89%	2027
2028			120,888	6,826	45,825	7,887	163,269	18,192	181,461	815,357	76.58%	2028
2029			123,547	4,137	46,682	7,022	166,712	14,712	181,425	648,645	81.37%	2029
2030			126,265	1,389	47,555	6,141	170,229	11,159	181,387	478,416	86.26%	2030
2031					48,444	5,243	173,820	7,530	181,349	304,596	91.25%	2031
2032					49,350	4,329	48,444	5,243	53,687	256,152	92.64%	2032
2033					50,273	3,397	49,350	4,329	53,679	206,802	94.06%	2033
2034					51,213	2,448	50,273	3,397	53,670	156,530	95.50%	2034
2035					52,171	1,482	51,213	2,448	53,661	105,317	96.98%	2035
2036					53,146	497	52,171	1,482	53,652	53,146	98.47%	2036
2037							53,146	497	53,643	0	100.00%	2037
			1,045,000	89,371	1,540,459	249,196	3,481,932	516,512	3,998,444			

CITY OF BURLINGTON, WISCONSIN
Schedule of Bonded Indebtedness
Revenue Debt Secured by Revenues of the Sewer Utility
(As of December 6, 2017)

Fiscal Year Ending	Clean Water Fund Loan		Clean Water Fund Loan		Clean Water Fund Loan		Sewerage Sys Rev Bonds Series 2017B		Total Principal	Total Interest	Principal & Interest	Principal Outstanding	Principal %Paid	Year
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity						
2017									0	0	0	11,074,718	0.00%	2017
2018	48,389	5/1							674,354	283,924	958,278	10,400,364	6.09%	2018
2019	49,534	5/1							690,100	267,128	957,229	9,710,263	12.32%	2019
2020	50,705	5/1	7/23/2008	5/1	10/10/2012	5/1	5/25/2017		706,254	249,791	956,045	9,004,009	18.70%	2020
2021	51,904	5/1	\$4,528,149	5/1	\$7,722,769	5/1	\$1,610,000		727,826	231,858	959,683	8,276,184	25.27%	2021
2022	53,132	5/1							744,826	213,308	958,133	7,531,358	32.00%	2022
2023	54,388	5/1							762,265	194,173	956,438	6,769,093	38.88%	2023
2024	55,675	5/1							780,156	174,458	954,614	5,988,937	45.92%	2024
2025	56,991	5/1							803,509	154,091	957,600	5,185,428	53.18%	2025
2026	58,339	5/1							822,337	133,070	955,407	4,363,090	60.60%	2026
2027	59,719	5/1							846,652	111,374	958,026	3,516,438	68.25%	2027
2028									805,336	89,726	895,061	2,711,102	75.52%	2028
2029									533,360	71,935	605,295	2,177,742	80.34%	2029
2030									822,337	133,070	955,407	1,632,482	85.26%	2030
2031									545,261	57,378	602,639	1,070,008	90.34%	2031
2032									562,474	42,323	604,797	490,000	95.58%	2032
2033									580,008	26,669	606,676	400,000	96.39%	2033
2034									90,000	17,088	107,088	305,000	97.25%	2034
2035									95,000	13,731	108,731	205,000	98.15%	2035
2036									100,000	10,075	110,075	105,000	99.05%	2036
2037									100,000	6,200	106,200	0	100.00%	2037
									105,000	2,100	107,100	0		
									538,776	66,165	604,941	11,074,718		
									2,756,585	407,431	3,164,016	2,350,398		
									6,169,357	1,292,725	7,462,082	13,425,116		

DEBT LIMIT

The constitutional general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	\$903,995,500
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$45,199,775
Less: General Obligation Debt*	<u>(26,620,000)</u>
Unused Debt Limit*	<u><u>\$18,579,775</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2017 Equalized Value	% In City	Total G.O. Debt²	City's Proportionate Share
Racine County	\$14,695,479,800	6.0012%	\$43,220,000	\$2,593,733
Walworth County	14,156,955,100	0.1560%	15,830,000	24,696
Burlington Area School District	2,241,392,834	40.3319%	8,030,000	3,238,649
Gateway Technical College District	42,993,548,858	2.1026%	59,645,000	<u>1,254,114</u>
City's Share of Total Overlapping Debt				<u><u>\$ 7,111,191</u></u>

¹ Overlapping debt is as of the dated date of the Obligations. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

² Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$903,995,500	Debt/ Per Capita 10,824¹
Total General Obligation Debt*	\$ 26,620,000	2.94%	\$ 2,459.35
City's Share of Total Overlapping Debt	<u>7,111,191</u>	<u>0.79%</u>	<u>656.98</u>
Total*	\$ 33,731,191	3.73%	\$ 3,116.33

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The City plans to issue approximately \$2,000,000 in General Obligation Corporate Purpose Bonds in 2018.

¹ Estimated 2017 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Racine County

Tax Year	Levy for City Purposes Only	% Collected	Equalized Value (TID Out)	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2012/13	\$5,501,182	100.00%	\$659,965,000	\$8.34
2013/14	5,527,042	100.00%	635,288,900	8.70
2014/15	5,740,759	100.00%	637,462,800	9.01
2015/16	6,026,406	100.00%	664,133,300	9.07
2016/17	6,111,011	100.00%	684,255,200	8.93

Walworth County

Tax Year	Levy for City Purposes Only	% Collected	Equalized Value (TID OUT)	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2012/13	\$4,496	100.00%	\$539,400	\$8.34
2013/14	4,574	100.00%	525,800	8.70
2014/15	5,350	100.00%	594,100	9.01
2015/16	5,391	100.00%	557,500	9.67
2016/17	12,545	100.00%	701,600	17.88

Property tax statements are distributed to taxpayers by the town, village, and city clerks in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying

taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year.

PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

Racine County

Year Levied/ Year Collected	Schools ¹	County	Local	Other ²	Total
2012/13	\$12.39	\$3.71	\$8.34	\$0.17	\$24.61
2013/14	12.77	3.98	8.70	0.17	25.62
2014/15	11.86	3.87	9.01	0.17	24.91
2015/16	11.83	3.78	9.07	0.17	24.85
2016/17	11.38	3.73	8.93	0.17	24.21

Walworth County

Year Levied/ Year Collected	Schools ¹	County	Local	Other ²	Total
2012/13	\$12.39	\$3.82	\$8.34	\$0.17	\$24.72
2013/14	12.77	4.02	8.70	0.17	25.66
2014/15	11.86	4.02	9.01	0.17	25.06
2015/16	11.83	4.02	9.67	0.17	25.69
2016/17	11.38	3.95	17.88	1.19	34.40

Source: Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

¹ The Schools tax rate reflects the composite rate of all local school districts and technical college district.

² Includes the state reforestation tax which is apportioned to each county on the basis of its full value. Counties, in turn, apportion the tax to the tax districts within their borders on the basis of full value. It also includes taxes levied for special purpose districts such as metropolitan sewerage districts, sanitary districts, and public inland lake protection districts. Tax increment values are not included.

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

With respect to general obligation debt service, the following provisions are made:

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding

obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Obligations were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Obligations.

THE ISSUER

CITY GOVERNMENT

The City was incorporated as a village in 1886 and as a city on February 27, 1900, and is governed by a Mayor and an eight-member Common Council elected to staggered two-year terms. The Mayor votes only in the case of a tie. The Administrator, Treasurer and Clerk are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 68 full-time, 39 part-time, and eight seasonal employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees covered under WRS are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. The total retirement plan contributions (including both the City's and the employees' contributions) for the years ended December 31, 2016 were \$734,417. During the fiscal year ended December 31, 2016 ("Fiscal Year 2016"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$346,167.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2015.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2015, the total pension liability of the WRS was calculated as \$90.1 billion and the fiduciary net position of the WRS was calculated as \$88.5 billion, resulting in a net pension liability of \$1.6 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2016, the City reported a liability of \$605,052 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2015 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was .03723434% of the aggregate WRS net pension liability as of December 31, 2015.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 4.A. in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining units represent employees of the City:

Bargaining Unit	Expiration Date of Current Contract
321 Firefighters Local	December 31, 2018
Burlington Police Benevolent Association	December 31, 2020

OTHER POST EMPLOYMENT BENEFITS

The City does not provide any other post employment benefits.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Obligations or otherwise questioning the validity of the Obligations.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Obligations are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Obligations could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Obligations, and there could ultimately be no assurance that holders of the Obligations would be paid in full or in part on the Obligations. Further, under such circumstances, there could be no assurance that the Obligations would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Obligations could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Obligations.

Moreover, if the City were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Obligations would not occur.

FUNDS ON HAND (as of October 24, 2017)

Fund	Total Cash and Investments
General Operating Checking	\$941,713
TID RLF Checking	200,696
Muni Court Checking	41,804
Self-Insurance Fund Checking	201,321
Tax Account Checking	2,337,408
Fox River State Bank Tax Checking	1,938,823
Town Bank RLF/CDBG Checking	645,688
Johnson Bank Savings	502
LGIP General	152,116
LGIP TID 5	157,991
TD Ameritrade General	406,000
TD Ameritrade Tax/General	181,806
TD Ameritrade Self Insurance	251,650
TD Ameritrade Debt Obligations	358,264
TD Ameritrade Vehicles	64,167
TD Ameritrade Parks/Wemhoff	37,431
TD Ameritrade Water Equipment	69,045
TD Ameritrade Sewerage Equipment	194,405
TD Ameritrade Water Bond Reserve	207,334
Community State Bank Flood Relief	5
BMO Harris Bank Flood Relief	5,227
LGIP 2017 Projects	<u>7,156,392</u>
Total Funds on Hand	<u><u>\$15,549,788</u></u>

ENTERPRISE FUNDS

Revenues available for debt service on the City's enterprise funds have been as follows as of December 31 each year:

	2014	2015	2016
Water			
Total Operating Revenues	\$ 2,114,676	\$ 2,245,809	\$ 2,362,442
Less: Operating Expenses	<u>(1,758,293)</u>	<u>(1,626,215)</u>	<u>(1,664,136)</u>
Operating Income	\$ 356,383	\$ 619,594	\$ 698,306
Plus: Depreciation	593,376	610,265	611,526
Interest Income	<u>9,330</u>	<u>8,304</u>	<u>2,522</u>
Revenues Available for Debt Service	<u><u>\$ 959,089</u></u>	<u><u>\$ 1,238,163</u></u>	<u><u>\$ 1,312,354</u></u>
Sewerage			
Total Operating Revenues	\$ 2,885,802	\$ 2,945,315	\$ 3,055,983
Less: Operating Expenses	<u>(3,080,558)</u>	<u>(3,195,975)</u>	<u>(3,299,550)</u>
Operating Income	\$ (194,756)	\$ (250,660)	\$ (243,567)
Plus: Depreciation	1,482,904	1,666,752	1,684,870
Interest Income	<u>7,416</u>	<u>20,733</u>	<u>(19,435)</u>
Revenues Available for Debt Service	<u><u>\$ 1,295,564</u></u>	<u><u>\$ 1,436,825</u></u>	<u><u>\$ 1,421,868</u></u>
Airport			
Total Operating Revenues	\$ 918,434	\$ 848,082	\$654,147
Less: Operating Expenses	<u>(982,450)</u>	<u>(805,337)</u>	<u>(677,771)</u>
Operating Income	\$ (64,016)	\$ 42,745	\$ (23,624)
Plus: Depreciation	92,429	99,752	96,708
Interest Income	<u>73</u>	<u>63</u>	<u>0</u>
Revenues Available for Debt Service	<u><u>\$ 92,502</u></u>	<u><u>\$ 142,560</u></u>	<u><u>\$ 73,084</u></u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete audited financial statements are available upon request. See Appendix A for the City's 2016 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2013 Audited	2014 Audited	2015 Audited	2016 Audited	2017 Projected ¹
Revenues					
Taxes	\$ 4,487,966	\$ 4,558,306	\$ 5,024,206	\$ 4,972,911	\$ 6,267,206
Intergovernmental	1,291,222	1,451,694	1,407,283	1,429,995	1,234,190
Licenses and permits	365,091	393,240	455,639	498,999	428,200
Penalties and forfeitures	160,704	175,122	181,183	181,201	110,000
Public charges for services	50,768	104,460	97,084	102,383	79,700
Special assessments	16,740	36,706	33,772	33,745	0
TIF Repayment of deferred advance	294,415	0	0	0	0
Interest earnings	4,945	14,186	36,171	(1,957)	24,500
Repayments of note receivable	14,040	0	0	0	0
Other ²	83,486	43,186	25,839	21,208	1,869,147
Total Revenues	\$ 6,769,377	\$ 6,776,900	\$ 7,261,177	\$ 7,238,485	\$ 10,012,943
Expenditures					
Current:					
General government ³	\$ 915,736	\$ 842,965	\$ 860,390	\$ 1,028,475	\$ 2,679,219
Public safety	3,724,087	3,670,524	3,514,199	3,592,911	3,680,231
Public works	2,140,561	2,067,427	1,845,564	1,942,957	1,295,262
Health and social services	74,614	77,422	82,449	84,207	0
Culture and recreation	598,257	637,904	590,290	546,641	1,011,190
Conservation and development	186,752	375,673	221,114	225,143	515,291
Capital outlay	0	0	0	0	70,000
Debt Service	0	0	0	0	555,683
Total Expenditures	\$ 7,640,007	\$ 7,671,915	\$ 7,114,006	\$ 7,420,334	\$ 9,806,876
Excess of revenues over (under) expenditures	\$ (870,630)	\$ (895,015)	\$ 147,171	\$ (181,849)	\$ 206,067
Other Financing Sources (Uses)					
Water utility tax equivalent	456,625	480,294	472,392	515,875	
Sale of capital assets	0	116,260	0	0	
Operating transfers in	448,232	302,702	25,000	54,295	500,000
Operating transfers out	(25,000)	(25,000)	(246,961)	(455,322)	(229,785)
Total Other Financing Sources (Uses)	\$ 879,857	\$ 874,256	\$ 250,431	\$ 114,848	\$ 270,215
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 9,227	\$ (20,759)	\$ 397,602	\$ (67,001)	\$ 476,282
General Fund Balance January 1	1,713,840	1,723,067	1,665,846*	\$2,063,448	1,996,447
General Fund Balance December 31	\$ 1,723,067	\$ 1,702,308	\$ 2,063,448	\$ 1,996,447	\$ 2,472,729
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	9,575	1,986,978	1,475,284	1,435,936	1,080,000
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Assigned	300,000	0	0	0	0
Unassigned	1,413,492	(284,670)	588,164	560,511	1,392,729
Total	\$ 1,723,067	\$ 1,702,308	\$ 2,063,448	\$ 1,996,447	\$ 2,472,729

* Re-stated amount.

¹ As of October 23, 2017, unaudited, unapproved by City Council.

² For 2017, includes approximately \$1,700,000 for this issue and anticipated disaster relief aid from the Wisconsin State Disaster Fund and Wisconsin Department of Transportation Disaster Funds.

³ For 2017, includes expected expenditures for flood recovery.

GENERAL INFORMATION

LOCATION

The City of Burlington, with a 2010 U.S. Census population of 10,464 and a current estimated population of 10,824, comprises an area of 6.49 square miles and is located approximately 25 miles southwest of the City of Milwaukee.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Aurora Burlington Clinic/Memorial Hospital	Medical clinic/Hospital	970
Nestle Confection and Snacks	Food products	500
Walmart	General merchandise	356
Burlington School District	Secondary education	346
Echo Lake Foods, INC.	Frozen foods manufacturer	300
Pick 'N' Save	Grocery store	300
St. Gobain/Ardagh Group	Containers and packaging	300
Lavelle Industries	Molded rubber and thermoplastic products	300
Quad Graphics	Divisional headquarters/commercial & digital	250
Packaging Corp of America	Containerboard and corrugated packaging	150

Source: *ReferenceUSA, written and telephone survey (April 2017), Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.*

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data.

BUILDING PERMITS

	2013	2014	2015	2016	2017 ¹
<u>New Single Family Homes</u>					
No. of building permits	17	22	15	16	15
Valuation	\$3,979,185	\$4,871,885	\$3,536,790	\$3,334,750	\$3,909,114
<u>New Multiple Family Buildings</u>					
No. of building permits	2	3	1	2	0
Valuation	\$600,000	\$900,000	\$300,000	\$730,000	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	0	1	6	6	2
Valuation	\$0	\$2,084,470	\$7,897,500	\$14,411,000	\$7,661,000
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	437	453	434	492	189
Valuation	\$10,159,133	\$21,356,543	\$32,042,470	\$50,978,065	\$27,222,471

Source: The City.

¹ As of October 25, 2017.

U.S. CENSUS DATA

Population Trend: The City

2000 U.S. Census	9,936
2010 U.S. Census	10,464
2016 Estimated Population	10,824
Percent of Change 2000 - 2010	5.31%

Income and Age Statistics

	City	Racine County	State of Wisconsin	United States
2015 per capita income	\$24,667	\$27,895	\$28,340	\$28,930
2015 median household income	\$52,822	\$55,584	\$53,357	\$53,889
2015 median family income	\$69,716	\$68,728	\$68,064	\$66,011
2015 median gross rent	\$795	\$783	\$776	\$928
2015 median value owner occupied units	\$169,100	\$164,600	\$165,800	\$178,600
2015 median age	40.2 yrs.	39.7 yrs.	39.0 yrs.	37.6 yrs.

	State of Wisconsin	United States
City % of 2015 per capita income	87.04%	85.26%
City % of 2015 median family income	102.43%	105.61%

Housing Statistics

	City		
	2000	2015	Percent of Change
All Housing Units	3,976	4,508	13.38%

Source: 2000 and 2010 Census of Population and Housing, and 2015 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (www.factfinder2.census.gov).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities with populations under 25,000.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Racine County	Racine County	Racine County	State of Wisconsin
2013	91,538	8.3%	6.7%	
2014	93,346	6.6%	5.4%	
2015	93,840	5.6%	4.6%	
2016	94,555	5.1%	4.1%	
2017, September	96,816	3.8%	3.0%	

Source: Wisconsin Department of Workforce Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested the Auditor to perform any additional examination, assessments or evaluation with respect to such financial statements since the date thereof, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Notes, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

CITY OF BURLINGTON
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2016

CITY OF BURLINGTON
TABLE OF CONTENTS
For the Year Ended December 31, 2016

Independent Auditor's Report

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position

Statement of Activities

Fund Financial Statements:

Balance Sheet - Governmental Funds

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes
In Fund Balances of Governmental Funds to the Statement of Activities

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - General Fund

Statement of Net Position - Proprietary Funds

Statement of Revenues, Expenses, and Changes in
Fund Net Position - Proprietary Funds

Statement of Cash Flows - Proprietary Funds

Statement of Fiduciary Net Position - Fiduciary Funds

Notes to the Financial Statements

Required Supplementary Information:

Schedule of Proportionate Share of Net Pension Asset - Wisconsin
Retirement System

Schedule of Contributions - Wisconsin Retirement System

Supplementary Information:

Nonmajor Governmental Funds - Combining Balance Sheet

Nonmajor Governmental Funds - Combining Statement of
Revenues, Expenditures and Changes in Fund Balances

General Fund - Schedule of Revenues - Budget and Actual

General Fund - Schedule of Expenditures - Budget and Actual

Long-Term Debt Schedules



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

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Independent Auditor's Report

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Burlington, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Burlington's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Burlington as of December 31, 2016, and the respective changes in financial position and, where applicable, the cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions on page 52 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to the my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.


Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Burlington's basic financial statements. The accompanying supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the of the basic financial statements.

This supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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



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

Lake Geneva, Wisconsin
July 24, 2017

CITY OF BURLINGTON
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Primary Government		Total	Component Unit
	Governmental Activities	Business-type Activities		Housing Authority
Assets				
Pooled cash and investments	\$ 2,423,151	\$ 1,734,107	\$ 4,157,258	\$ 74,294
Receivables:				
2016 tax levy	10,330,108	-	10,330,108	-
Accounts and other	90,356	1,244,939	1,335,295	1,494
Special assessments	13,947	126,691	140,638	-
Internal balances	480,913	(480,913)	-	-
Inventories	-	45,982	45,982	-
Prepaid items	21,368	-	21,368	14,769
Restricted assets - cash and investments	1,879,764	398,970	2,278,734	271,217
Notes receivable	1,852,426	-	1,852,426	-
Net pension asset	-	-	-	-
Other deferred debits	65,915	105,487	171,402	-
Capital assets (net of accumulated depreciation):				
Land and land rights	20,147,482	1,164,332	21,311,814	87,236
Buildings and improvements	9,896,104	30,839,795	40,735,899	3,195,953
Land improvements and other structures	3,667,133	2,054,267	5,721,400	652,831
Machinery and equipment	7,566,917	10,696,392	18,263,309	137,904
Infrastructure	43,777,543	34,816,036	78,593,579	-
Less: accumulated depreciation	(31,456,012)	(34,533,400)	(65,989,412)	(1,866,665)
Total assets	<u>70,757,115</u>	<u>48,212,685</u>	<u>118,969,800</u>	<u>2,569,033</u>
Deferred Outflows of Resources				
Deferred outflows related to pension	<u>2,834,270</u>	<u>538,230</u>	<u>3,372,500</u>	<u>33,072</u>
Total Assets and Deferred Outflows of Resources	<u>73,591,385</u>	<u>48,750,915</u>	<u>122,342,300</u>	<u>2,602,105</u>
Liabilities				
Accounts payable and other current liabilities	744,834	201,807	946,641	13,092
Accrued interest payable	107,937	6,278	114,215	-
Deposits held	25,886	3,000	28,886	33,398
Liabilities payable from restricted assets:				
Accrued interest payable	-	56,024	56,024	-
Non-current liabilities:				
Compensated absences, due beyond one year	304,353	81,640	385,993	-
Net pension liability	508,485	96,567	605,052	5,371
Bonds and notes payable, due within one year	3,934,696	1,011,978	4,946,674	29,568
Bonds and notes payable, due beyond one year	17,819,367	13,591,549	31,410,916	2,180,593
Total liabilities	<u>23,445,558</u>	<u>15,048,843</u>	<u>38,494,401</u>	<u>2,262,022</u>
Deferred Inflows of Resources				
Property taxes	10,791,435	-	10,791,435	-
Deferred inflows related to pension	<u>1,070,097</u>	<u>203,222</u>	<u>1,273,319</u>	<u>11,301</u>
	<u>11,861,532</u>	<u>203,222</u>	<u>12,064,754</u>	<u>11,301</u>
Net Position				
Invested in capital assets, net of related debt	31,845,104	30,716,377	62,561,481	264,485
Restricted for debt service	1,879,764	398,970	2,278,734	-
Restricted for pension benefits	1,255,688	238,441	1,494,129	16,400
Unrestricted	3,303,739	2,145,062	5,448,801	47,897
Total net position	<u>\$ 38,284,295</u>	<u>\$ 33,498,850</u>	<u>\$ 71,783,145</u>	<u>\$ 328,782</u>

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 1,165,996	\$ 47,611	\$ -	\$ -
Public safety	4,267,764	508,006	71,543	-
Public works	3,326,027	7,224	654,624	14,895
Health and human services	84,207	-	-	-
Culture, recreation and education	1,558,915	52,413	323,547	91,197
Conservation and development	885,663	26,227	-	-
Interest and fiscal charges	518,516	-	-	-
Total governmental activities	<u>11,807,089</u>	<u>641,481</u>	<u>1,049,714</u>	<u>106,092</u>
Business-type activities:				
Water	1,767,848	2,362,442	-	91,593
Sewer	3,564,680	3,055,983	-	108,900
Airport	677,771	654,147	-	-
Total business-type activities	<u>6,010,299</u>	<u>6,072,572</u>	<u>-</u>	<u>200,493</u>
Total primary government	<u>17,817,388</u>	<u>6,714,053</u>	<u>1,049,714</u>	<u>306,585</u>
Component unit:				
Housing authority	<u>\$ 434,995</u>	<u>\$ 330,681</u>	<u>\$ 83,334</u>	<u>\$ -</u>

General revenues:

Taxes:

Property taxes levied for general purposes

Franchise taxes

Public accommodation taxes

Payments in lieu of taxes

Intergovernmental revenues not restricted to specific programs

Property rents

Loss on retirement of assets

Unrestricted investment earnings

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

See accompanying notes to financial statements.

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Housing Authority
\$ (1,118,385)	\$ -	\$ (1,118,385)	\$ -
(3,688,215)	-	(3,688,215)	-
(2,649,284)	-	(2,649,284)	-
(84,207)	-	(84,207)	-
(1,091,758)	-	(1,091,758)	-
(859,436)	-	(859,436)	-
(518,516)	-	(518,516)	-
<u>(10,009,802)</u>	<u>-</u>	<u>(10,009,802)</u>	<u>-</u>
-	686,187	686,187	-
-	(399,797)	(399,797)	-
-	(23,624)	(23,624)	-
-	262,766	262,766	-
<u>(10,009,802)</u>	<u>262,766</u>	<u>(9,747,036)</u>	<u>-</u>
			<u>(20,980)</u>
10,012,316	-	10,012,316	-
131,538	-	131,538	-
121,151	-	121,151	-
34,232	-	34,232	-
726,952	-	726,952	-
56,851	-	56,851	-
(11,885)	-	(11,885)	-
119,119	(16,913)	102,206	358
540,875	(503,123)	37,752	-
<u>11,731,149</u>	<u>(520,036)</u>	<u>11,211,113</u>	<u>358</u>
1,721,347	(257,270)	1,464,077	(20,622)
<u>36,562,948</u>	<u>33,756,120</u>	<u>70,319,068</u>	<u>349,404</u>
<u>\$ 38,284,295</u>	<u>\$ 33,498,850</u>	<u>\$ 71,783,145</u>	<u>\$ 328,782</u>

CITY OF BURLINGTON
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General	TIF No. 3		Environmental		TIF No. 5	Other	Total
		Debt	Service	TIF Debt	Service			
	\$	\$	\$	\$	\$	\$	\$	\$
<u>Assets</u>								
Pooled cash and investments	604,867	-	-	-	-	174,281	2,515,051	3,294,199
Receivables:								
2016 tax levy	5,312,285	4,023,219	42,692		140,255	26,767	811,657	10,330,108
Accounts and other	63,589	-	-	-	-	-	-	90,356
Special assessments	13,947	-	-	-	-	-	-	13,947
Due from other funds	936,868	-	-	-	-	-	-	936,868
Prepaid items	11,684	-	-	-	-	-	9,684	21,368
Restricted assets:								
Cash and investments	-	1,879,764	-	-	-	-	-	1,879,764
Advances to other funds	1,424,252	1,771,462	-	-	-	-	-	3,195,714
Notes receivable	-	-	986,236	-	-	-	866,190	1,852,426
Total assets	8,367,492	7,674,445	1,028,928		341,303		4,202,582	21,614,750
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>								
<u>Liabilities:</u>								
Accounts payable and accrued expenses	538,014	347	208		17,213		70,295	626,077
Due to other funds	-	-	70,399		317,797		67,759	455,955
Deposits held	25,886	-	-		-		-	25,886
Advances from other funds	-	-	1,771,462		-		1,424,252	3,195,714
Total liabilities	563,900	347	1,842,069		335,010		1,562,306	4,303,632
<u>Deferred Inflows of Resources:</u>								
Deferred revenue	5,773,612	4,023,219	1,028,928		167,022		1,677,847	12,670,628
Deferred special assessments	33,533	-	-		-		-	33,533
Total deferred inflows of resources	5,807,145	4,023,219	1,028,928		167,022		1,677,847	12,704,161

CITY OF BURLINGTON
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	TIF No. 3 Debt Service Fund	Environmental TIF District	TIF No. 5 Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Fund balances:</u>					
Nonspendable for:					
Prepaid expenditures	11,684	-	-	-	11,684
Permanent funds	-	-	-	50,000	50,000
Net advances to other funds	1,424,252	1,771,462	-	-	3,195,714
Restricted	-	1,879,417	-	-	1,879,417
Assigned	-	-	-	912,429	912,429
Unassigned	560,511	(1,842,069)	(160,729)	-	(1,442,287)
Total fund balances	<u>1,996,447</u>	<u>3,650,879</u>	<u>(160,729)</u>	<u>962,429</u>	<u>4,606,957</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,367,492</u>	<u>\$ 7,674,445</u>	<u>\$ 1,028,928</u>	<u>\$ 4,202,582</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Pension related assets and liabilities

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Internal service funds are used by management to charge the costs of health and dental insurance benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Net position of governmental activities

	53,665,082
	1,255,688
	1,912,726
	(989,805)
	<u>(22,166,353)</u>
	<u>\$ 38,284,295</u>

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	TIF No. 3		Environmental		TIF No. 5		Other		Total
	General	Debt Service	TIF Debt Service	Capital Projects	Governmental Funds	Governmental Funds			
Revenues									
Taxes:									
General property taxes	\$ 4,817,528	\$ 3,943,300	\$ 39,831	\$ -	\$ 1,211,657		\$ 10,012,316		
Payments in lieu of taxes	34,232	-	-	-	-		34,232		
Room tax and other taxes	121,151	-	-	-	-		121,151		
Intergovernmental	1,429,995	17,743	62	-	283,256		1,731,056		
Licenses and permits	498,999	-	-	-	-		498,999		
Fines and forfeitures	181,201	-	-	-	-		181,201		
Charges for services	102,383	-	-	-	20,733		123,116		
Special assessments	33,745	-	-	-	-		33,745		
Investment income	(1,957)	9,901	51,202	1,082	58,891		119,119		
Repayments of note receivable principal	-	-	44,919	-	30,564		75,483		
Other	21,208	-	-	-	142,153		163,361		
Total revenues	7,238,485	3,970,944	136,014	1,082	1,747,254		13,093,779		
Expenditures									
Current:									
General government	1,028,475	14,895	442	8,046	-		1,051,858		
Public safety	3,592,911	-	-	-	4,143		3,597,054		
Public works	1,942,957	-	-	-	10,991		1,953,948		
Health and human services	84,207	-	-	-	-		84,207		
Culture, recreation and education	546,641	-	-	-	711,514		1,258,155		
Conservation and development	225,143	3,513	-	18,881	189,827		437,364		
Capital outlay	-	-	-	209,695	398,822		608,517		
Debt service:									
Principal	-	3,533,064	95,000	-	317,787		3,945,851		
Interest and fiscal charges	-	204,655	50,419	75,246	212,649		542,969		
Total expenditures	7,420,334	3,756,127	145,861	311,868	1,845,733		13,479,923		
Excess (deficiency) of revenues over (under) expenditures	(181,849)	214,817	(9,847)	(310,786)	(98,479)		(386,144)		

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	General	TIF No. 3 Debt Service	Environmental TIF Debt Service	TIF No. 5 Capital Projects	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)						
Transfers in	54,295	-	-	-	455,322	509,617
Transfers out	(455,322)	-	-	-	(29,295)	(484,617)
Water utility tax equivalent	515,875	-	-	-	-	515,875
Sale of capital assets	-	-	-	-	2,850	2,850
Total other financing sources and uses	114,848	-	-	-	428,877	543,725
Net change in fund balances	(67,001)	214,817	(9,847)	(310,786)	330,398	157,581
Fund balances - beginning	2,063,448	3,436,062	(1,832,222)	150,057	632,031	4,449,376
Fund balances - ending	\$ 1,996,447	\$ 3,650,879	\$ (1,842,069)	\$ (160,729)	\$ 962,429	\$ 4,606,957

See accompanying notes to financial statements.

CITY OF BURLINGTON
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

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

Net change in fund balances - total governmental funds (page 8)	\$ 157,581
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Certain capital outlay costs that are recorded as capital assets in the government-wide financial statements	542,941
Depreciation expense is recorded in the government-wide statements	(1,833,647)
Net book value of assets retired affects net position	(14,735)
<p>Changes in the net pension asset and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the plan</p>	
	(336,915)
<p>Long-term receivables not available are reported as revenue in the fund financial statements when collected or currently available, but are recognized as revenue when earned in the government-wide financial statements.</p>	
Notes receivable transactions	(515,986)
Special assessments transactions	(26,646)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position.</p>	
Principal payments and defeasance of long-term debt	3,945,851
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Changes in interest accrued on long-term debt	24,453
Changes in compensated absences	5,567
<p>The net revenue of internal service fund activity is reported with governmental activities.</p>	
	<u>(227,117)</u>
Change in net position of governmental activities (Pages 4 - 5)	<u><u>\$ 1,721,347</u></u>

See accompanying notes to financial statements.

CITY OF BURLINGTON
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>			
Taxes:			
General property taxes	\$ 4,820,140	\$ 4,817,528	\$ (2,612)
Payments in lieu of taxes	35,000	34,232	(768)
Room tax	105,000	120,888	15,888
Other taxes	150	263	113
Intergovernmental	1,372,270	1,429,995	57,725
Licenses and permits	382,480	498,999	116,519
Fines and forfeitures	195,000	181,201	(13,799)
Charges for services	101,000	102,383	1,383
Special assessments	25,000	33,745	8,745
Investment income	12,500	(1,957)	(14,457)
Other	28,600	21,208	(7,392)
Total revenues	<u>7,077,140</u>	<u>7,238,485</u>	<u>161,345</u>
<u>Expenditures</u>			
Current:			
General government	937,418	1,028,475	(91,057)
Public safety	3,669,186	3,592,911	76,275
Public works	1,947,975	1,942,957	5,018
Health and human services	80,917	84,207	(3,290)
Culture, recreation and education	675,217	546,641	128,576
Conservation and development	196,260	225,143	(28,883)
Total expenditures	<u>7,506,973</u>	<u>7,420,334</u>	<u>86,639</u>
Excess expenditures over revenues	<u>(429,833)</u>	<u>(181,849)</u>	<u>247,984</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in	49,000	54,295	5,295
Transfers out	(67,490)	(455,322)	(387,832)
Water utility tax equivalent	474,000	515,875	41,875
Total other financing sources and uses	<u>455,510</u>	<u>114,848</u>	<u>(340,662)</u>
Change in fund balances	25,677	(67,001)	(92,678)
Fund balances - beginning	<u>2,063,448</u>	<u>2,063,448</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,089,125</u>	<u>\$ 1,996,447</u>	<u>\$ (92,678)</u>

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Airport	Totals	
Assets					
Current assets:					
Cash and investments	\$ 132,566	\$ 360,662	\$ 369,752	\$ 862,980	\$ -
Receivables:					
Customer accounts receivable	647,485	429,758	6,825	1,084,068	-
Special assessments	52,345	74,346	-	126,691	-
Other	88,729	72,142	-	160,871	-
Inventories	20,724	-	25,258	45,982	-
Total current assets	941,849	936,908	401,835	2,280,592	-
Noncurrent assets:					
Restricted assets:					
Restricted cash and investments	205,003	193,967	-	398,970	-
Other assets:					
Other deferred debits	104,833	654	-	105,487	-
Capital assets:					
Property, plant and equipment	25,496,108	50,965,653	3,109,061	79,570,822	-
Less accumulated depreciation	(7,949,144)	(25,128,923)	(1,455,333)	(34,533,400)	-
Total capital assets, net	17,546,964	25,836,730	1,653,728	45,037,422	-
Total noncurrent assets	17,856,800	26,031,351	1,653,728	45,541,879	-
Total assets	18,798,649	26,968,259	2,055,563	47,822,471	-
Deferred Outflows of Resources					
Deferred outflows related to pension	226,286	311,944	-	538,230	-
Total Assets and Deferred Outflows of Resources	\$ 19,024,935	\$ 27,280,203	\$ 2,055,563	\$ 48,360,701	\$ -

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Airport	Totals	
Liabilities					
Current liabilities:					
Accounts payable	\$ 65,258	\$ 97,625	\$ 254	\$ 163,137	\$ 118,758
Accrued payroll	22,609	16,062	-	38,671	-
Accrued interest payable	2,389	3,889	-	6,278	-
Due to general fund	480,913	-	-	480,913	-
Current portion of general obligation bonds	25,000	40,000	-	65,000	-
Current portion of lease obligation payable	-	69,869	-	69,869	-
Deposits held	-	3,000	-	3,000	-
Total current liabilities	596,169	230,445	254	826,868	118,758
Current liabilities payable from restricted assets:					
Current portion of revenue bonds payable	283,105	594,004	-	877,109	-
Accrued interest payable	12,548	43,476	-	56,024	-
Total current liabilities payable from restricted assets	295,653	637,480	-	933,133	-
Noncurrent liabilities:					
Revenue bonds payable	2,585,459	9,464,718	-	12,050,177	-
General obligation bonds payable	580,000	890,000	-	1,470,000	-
Lease purchase obligation payable	-	71,372	-	71,372	-
Net pension liability	40,598	55,969	-	96,567	-
Compensated absences	43,623	38,017	-	81,640	-
Total noncurrent liabilities	3,249,680	10,520,076	-	13,769,756	-
Total liabilities	4,141,502	11,388,001	254	15,529,757	118,758
Deferred Inflows of Resources					
Deferred inflows related to pension	85,440	117,782	-	203,222	-
Net Position					
Invested in capital assets, net of related debt	14,073,400	14,989,249	1,653,728	30,716,377	-
Restricted for debt service	205,003	193,967	-	398,970	-
Restricted for pension benefits	100,248	138,193	-	238,441	-
Unrestricted	419,342	453,011	401,582	1,273,935	(118,758)
Total net position	\$ 14,797,993	\$ 15,774,420	\$ 2,055,310	\$ 32,627,723	\$ (118,758)

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Airport	Totals	-	
Operating Revenues						
Charges for sales and services:						
Water sales	\$ 2,345,933	-	-	\$ 2,345,933	-	-
Sewer charges	-	3,055,937	-	3,055,937	-	-
Fuel sales	-	-	554,543	554,543	-	-
Billings to departments	-	-	-	-	1,476,903	-
Other	16,509	46	99,604	116,159	36,812	-
Total operating revenues	<u>2,362,442</u>	<u>3,055,983</u>	<u>654,147</u>	<u>6,072,572</u>	<u>1,513,715</u>	<u>-</u>
Operating Expenses						
Operation and maintenance	1,021,601	1,572,619	101,157	2,695,377	-	-
Fuel for resale	-	-	469,437	469,437	-	-
Depreciation	611,526	1,684,870	96,708	2,393,104	-	-
Taxes	31,009	42,061	10,469	83,539	-	-
Insurance claims and administration	-	-	-	-	1,692,207	-
Total operating expenses	<u>1,664,136</u>	<u>3,299,550</u>	<u>677,771</u>	<u>5,641,457</u>	<u>1,692,207</u>	<u>-</u>
Operating income (loss)	<u>698,306</u>	<u>(243,567)</u>	<u>(23,624)</u>	<u>431,115</u>	<u>(178,492)</u>	<u>-</u>
Nonoperating Revenues (Expenses)						
Investment income (loss)	2,522	(19,435)	-	(16,913)	4,506	-
Interest expense	(92,181)	(292,110)	-	(384,291)	-	-
Total nonoperating revenue (expenses)	<u>(89,659)</u>	<u>(311,545)</u>	<u>-</u>	<u>(401,204)</u>	<u>4,506</u>	<u>-</u>
Income before contributions and transfers	608,647	(555,112)	(23,624)	29,911	(173,986)	-
Capital contributions - other	91,593	108,900	-	200,493	-	-
Transfers out	-	-	(25,000)	(25,000)	-	-
Tax equivalent to municipality	(515,875)	-	-	(515,875)	-	-
Change in net position	<u>184,365</u>	<u>(446,212)</u>	<u>(48,624)</u>	<u>(310,471)</u>	<u>(173,986)</u>	<u>-</u>
Net position - beginning of year	14,613,628	16,220,632	2,103,934	32,938,194	55,228	-
Net position - end of year	<u>\$ 14,797,993</u>	<u>\$ 15,774,420</u>	<u>\$ 2,055,310</u>	<u>\$ 32,627,723</u>	<u>\$ (118,758)</u>	<u>\$ (118,758)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>871,127</u>		
Net position of business - type activities (page 3)					<u>\$ 33,498,850</u>	

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility	Sewer Utility	Airport	Totals	Activities - Internal Service Fund
<u>Cash Flows from Operating Activities</u>					
Receipts from customers and users	\$ 2,317,884	\$ 3,134,076	\$ 657,857	\$ 6,109,817	\$ -
Receipts from interfund services provided	-	-	-	-	1,513,715
Payments to suppliers	(564,678)	(1,013,462)	(584,703)	(2,162,843)	-
Payments to employees	(431,050)	(568,221)	-	(999,271)	-
Payments for interfund services used	-	-	-	-	(1,672,227)
Net cash provided by (used for) operating activities	<u>1,322,156</u>	<u>1,552,393</u>	<u>73,154</u>	<u>2,947,703</u>	<u>(158,512)</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Transfers to other funds	(515,875)	-	(25,000)	(540,875)	-
Advances repaid to other funds	(112,480)	(286,123)	-	(398,603)	-
Net cash used for noncapital financing activities	<u>(628,355)</u>	<u>(286,123)</u>	<u>(25,000)</u>	<u>(939,478)</u>	<u>-</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Capital contributions	2,286	108,900	-	111,186	-
Acquisition and construction of capital assets	(253,965)	(38,223)	-	(292,188)	-
Principal paid on bonds	(301,100)	(687,441)	-	(988,541)	-
Interest paid	(93,461)	(292,110)	-	(385,571)	-
Special assessment collections	7,225	5,754	-	12,979	-
Net cash used for capital and related financing activities	<u>(639,015)</u>	<u>(903,120)</u>	<u>-</u>	<u>(1,542,135)</u>	<u>-</u>
<u>Cash Flows from Investing Activities</u>					
Investment income (loss)	2,522	(19,435)	-	(16,913)	4,506
Net cash provided by (used for) investing activities	<u>2,522</u>	<u>(19,435)</u>	<u>-</u>	<u>(16,913)</u>	<u>4,506</u>
Net increase (decrease) in cash and cash equivalents	57,308	343,715	48,154	449,177	(154,006)
Cash and cash equivalents - beginning of year	<u>280,261</u>	<u>210,914</u>	<u>321,598</u>	<u>812,773</u>	<u>154,006</u>
Cash and cash equivalents - end of year	<u>\$ 337,569</u>	<u>\$ 554,629</u>	<u>\$ 369,752</u>	<u>\$ 1,261,950</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Airport	Totals	
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities					
Operating income (loss)	\$ 698,306	\$ (243,567)	\$ (23,624)	\$ 431,115	\$ (178,492)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	611,526	1,684,870	96,708	2,393,104	-
Depreciation charged to clearing account	21,036	-	-	21,036	-
(Increase) decrease in customer and other receivables	(44,558)	78,093	3,710	37,245	-
(Increase) decrease in inventories	(7,950)	-	6,322	(1,628)	-
(Increase) decrease in net pension and deferred items	26,897	37,081	-	63,978	-
Increase (decrease) in accounts payable	33,988	(14,999)	(9,962)	9,027	(9,833)
Increase (decrease) in accrued payroll	12,972	501	-	13,473	-
Increase (decrease) in due to other funds	(34,962)	-	-	(34,962)	29,813
Increase (decrease) in compensated absences payable	4,901	10,414	-	15,315	-
Total adjustments	623,850	1,795,960	96,778	2,516,588	19,980
Net cash provided by (used for) operating activities	1,322,156	1,552,393	73,154	2,947,703	(158,512)
Reconciliation of Cash and Cash Equivalents to Statement of Net Position - Proprietary Funds					
Cash and investments reported as current assets	132,566	360,662	369,752	862,980	-
Cash and investments reported as restricted assets	205,003	193,967	-	398,970	-
Cash and cash equivalents - end of year	\$ 337,569	\$ 554,629	\$ 369,752	\$ 1,261,950	\$ -
Noncash Capital and Related Financing Activities					
Capital additions of \$89,307 and \$1,790,320 were contributed to the water and sewer utilities, respectively, by developers.					

See accompanying notes to financial statements.

CITY OF BURLINGTON
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2016

	<u>Tax Roll</u>	<u>Municipal Court</u>	<u>Developers' Reimbursement Fund</u>	<u>Totals</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 8,371,695	\$ 3,218	\$ 7,611	\$ 8,382,524
Taxes receivable	2,261,493	-	-	2,261,493
Total assets	10,633,188	3,218	7,611	10,644,017
<u>Liabilities</u>				
Liabilities:				
Accounts payable	141,752	3,218	-	144,970
Due to county and state	2,697,305	-	-	2,697,305
Due to school and VTAE districts	7,794,131	-	-	7,794,131
Deposits held	-	-	7,611	7,611
Total liabilities	10,633,188	3,218	7,611	10,644,017
Net Position	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

CITY OF BURLINGTON
INDEX TO NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

Note Number

1. Summary Of Significant Accounting Policies
 - A. Reporting Entity
 - B. Government-Wide and Fund Financial Statements
 - C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
 - D. Assets, Liabilities, and Net Position or Equity
 1. Cash and Investments
 2. Receivables and Payables
 3. Inventories and Prepaid Items
 4. Restricted Assets
 5. Capital Assets
 6. Compensated Absences
 7. Deferred Outflows/Inflows of Resources
 8. Long-Term Obligations
 9. Pensions
 10. Fund Equity
 11. User Utility Rates
 - E. Accounting Changes
2. Reconciliation of Government-Wide and Fund Financial Statements
 - A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position
 - B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities
3. Stewardship, Compliance, and Accountability
 - A. Budgetary Information
 - B. Deficit Fund Equity
 - C. General Fund Nonspendable Fund Balances
 - D. Utility Bond Covenant Compliance

CITY OF BURLINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1 - Summary Of Significant Accounting Policies

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

A. Reporting Entity

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

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. Although it is a legally separate entity, standards set forth in Statement No. 61 of the Governmental Accounting Standards Board require that the financial statements of the Housing Authority of the City of Burlington be reported as a component unit of the city due to the appointment of its board of commissioners by the city's mayor. The Housing Authority of the City of Burlington is reported as a discretely presented component unit to emphasize that it is an entity that is legally separate from the city. The financial information included in the statement of net position is as of the Housing Authority's fiscal year end of August 31, 2016. Complete financial statements for the component unit may be obtained at its administrative offices.

Riverview Manor
 580 Madison Street
 Burlington, Wisconsin 53105

B. Government-Wide and Fund Financial Statements

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

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

Note 1 - Summary Of Significant Accounting Policies - Continued

B. Government-Wide and Fund Financial Statements - Continued

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

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

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
3. In addition, any other governmental or proprietary fund that the government considers to be particularly important to financial statement users may be reported as a major fund. The city chose to report its airport enterprise fund as a major fund.

Note 1 - Summary Of Significant Accounting Policies - Continued

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

Major Funds

The city reports the following major governmental funds:

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

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

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

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

The city reports the following major proprietary funds:

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

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

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

Non-Major Funds

The city reports the following non-major governmental funds:

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

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

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

General Debt Service

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

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

Note 1 - Summary Of Significant Accounting Policies - Continued

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

Additionally, the city reports the following fund types:

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the city, on a cost reimbursement basis. The city's internal service fund accounts for the city's risk financing activities related to its employee health insurance medical claims.

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

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

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

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

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

Note 1 - Summary Of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Investments

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

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

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

2. Receivable and Payables

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

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

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

Note 1 - Summary Of Significant Accounting Policies - Continued

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

2. Receivable and Payables - Continued

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

Details of the city's property tax calendar for the 2016 tax levy follows:

Lien and levy dates	December 2016
Real estate collection due dates:	
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property tax due in full	January 31, 2017
Final settlement with county	August 2017
Tax sale of 2016 delinquent real estate taxes	October 2019

3. Inventories and Prepaid Items

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

4. Restricted Assets

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

	Water Utility	Sewer Utility	Totals
Bond reserve account	\$ 205,003	\$ -	\$ 205,003
Bond debt service fund	-	193,967	193,967
Total	\$ 205,003	\$ 193,967	\$ 398,970

Note 1 - Summary Of Significant Accounting Policies - Continued

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

5. Capital Assets

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

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

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

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

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

6. Compensated Absences

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

7. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The city has one type of item that qualifies for reporting in this

Note 1 - Summary Of Significant Accounting Policies - Continued

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

7. *Deferred Outflows/Inflows of Resources - Continued*

category, property taxes. This amount will be recognized as an inflow of resources in the subsequent year for which it was levied. The city also has an additional type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental fund reports unavailable revenues from special assessments. This amount is deferred and recognized as an inflow of resources in the period the amount become available.

8. *Long-Term Obligations*

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

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

9. *Pensions*

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. *Fund Equity*

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

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

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

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

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

Note 1 - Summary Of Significant Accounting Policies - Continued

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

10. *Fund Equity - Continued*

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

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

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

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

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

11. *Utility User Rates*

Water utility user rates currently in place were established by the Wisconsin Public Service Commission effective January 27, 2016. Sewer utility rates currently in place were approved by the city council effective January 1, 2014.

E. *Accounting Changes*

The Wisconsin Retirement System (WRS) adopted GASB Statement No. 82, Pension Issues, an amendment of GASB No. 67, No. 68, and No. 73 issued during the year ended December 31, 2015. Statement No. 82 addresses the presentation of payroll-related measures in the Required Supplementary Information, the selection of assumptions used in determining the total pension liability and related measures, and the classification of employer-paid member contributions.

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

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

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

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

Deferred outflows of resources	\$ 2,834,270
Net pension liability	(508,485)
Deferred inflows of resources	(1,070,097)
Net adjustment	<u>\$ 1,255,688</u>

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

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

Another element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$22,166,353 difference are as follows:

Bonds and notes payable	\$21,754,063
Accrued interest payable	107,937
Compensated absences payable	304,353
Net adjustment	<u>\$22,166,353</u>

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

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

Notes receivable issued	\$ 51,701
Principal repayments received on and incentive forgiveness of notes receivable	(567,687)
Special assessments levied	7,099
Special assessments collected	<u>(33,745)</u>
Net adjustment made	<u>\$ (542,632)</u>

Note 3 - Stewardship, Compliance, and Accountability

A. Budgetary Information

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

The budget may be amended for supplemental appropriations periodically during the year. Budget changes require a two-thirds approval by the city council. The 2016 general fund budget was not amended.

Note 3 - Stewardship, Compliance, and Accountability - Continued

B. Deficit Fund Equity

The following individual funds had deficit fund balances as of December 31, 2016.

	Amount of Deficit
Environmental TIF district capital projects fund	\$(1,842,069)
TIF No 5 capital projects fund	(160,729)
Infrastructure capital projects fund	(1,037,344)
Swimming pool capital projects fund	(61,915)
Facade grant capital projects fund	(5,844)

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

C. General Fund Nonspendable Fund Balances

The fund balance of the general fund at December 31, 2016 was nonspendable for the following:

Prepaid expenditures	<u>\$ 11,684</u>
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D. Utility Bond Covenant Compliance

The 2011 Waterworks System Revenue Refunding Bonds, Series 2011A, require the maintenance of a bond reserve account in the amount of \$205,000. This account was properly funded at December 31, 2016 (see Note 1.D.4).

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

Note 4 - Detailed Notes on All Funds

A. Cash and Investments

The city's cash and investments at December 31, 2016 consisted of the following:

	Carrying Amount	Weighted Average to Maturity (Days)	N/A
Petty cash	\$ 1,158		
Interest bearing checking and money market accounts	12,670,759	Demand	
State local government investment pool	306,106	61	
Certificates of deposit	1,160,493	458	
Government agency securities	680,000	636	
Total carrying amount	<u>\$ 14,818,516</u>		

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

Credit Risk

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

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

Interest Rate Risk

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

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

Custodial Risk

The city has policies to minimize custodial risk, which is the risk that in the event of a financial institution failure, the city's deposits may not be returned to it, by:

- Maintaining a list of financial institutions, public depositories and broker/dealers authorized by resolution to provide deposit and investment services.
- All financial institutions, public depositories and broker/dealers authorized by resolution to provide deposit and investment services must supply as appropriate audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.

Note 4 - Detailed Notes on All Funds - Continued

A. Cash and Investments - Continued

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

Statement of net position:	
Cash and investments	\$ 4,157,258
Restricted cash and investments	<u>2,278,734</u>
Total reported on statement of net position	6,435,992
Statement of fiduciary net position	<u>8,382,524</u>
Total Cash and Investments	<u>\$ 14,818,516</u>

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

The Local Government Investment Pool (LGIP) is an investment fund managed by the State of Wisconsin Investment Board. The LGIP accepts deposits from governmental units within the State of Wisconsin. The objectives of the LGIP are to provide safety of principal, liquidity and a reasonable rate of return. The LGIP is regulated by the Wisconsin Statutes and is not a SEC registered investment. The yield of the LGIP changes daily and its participants may invest or withdraw any or all amounts at par value at any time. The LGIP balance reported in the financial statements as \$306,106 at December 31, 2016 is at cost basis. The fair value of the LGIP investment at December 31, 2016 did not materially differ from its cost basis. The LGIP had a weighted average maturity of 61 days at December 31, 2016.

For purposes of the statement of cash flows for the enterprise funds, cash equivalents are temporary cash investments with a maturity of three months or less at the date of purchase.

Fair Value Measurements of Investments

The city implemented GASB Statement No. 72, *Fair Value Measurement and Application*, for the year ending December 31, 2016. The village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and is described as follows:

Level	Description
Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that a government can access at the measurement date.
Level 2	Significant inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3	Significant unobservable inputs for an asset or liability.

Investments:	Fair Value Measurements Using:			Total
	Level 1	Level 2	Level 3	
Government Agency Securities	\$ 680,000	\$ -	\$ -	\$ 680,000

Note 4 - Detailed Notes on All Funds - Continued

B. Receivables

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

	General	TIF No. 3 Debt Service	Environmental TIF	Water Utility	Sewer Utility	Nonmajor and Fiduciary Funds	Totals
Taxes - current	\$ 5,312,285	\$ 4,023,219	\$ 42,692	\$ ---	\$ ---	\$ 3,073,130	\$ 12,451,346
Accounts and other	33,776	---	---	736,214	501,900	---	1,271,890
Special assessments	13,947	---	---	52,345	74,346	---	140,638
Notes	---	---	986,236	---	---	866,190	1,852,426
Net total receivables	\$ 5,360,008	\$ 4,023,219	\$ 1,028,928	\$ 788,559	\$ 576,246	\$ 3,939,340	\$ 15,716,300

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Property and other taxes receivable	\$ ---	\$ 10,310,522
Water utility property tax equivalent	---	480,913
Special assessments not yet due (general fund)	33,533	---
Notes and accounts receivable	1,879,193	---
Total deferred/unearned revenue for governmental funds	\$ 1,912,726	\$ 10,791,435

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

Purpose	Date of Note	Interest Rate	Original Principal	Balance 12/31/16
Environmental TIF Capital Projects	9/1/10	7.0%	1,160,000	\$ 986,236
Community Development Block Grant	7/6/10	2.0%	340,000	264,734
Community Development Block Grant	12/31/11	2.0%	400,000	176,000 *
Community Development Block Grant	7/2/13	0.0%	202,500	202,500 *
Community Development Block Grant	6/1/15	Varies	28,410	24,464
TIF No. 3 Revolving Loan	1/24/13	1.625%	150,000	146,791
TIF No. 3 Revolving Loan	7/01/16	1.75%	51,701 **	51,701
Total			\$ 1,852,426	

* - Contains forgiveness provisions for full time employees added.

** - Total commitment is \$70,000, proceeds issued during 2016 was \$51,701.

Note 4 - Detailed Notes on All Funds - Continued

C. Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 20,147,482	\$ ---	\$ ---	\$ 20,147,482
Total capital assets, not being depreciated	20,147,482	---	---	20,147,482
Capital assets, being depreciated:				
Buildings and improvements	9,896,104	---	---	9,896,104
Land improvements and other structures	3,625,016	42,117	---	3,667,133
Machinery and equipment	7,342,288	267,331	(42,702)	7,566,917
Infrastructure	43,609,965	167,578	---	43,777,543
Total capital assets being depreciated	64,473,373	477,026	(42,702)	64,907,697
Less accumulated depreciation for:				
Buildings and other improvements	(3,894,669)	(378,701)	---	(4,273,370)
Machinery and equipment	(4,893,986)	(427,359)	27,967	(5,293,378)
Infrastructure	(20,861,677)	(1,027,587)	---	(21,889,264)
Total accumulated depreciation	(29,650,332)	(1,833,647)	27,967	(31,456,012)
Total capital assets, being depreciated, net	34,823,041	(1,356,621)	(14,735)	33,451,685
Governmental activities capital assets, net	\$ 54,970,523	\$ (1,356,621)	\$ (14,735)	\$ 53,599,167

Note 4 - Detailed Notes on All Funds - Continued

C. Capital Assets - Continued

Business Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Water Utility				
Capital assets, not being depreciated:				
Land	\$ 260,027	\$ ---	\$ ---	\$ 260,027
Total capital assets, not being depreciated	260,027	---	---	260,027
Capital assets, being depreciated:				
Buildings and improvements	3,055,811	---	---	3,055,811
Machinery and equipment	3,314,928	67,202	(12,000)	3,370,130
Infrastructure	18,680,780	171,256	(41,896)	18,810,140
Total capital assets being depreciated	25,051,519	238,458	(53,896)	25,236,081
Less: accumulated depreciation:				
Buildings and improvements	(1,086,635)	(95,135)	---	(1,181,770)
Machinery and equipment	(1,425,839)	(191,764)	12,000	(1,605,603)
Infrastructure	(4,857,983)	(345,684)	41,896	(5,161,771)
Total accumulated depreciation	(7,370,457)	(632,583)	53,896	(7,949,144)
Total capital assets, being depreciated, net	17,681,062	(394,125)	---	17,286,937
Business-type activities capital assets, net	\$ 17,941,089	\$ (394,125)	\$ ---	\$ 17,546,964
Sewer Utility				
Capital assets, not being depreciated:				
Land	\$ 778,671	\$ ---	\$ ---	\$ 778,671
Total capital assets, not being depreciated	778,671	---	---	778,671
Capital assets, being depreciated:				
Buildings and system	27,156,174	---	---	27,156,174
Machinery and equipment	7,025,079	39,792	(39,959)	7,024,912
Infrastructure	16,005,896	---	---	16,005,896
Total capital assets being depreciated	50,187,149	39,792	(39,959)	50,186,982
Less: accumulated depreciation:				
Buildings and system	(12,901,099)	(1,046,249)	---	(13,947,348)
Machinery and equipment	(5,954,176)	(318,503)	33,972	(6,218,707)
Infrastructure	(4,642,750)	(320,118)	---	(4,962,868)
Total accumulated depreciation	(23,478,025)	(1,684,870)	33,972	(25,128,923)
Total capital assets, being depreciated, net	26,709,124	(1,645,078)	(5,987)	25,058,059
Business-type activities capital assets, net	\$ 27,487,795	\$ (1,645,078)	\$ (5,987)	\$ 25,836,730

Note 4 - Detailed Notes on All Funds - Continued

C. Capital Assets - Continued

Business Type Activities - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Airport				
Capital assets, not being depreciated:				
Land	\$ 125,634	\$ ---	\$ ---	\$ 125,634
Total capital assets, not being depreciated	125,634	---	---	125,634
Capital assets, being depreciated:				
Buildings	627,810	---	---	627,810
Land improvements	2,054,267	---	---	2,054,267
Machinery and equipment	301,350	---	---	301,350
Total capital assets being depreciated	2,983,427	---	---	2,983,427
Less: accumulated depreciation:				
Buildings	(27,188)	(17,199)	---	(44,387)
Land improvements	(1,061,421)	(64,817)	---	(1,126,238)
Machinery and equipment	(270,016)	(14,692)	---	(284,708)
Total accumulated depreciation	(1,358,625)	(96,708)	---	(1,455,333)
Total capital assets, being depreciated, net	1,624,802	(96,708)	---	1,528,094
Business-type activities capital assets, net	\$ 1,750,436	\$ (96,708)	\$ ---	\$ 1,653,728
Depreciation expense was charged to functions/programs of the primary government as follows:				
Governmental activities:				
General government		\$ 40,275		
Public safety		288,743		
Highways and streets, including depreciation of general infrastructure assets		1,274,154		
Culture and recreation		230,475		
Total depreciation expense - governmental activities		\$ 1,833,647		
Business-type activities:				
Water		\$ 611,526		
Sewer		1,684,870		
Airport		96,708		
Total depreciation expense - business-type activities		\$ 2,393,104		

Note 4 - Detailed Notes on All Funds - Continued

**C. Capital Assets - Continued
Discretely Presented Component Unit**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 87,236	\$ ---	\$ ---	\$ 87,236
Capital assets, being depreciated:				
Buildings and improvements	3,165,294	31,599	(940)	3,195,953
Furniture and equipment	652,559	272	---	652,831
Landscaping	137,904	---	---	137,904
Total capital assets being depreciated	3,955,757	31,871	(940)	3,986,688
Less: accumulated depreciation	(1,755,849)	(111,756)	940	(1,866,665)
Total capital assets being depreciated, net	2,199,908	(79,885)	---	2,120,023
Total Capital Assets	\$ 2,287,144	\$ (79,885)	\$ ---	\$ 2,207,259

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

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2016, is as follows:

Due to/from other funds:	Receivable Fund	Payable Fund	Amount
General	Water utility (tax equivalent)		\$ 480,913
General	Environmental TIF district		70,399
General	TIF No. 5		317,797
General	Swimming pool		61,915
General	Facade grant fund		5,844
			\$ 936,868

Advances to/from other funds:

	Receivable Fund	Payable Fund	Amount
General	Infrastructure capital projects		\$ 1,424,252
TIF No. 3 debt service	Environmental TIF district		1,771,462
			\$ 3,195,714

The advance by the TIF No. 3 debt service fund to the environmental TIF fund will be paid through tax increment sharing established by city resolution. The city is establishing a five-year financing plan that is expected to include settling the general fund advance to the infrastructure fund by a combination of budgetary allotments and borrowed money. The advances by the general fund and the water and sewer utilities will be repaid by revenue being generated from rates presently in place and from additional revenue from future rate increases.

Note 4 - Detailed Notes on All Funds - Continued

D. Interfund Receivables, Payables and Transfers - Continued

Interfund Transfers:	Transfers In					
	General	TIF No. 3 Revolving Loan	Park Development	Debt Service	Storm Water Management	Facade Grants
Transfers Out:						
General fund	\$ ---	\$ 158,914	\$ 25,000	\$ 123,582	\$ 127,826	\$ 20,000
TIF No. 3 loan fund	29,295	---	---	---	---	29,295
Airport	25,000	---	---	---	---	25,000
Totals	\$ 54,295	\$ 158,914	\$ 25,000	\$ 123,582	\$ 127,826	\$ 509,617

E. Long-Term Obligations

Outstanding debt and other long-term obligations of the city at December 31, 2016 follows:

Issue	Interest Rate(s)	Original Principal	Outstanding Principal At 12/31/16		Purpose
			General	Proprietary	
General obligation debt:					
2007 refunding bonds	4.1%-4.375%	1,500,000	\$ 1,500,000	\$ ---	Infrastructure
2011 refunding bonds	2.0%-3.0%	9,120,000	3,960,000	---	TIF 3 - riverfront
2012A street bonds	2.0%-2.8%	3,155,000	3,055,000	---	Infrastructure
2012B refunding bonds	2.0%-3.0%	1,460,000	710,000	---	Pension, ER TIF, various
2014A refunding bonds	0.4%-3.2%	6,200,000	3,720,000	---	1,535,000 TIF 3, ERTIF, water, sewer
2015A refunding bonds	2.0%-3.0%	4,215,000	2,815,000	---	TIF 3
2015B promissory notes	0.7%-2.25%	4,500,000	4,500,000	---	TIF 5
2015 bank note	2.25%-3.25%	300,000	300,000	---	TIF 5
Total bonds and notes			20,560,000	1,535,000	
Other long-term obligations:					
Developer revenue agreement	0%	2,000,000	113,866	---	TIF no. 3
2013 energy lease purchase	2.698%	1,147,507	1,020,588	---	Energy conservation
2013 equipment lease purchase	2.15%	342,149	---	141,241	Sewer vactor
2014 equipment lease purchase	2.581%	147,220	59,609	---	DPW chipper truck
Compensated absences (Note 5B)			304,353	81,640	
Total other long-term obligations			1,498,416	222,881	
Utility revenue debt:					
2008 CWF bonds (1)	2.569%	4,465,837	---	2,971,113	Sewer
2008 CWF bonds (2)	2.365%	926,948	---	586,047	Sewer
2011 refunding bonds	2.0%-3.5%	2,050,000	---	1,235,500	Water
2012 CWF bonds	2.625%	7,439,911	---	6,501,562	Sewer
2012 CWF water bonds	2.2%	2,044,276	---	1,633,564	Water
Total utility revenue debt			---	12,927,286	
Total Long-Term Obligations			\$22,058,416	\$14,685,167	

Note 4 - Detailed Notes on All Funds - Continued

E. Long-Term Obligations - Continued

A. General obligation debt

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

Year Ended December 31,	General City		Proprietary Fund		Totals
	Principal	Interest	Principal	Interest	
2017	\$ 3,725,000	\$ 440,498	\$ 65,000	\$ 35,926	\$ 4,266,424
2018	3,620,000	373,772	60,000	35,398	4,089,170
2019	2,375,000	312,007	65,000	34,691	2,786,698
2020	2,605,000	253,502	65,000	33,798	2,957,300
2021	1,395,000	206,133	100,000	32,459	1,733,592
2022-2026	3,880,000	659,415	590,000	127,324	5,256,739
2027-2031	2,560,000	227,313	590,000	37,505	3,414,818
2032	400,000	5,600	---	---	405,600
Totals	\$ 20,560,000	\$ 2,478,240	\$ 1,535,000	\$ 337,101	\$ 24,910,341

General city and proprietary fund indebtedness represented by general obligation notes totaled \$22,095,000 on December 31, 2016. The city's full faith and credit back these general obligation notes. Transactions for 2016 are summarized as follows:

Balance - January 1, 2016	\$ 25,725,000
Proceeds from bonds and notes	---
Principal reductions	(3,630,000)
Balance - December 31, 2016	\$ 22,095,000

B. Tax increment project revenue bonds

Tax increment indebtedness represented by the revenue bonds totaled \$113,865 on December 31, 2016. These bonds were issued for the various developer and construction incentive agreements. The repayments are based on a tax incremental formula and the balance is expected to be paid in full during 2017.

Transactions for 2016 are summarized as follows:

Balance - January 1, 2016	\$ 401,928
Principal reductions	(288,062)
Balance - December 31, 2016	\$ 113,866

Note 4 - Detailed Notes on All Funds - Continued

E. Long-Term Obligations - Continued

C. Utility revenue debt

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

Year Ended December 31,	Principal	Interest	Totals
2017	\$ 877,109	\$ 324,590	\$ 1,201,699
2018	899,507	301,196	1,200,703
2019	922,348	277,205	1,199,553
2020	950,640	252,320	1,202,960
2021	974,397	226,363	1,200,760
2022 - 2026	4,320,469	776,091	5,096,560
2027 - 2031	3,492,808	265,290	3,758,098
2032	490,008	6,423	496,431
Totals	\$ 12,927,286	\$ 2,429,478	\$ 15,356,764

Proprietary fund indebtedness represented by revenue bonds totaled \$12,927,286 on December 31, 2016. The debt is pledged by the assets and revenues of the utilities. The city's full faith and credit do not back these revenue bonds. Transactions for 2016 are summarized as follows:

Balance - January 1, 2016	\$ 13,782,428
Principal reductions	(855,142)
Balance - December 31, 2016	\$ 12,927,286

D. Lease purchase agreements

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

Year Ended December 31,	Principal	Interest	Totals
2017	\$ 165,699	\$ 31,487	\$ 197,186
2018	169,776	27,410	197,186
2019	70,082	23,234	93,316
2020	71,997	21,319	93,316
2021	73,964	19,352	93,316
2022 - 2026	401,252	65,328	466,580
2027 - 2029	268,669	11,922	280,591
Totals	\$ 1,221,439	\$ 200,052	\$ 1,421,491

Lease purchase agreement balances total \$1,221,438 on December 31, 2016. The debt is pledged by the assets acquired, the city's full faith and credit do not back the agreements. Transactions for 2016 are summarized as follows:

Balance - January 1, 2016	\$ 1,382,626
Principal reductions	(161,188)
Balance - December 31, 2016	\$ 1,221,438

Note 4 - Detailed Notes on All Funds - Continued

E. Long-Term Obligations - Continued

E. Margin of indebtedness

The Wisconsin Statutes restrict the city's general obligation debt to 5% of the equalized value of all property in the city. This amount is compared below with the outstanding debt on December 31, 2016:

Equalized Value - 2016	\$ 858,346,500
Margin of Indebtedness:	
5% of Equalized Value	\$ 42,917,325
Outstanding General Obligation Debt - December 31, 2016	22,095,000
Margin of Indebtedness	<u>\$ 20,822,325</u>

F. Industrial development revenue bonds

The city issued industrial development revenue bonds during 1998 and 2008 for the benefit of private entities. The bonds outstanding as of December 31, 2016 totaled \$1,855,000 and \$2,257,500 for the 1998 and 2008 bonds, respectively. The city has no liability for repayment of these bonds and, consequently, they are not included in the financial statements.

Note 5 - Other Information

A. Risk Management

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

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

All funds of the city participate in the health program and are charged amounts needed to pay prior and current year claims and to establish a reserve for future insurance costs. That reserve had a deficit balance of \$118,758 at December 31, 2016 and is reported as the internal service fund net position. The deficit balance is expected to be eliminated by future year interdepartmental charges. The accounts payable of \$88,945 reported in the fund at December 31, 2016 is based on the amount of the loss that can be reasonably estimated at year end. Changes in the fund's reported liability amount for the years ended December 31, 2016 and 2015 follows:

Year	Beginning Of Year		Incurred Claims	Claim Payments	End of Year	
	Liability	Liability			Liability	Liability
2016	\$ 98,778	\$ 1,692,207	\$ 1,702,040	\$ 88,945		\$ 88,945
2015	84,143	1,374,233	1,359,598	98,778		98,778

Note 5 - Other Information - Continued

B. Compensated Absences

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

Management has determined that there was no accumulated vacation time and sick leave at year end to be liquidated with expendable available resources. The amount of accumulated vacation time at December 31, 2016 that has been recorded in the governmental activities of the statement of net position is \$142,637.

Employees may accumulate sick leave to a maximum number of days ranging from 150 to 252. It is the city's policy to pay for unused sick leave upon retirement or death at a rate of \$25 per day or apply it to future retiree health insurance premiums at a rate of \$50 per day. Eligible accumulated sick days of employees totaled approximately 3,355 at December 31, 2016. The city determined its liability for accumulated sick pay benefits payable based on the option of applying \$50 per day toward health insurance premiums. At December 31, 2016, estimated sick leave termination benefits of \$161,716 have been recorded in the governmental activities of the statement of net position.

Accumulated vacation and sick pay benefits for employees of the city's proprietary funds are recorded as a liability directly in those funds as they are earned by the employees. An additional \$42,994 and \$38,646 of accumulated vacation and sick pay, respectively, has been recorded as a liability in the proprietary funds.

C. WRS Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

Note 5 - Other Information - Continued

C. WRS Pension - Continued

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

Contributions: Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employees are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$346,167 in contributions from the employer.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General (including teachers)	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.49%
Protective without Social Security	6.6%	13.29%

Note 5 - Other Information - Continued

C. WRS Pension - Continued

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

At December 31, 2016, the City of Burlington reported a liability of \$605,052 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City of Burlington's proportion of the net pension liability (asset) was based on the City of Burlington's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the City of Burlington's proportion was 0.03723434%, which was a decrease of 0.00086191% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the City of Burlington recognized pension expense of \$734,417.

At December 31, 2016, the City of Burlington reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$102,357	\$(1,273,319)
Changes in assumptions	\$423,320	\$0
Net differences between projected and actual earnings on pension plan investments	\$2,477,251	\$0
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$19,686	\$0
Employer contributions subsequent to the measurement date	\$349,886	\$0
Total	\$3,372,500	\$(1,273,319)

Note 5 - Other Information - Continued

C. WRS Pension Plan - Continued

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

\$349,886 reported as deferred outflows related to pension resulting from the City of Burlington's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended August 31:	Deferred Outflow of Resources	Deferred Inflows of Resources
2016	\$784,618	\$(308,146)
2017	\$784,618	\$(308,146)
2018	\$784,619	\$(308,145)
2019	\$654,692	\$(308,145)
Thereafter	\$14,067	\$(40,737)

Actuarial assumptions: The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	3.2%
Inflation:	0.2% - 5.6%
Seniority/Merit:	
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 - 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

Note 5 - Other Information - Continued

C. WRS Pension Plan - Continued

Long-term expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Retirement Funds Asset Allocation Targets and Expected Returns As of December 31, 2015	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class	27 %	23 %	7.6 %	4.7 %
U.S. Equities	24.5	22	8.5	5.6
International Equities	27.5	37	4.4	1.6
Fixed Income	10	20	4.2	1.4
Inflation Sensitive Assets	7	7	6.5	3.6
Real Estate	7	7	9.4	6.5
Private Equity/Debt	4	4	6.7	3.8
Multi-Asset	107 %	120 %	7.4 %	4.5 %
Total Core Fund				
Variable Fund Asset Class				
U.S. Equities	70 %	70 %	7.6 %	4.7 %
International Equities	30	30	8.5	5.6
Total Variable Fund	100 %	100 %	7.9 %	5.0 %

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

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

Note 5 - Other Information - Continued

C. WRS Pension Plan - Continued

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
Proportionate share of the net pension liability (asset)	\$4,243,838	\$605,052	(\$2,236,907)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://efw.wi.gov/publications/cafr.html>.

Payable to the WRS. At December 31, 2016 the city reported a payable of \$75,313 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2016.

D. Tax Incremental Financing Districts

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

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

Summary information on TIF district no. 3 follows:

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

Note 5 - Other Information - Continued

D. Tax Incremental Financing Districts - Continued

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

	Year Ended	From Date of Creation
Accumulated project expenditures (including interest costs)	\$ 223,063	\$ 61,107,523
Project Revenues		
Tax increments received	3,943,300	52,070,354
Intergovernmental revenues	17,743	748,033
Special assessments/property sales	---	231,751
Rental income	---	2,794
Investment income	9,901	2,310,454
City contribution for Weimhoff Park	---	60,000
Increment allocations from TIF district no. 4	---	2,009,000
Premium on bonds issued	---	69,151
All other	---	3,000
Total project revenues	3,970,944	57,504,537
Net Costs Recoverable (Recovered)	\$ (3,747,881)	\$ 3,602,986

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

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

	Year Ended	From Date of Creation
Accumulated project expenditures (including interest costs)	\$ 50,861	\$ 5,304,313
Project Revenues		
Tax increments received	39,831	232,326
Intergovernmental revenues	62	332,276
Interest earned on note receivable	51,202	455,592
Loan repayments	44,918	172,049
Total project revenues	136,013	1,192,243
Net Costs Recoverable (Recovered)	\$ (85,152)	\$ 4,112,070

Note 5 - Other Information - Continued

D. Tax Incremental Financing Districts - Continued

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

Summary information on TIF district no. 5 follows:

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

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

Accumulated project expenditures (including interest costs)	\$ 311,868	\$ 5,077,896
<u>Project Revenues</u>		
Developer reimbursements	---	113,622
Investment income	1,082	3,545
Total project revenues	1,082	117,167
Net Costs Recoverable	\$ 310,786	\$ 4,960,729

E. Litigation and Contingencies

The city filed a lawsuit against its garbage and recycling collection provider on October 27, 2015 for overpayments made to the provider during the period 2010 through 2014. The overpayments are estimated to total approximately \$240,000. The matter is expected to go to trial during September 2017 and the city believes the outcome of the litigation will be favorable.

The city incurred severe flood damage on July 24, 2017. Information related to the event is disclosed in Item F below.

F. Subsequent Events

Management has evaluated the need for disclosure or recording of transactions resulting from subsequent events through July 24, 2017, the date the financial statements were available to be issued; and concluded the following matter required disclosure:

The city declared a state of emergency on July 12, 2017 due to severe flooding in the city and its resulting damage. The financial loss of city electronic and other equipment is estimated to be approximately \$1,500,000. Insurance reimbursement for the damage is anticipated to be \$100,000, however, it has not been determined how much, if any, federal or state relief aid will be available.

G. Housing Authority Component Unit

The Housing Authority of the City of Burlington is a component unit of the city. The fiscal year end of the housing authority is August 31, 2016. The following is a summary of significant disclosures of the housing authority.

- Summary of significant accounting policies
The housing authority was formed under the applicable sections of the Wisconsin Statutes to provide an economically designed and constructed low-rent housing facility for senior citizens in the City of Burlington. The housing authority is governed by a five-member board of commissioners appointed by the city's mayor.
The housing authority uses the accrual basis of accounting.
Property and equipment are stated at cost. Depreciation is provided on the straight line method over the estimated useful lives of the assets.
- Cash and investments
The housing authority's cash and investments consist of deposits at local banks. At August 31, 2016, the housing authority's deposits totaled \$354,777. The carrying value of those deposits on the housing authority's financial statements was \$345,511. All of the housing authority's deposits at August 31, 2016 were covered by FDIC insurance.
- Restricted cash
The housing authority is required to maintain separate restricted accounts for debt service, security deposits, and capital improvements and replacements. Restricted cash at August 31, 2016 consisted of the following:

Reserve account	\$ 237,189
Security deposits	34,028
Totals	<u>\$ 271,217</u>

Note 5 - Other Information - Continued

G. Housing Authority - Continued

4. Long-term debt

The Housing Authority's long-term debt as of August 31, 2016 consisted of the following:

1977 USDA Rural Development loan. This loan was reamortized on July 1, 2014 at a stated interest rate of 3.625%, however, a Rural Development interest subsidy reduces the rate paid to 1%. The loan has been deferred for 20 years and will be due for refinancing on July 1, 2034.	\$ 426,546
1984 USDA Rural Development loan. This loan was reamortized on July 1, 2014 at a stated interest rate of 3.625%, however, a Rural Development interest subsidy reduces the rate paid to 1%. The loan has been deferred for 20 years and will be due for refinancing on July 1, 2034.	337,206

REQUIRED SUPPLEMENTARY INFORMATION

2014 USDA Rural Development loan. This loan was authorized on July 10, 2014 for \$1,475,978 with principal payments to commence in September 2015. Interest in not charged on the loan. Monthly principal payments for the loan will be \$2,464 based on a 50 year amortization.	1,446,409
Total notes payable	2,210,161
Add: net pension liability	5,371
Less: current maturities	(29,568)
Total long-term debt	\$ 2,185,964

Total notes payable
Add: net pension liability
Less: current maturities
Total long-term debt

Interest payments of the scheduled payments below are reported at the subsidized rate of 1%.

Annual principal and interest payments to maturity are as follows:

Year	Principal	Interest	Total
2017	\$ 29,568	\$ -	\$ 29,568
2018	29,568	---	29,568
2019	29,568	---	29,568
2020	29,568	---	29,568
2021	29,568	---	29,568
2022 - 2026	147,840	---	147,840
2027 - 2031	147,840	---	147,840
2032 - 2036 *	911,592	148,325	1,059,917
2037 - 2041	147,840	---	147,840
2042 - 2046	147,840	---	147,840
2047 - 2051	147,840	---	147,840
2052 - 2056	147,840	---	147,840
2057 - 2061	147,840	---	147,840
2062 - 2065	115,849	---	115,849
Total notes payable - August 31, 2016	\$ 2,210,161	\$ 148,325	\$ 2,358,486

* - The 1977 and 1984 USDA Rural Development loans are due for refinancing on July 1, 2034 including accrued interest of \$148,325.

Schedules of Required Supplementary Information

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Wisconsin Retirement System

	2015
Proportion of the net pension asset (liability)	(0.03723434)%
Proportionate share of the net pension asset (liability)	\$(605,052)
Covered-employee payroll	\$4,234,746
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.2%

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

SUPPLEMENTARY INFORMATION

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

SCHEDULE OF CONTRIBUTIONS

Wisconsin Retirement System

	2015
Contractually required contributions	\$346,167
Contributions in relation to the contractually required contributions	\$346,167
Contribution deficiency (excess)	\$0
Covered-employee payroll	\$4,234,746
Contributions as a percentage of covered-employee payroll	8.17%

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

Notes to Required Supplementary Information for the Year Ended December 31, 2016

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

**CITY OF BURLINGTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	Special Revenue Funds						
	Library Operations	Community Development Block Grant	TIF No. 3 Revolving Loan	Park Develop- ment	Library Trust	Police Donations	Weinhoff
Assets							
Cash and investments	\$ 129,774	\$ 75,512	\$ -	\$ 134,381	\$ 106,972	\$ 20,281	\$ 54,774
Taxes receivable	405,500	-	-	-	-	-	-
Prepaid expenditures	-	-	-	1,264	-	-	-
Notes receivable	-	667,698	198,492	-	-	-	-
Total Assets	535,274	743,210	198,492	135,645	106,972	20,281	54,774
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities:							
Accounts payable	17,180	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-
Total liabilities	17,180	-	-	-	-	-	-
Deferred Inflows of Resources:							
Deferred revenue	405,500	667,698	198,492	-	-	-	-
Fund Balances							
Permanent	-	-	-	-	-	-	50,000
Assigned	112,594	75,512	-	135,645	106,972	20,281	4,774
Total Fund Balances	112,594	75,512	-	135,645	106,972	20,281	54,774
Total Liabilities and Fund Balances	\$ 535,274	\$ 743,210	\$ 198,492	\$ 135,645	\$ 106,972	\$ 20,281	\$ 54,774

A two-page combining balance sheet follows.

Capital Projects Funds						
General Debt Service Fund	Revolving Capital Projects	Infrastructure	Storm Water Management	Swimming Pool	Facade Grants	Total Nonmajor Funds
\$ 406,157	\$ 1,567,177	\$ 393,946	\$ 32,234	\$ -	\$ -	\$ 2,515,051
-	8,420	-	-	-	-	811,657
-	-	-	-	-	-	9,684
-	-	-	-	-	-	866,190
406,157	1,575,597	393,946	32,234	-	-	4,202,582
-	13,843	7,038	32,234	-	-	70,295
-	-	-	-	61,915	5,844	67,759
-	-	1,424,252	-	-	-	1,424,252
-	13,843	1,431,290	32,234	61,915	5,844	1,562,306
406,157	-	-	-	-	-	1,677,847
-	1,561,754	(1,037,344)	-	-	-	50,000
-	1,561,754	(1,037,344)	-	(61,915)	(5,844)	912,429
-	-	-	-	(61,915)	(5,844)	962,429
\$ 406,157	\$ 1,575,597	\$ 393,946	\$ 32,234	\$ -	\$ -	\$ 4,202,582

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

**CITY OF BURLINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	Special Revenue Funds						Capital Projects Funds						
	Community Development Block Grant	TIF No. 3 Revolving Loan	Park Development	Library Trust	Police Donations	Weinbhooff	General Debt Service Fund	Revolving Capital Projects	Infrastructure	Storm Water Management	Swimming Pool	Facade Grants	Total Nonmajor Funds
Revenues													
Taxes	\$ 405,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 406,157	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ 1,211,657
Intergovernmental	283,246	-	10	-	-	-	-	-	-	-	-	-	283,256
Charges for services	20,733	-	-	-	-	-	-	-	-	-	-	-	20,733
Investment income	648	6,385	2,471	417	-	4,277	697	7,656	36,254	-	86	-	58,891
Repayment of note receivable principal	23,842	19,126	-	-	-	-	-	-	-	4,000	-	-	30,564
All other	733,969	25,511	13,909	86,519	14,918	12,874	406,854	407,656	36,254	4,000	86	-	1,747,234
Total Revenues													
Expenditures													
Public safety	-	-	-	-	4,143	-	-	-	-	-	-	-	4,143
Public works	-	-	-	-	-	-	-	-	10,991	-	-	-	10,991
Culture, recreation & education	677,910	-	-	-	-	-	-	-	-	-	-	-	711,514
Conservation and development	-	-	-	-	-	-	-	-	117,123	-	16,975	-	188,827
Capital outlay	-	4,028	51,701	2,250	-	-	-	330,657	-	65,915	-	-	398,822
Debt service:													
Principal	-	-	-	-	-	-	317,787	-	-	-	-	-	317,787
Interest	-	-	-	-	-	-	212,649	-	-	-	-	-	212,649
Total Expenditures	677,910	4,028	51,701	2,250	4,143	-	530,436	330,657	10,991	117,123	65,915	16,975	1,845,733
Excess (deficiency) of revenues over (under) expenditures	56,059	21,483	(37,792)	84,279	(18,269)	4,277	(123,582)	76,999	25,263	(117,123)	(61,915)	(16,889)	(98,479)
Other Financing Sources (Uses)													
Transfers in	-	-	158,914	25,000	-	-	123,582	-	-	-	-	20,000	455,322
Transfers out	-	-	(29,295)	-	-	-	-	2,850	-	127,826	-	-	(29,295)
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	2,850
Total Other Financing Sources	-	-	129,619	25,000	-	-	123,582	2,850	-	127,826	-	20,000	428,877
Net change in fund balances	56,059	21,483	91,827	109,279	(18,269)	4,277	-	79,849	25,263	10,703	(61,915)	3,111	330,398
Fund balances - beginning	56,535	54,029	(91,827)	26,366	125,241	50,497	-	1,481,905	(1,062,607)	(10,703)	-	(8,955)	632,031
Fund balances - ending	\$ 112,594	\$ 75,512	\$ -	\$ 135,645	\$ 106,972	\$ 20,281	\$ 1,561,754	\$ 1,037,344	\$ -	\$ (61,915)	\$ (5,844)	\$ -	\$ 962,429

CITY OF BURLINGTON
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2016

CITY OF BURLINGTON
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
Taxes			
General property taxes	\$ 4,820,140	\$ 4,817,528	\$ (2,612)
Payments in lieu of taxes	35,000	34,232	(768)
Room tax	105,000	120,888	15,888
Interest on personal property taxes	150	263	113
Total Taxes	4,960,290	4,972,911	12,621
Intergovernmental			
Shared taxes from state	671,003	674,617	3,614
Exempt computer aid	17,534	34,530	16,996
Fire insurance from state	36,000	36,215	215
Municipal services	1,787	1,775	(12)
General transportation aid	602,933	602,638	(295)
Connecting streets	2,832	2,803	(29)
Recycling grants	24,000	28,643	4,643
Clean sweep grant	13,000	18,765	5,765
State aid for police training	-	3,958	3,958
Safety aid	2,500	-	(2,500)
Forestry grant	-	25,383	25,383
DNR aid in lieu of tax	681	668	(13)
Total Intergovernmental	1,372,270	1,429,995	57,725
Licenses and Permits			
Business and occupational licenses	36,380	36,852	472
Weights and measures	7,400	7,040	(360)
Wisconsin cable TV licenses	135,000	131,538	(3,462)
Parking permits	700	200	(500)
Cell tower permit	57,000	56,851	(149)
Building and electrical permits	135,000	257,498	122,498
Right of way and zoning permits	11,000	9,020	(1,980)
Total Licenses and Permits	382,480	498,999	116,519
Fines and Forfeitures			
Court penalty costs	135,000	128,059	(6,941)
Parking violations	60,000	53,142	(6,858)
Total Fines and Forfeitures	\$ 195,000	\$ 181,201	\$ (13,799)

	Original and Final Budget	Actual	Variance Positive (Negative)
Charges for Services			
Clerk's revenue	\$ 6,000	\$ 8,047	\$ 2,047
Police department	5,500	14,057	8,557
Fire department	12,500	38,990	26,490
Street department	10,000	7,224	(2,776)
Zoning and developer fees	50,000	26,227	(23,773)
Parks fees	17,000	7,838	(9,162)
Total Charges for Services	101,000	102,383	1,383
Special Assessments			
Sidewalks and all other	25,000	33,745	8,745
Interest			
Investment earnings	10,000	(2,911)	(12,911)
Interest on special assessments	2,500	954	(1,546)
Total interest	12,500	(1,957)	(14,457)
Other			
Lease of city property	16,000	-	(16,000)
Insurance recoveries	10,000	17,980	7,980
Police donations	-	516	516
All other	2,600	2,712	112
Total Other	28,600	21,208	(7,392)
Total Revenues	\$ 7,077,140	\$ 7,238,485	\$ 161,345

CITY OF BURLINGTON
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
General Government			
Mayor and city council	\$ 108,650	\$ 98,263	\$ 10,387
Municipal court	58,911	77,334	(18,423)
Administration	335,002	376,070	(41,068)
Finance - treasurer	198,894	194,892	4,002
City clerk	52,861	47,298	5,563
Electons	37,400	33,751	3,649
Assessor and board of review	50,700	49,118	1,582
City attorney	95,000	151,749	(56,749)
Total General Government	937,418	1,028,475	(91,057)
Public Safety			
Police department	2,790,059	2,749,767	40,292
Fire department	746,849	725,570	21,279
Building inspector	132,278	117,574	14,704
Total Public Safety	3,669,186	3,592,911	76,275
Public Works			
Street administration and maintenance	1,123,343	1,064,645	58,698
Street lighting	260,000	268,744	(8,744)
Sidewalks, curb and gutters	33,000	50,288	(17,288)
Storm sewers	6,500	2,682	3,818
Parking structure	11,500	22,409	(10,909)
Garbage collection	363,272	375,284	(12,012)
Recycling	103,360	102,920	440
Landfill	25,000	29,988	(4,988)
Clean sweep	22,000	25,997	(3,997)
Total Public Works	1,947,975	1,942,957	5,018
Health and Human Services			
Health officer	74,617	74,617	-
Cemetery	-	8	(8)
Animal shelter	6,300	9,582	(3,282)
Total Health and Human Services	\$ 80,917	\$ 84,207	\$ (3,290)

CITY OF BURLINGTON
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
Culture, Recreation and Education			
Historical society	\$ 1,000	\$ 1,000	\$ -
Senior citizens	2,500	2,517	(17)
Celebrations and festivals	-	12,200	(12,200)
Parks and forestry	671,717	530,924	140,793
Total Culture, Recreation and Education	675,217	546,641	128,576
Conservation and Development			
Economic development	75,000	146,306	(71,306)
Plan commission	88,300	56,470	31,830
Town annexation revenue sharing	32,960	22,367	10,593
Total Conservation and Development	196,260	225,143	(28,883)
Total Expenditures	\$ 7,506,973	\$ 7,420,334	\$ 86,639

**CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2016**

The following is a summary of the bonds and notes payable of the city as of December 31, 2016.

General Obligation Debt	Original Principal	Outstanding Principal 12/31/2016
2007 refunding bonds	\$ 1,500,000	\$ 1,500,000
2011 refunding bonds	9,120,000	3,960,000
2012 street bonds	3,155,000	3,055,000
2012 refunding bonds	1,460,000	710,000
2014A refunding bonds	6,200,000	5,255,000
2015A refunding bonds	4,215,000	2,815,000
2015B promissory notes	4,500,000	4,500,000
2015 Fox River Bank loan	300,000	300,000
	<u>\$ 300,000</u>	<u>\$ 22,095,000</u>

2007 General Obligation Refunding Bonds

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

	Principal	Interest	Total
April 1, 2017	\$ 100,000	\$ 31,988	\$ 131,988
October 1, 2017	-	29,800	29,800
April 1, 2018	110,000	29,800	139,800
October 1, 2018	-	27,545	27,545
April 1, 2019	120,000	27,545	147,545
October 1, 2019	-	25,055	25,055
April 1, 2020	130,000	25,055	155,055
October 1, 2020	-	22,325	22,325
April 1, 2021	140,000	22,325	162,325
October 1, 2021	-	19,350	19,350
April 1, 2022	150,000	19,350	169,350
October 1, 2022	-	16,162	16,162
April 1, 2023	150,000	16,162	166,162
October 1, 2023	-	12,975	12,975
April 1, 2024	150,000	12,975	162,975
October 1, 2024	-	9,750	9,750
April 1, 2025	150,000	9,750	159,750
October 1, 2025	-	6,525	6,525
April 1, 2026	150,000	6,525	156,525
October 1, 2026	-	3,262	3,262
April 1, 2027	150,000	3,262	153,262
	<u>\$ 1,500,000</u>	<u>\$ 377,486</u>	<u>\$ 1,877,486</u>

**CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2016**

2011 General Obligation Refunding Bonds

The proceeds from this issue were used to refund 2001 bonds issued for TIF No. 3 purposes. Interest is charged at rates of 2.0% to 3.0%.

	Principal	Interest	Total
April 1, 2017	\$ 905,000	\$ 53,657	\$ 958,657
October 1, 2017	-	43,475	43,475
April 1, 2018	940,000	43,475	983,475
October 1, 2018	-	31,725	31,725
April 1, 2019	970,000	31,725	1,001,725
October 1, 2019	-	17,175	17,175
April 1, 2020	1,145,000	17,175	1,162,175
	<u>\$ 3,960,000</u>	<u>\$ 238,407</u>	<u>\$ 4,198,407</u>

2012 General Obligation Street Bonds

The proceeds from this issue were used to finance various infrastructure improvements. Interest is charged at rates of 2.0% to 2.8%.

	Principal	Interest	Total
April 1, 2017	\$ 50,000	\$ 37,417	\$ 87,417
October 1, 2017	-	36,917	36,917
April 1, 2018	50,000	36,917	86,917
October 1, 2018	-	36,418	36,418
April 1, 2019	165,000	36,418	201,418
October 1, 2019	-	34,768	34,768
April 1, 2020	170,000	34,768	204,768
October 1, 2020	-	33,067	33,067
April 1, 2021	120,000	33,067	153,067
October 1, 2021	-	31,718	31,718
April 1, 2022	125,000	31,718	156,718
October 1, 2022	-	30,311	30,311
April 1, 2023	165,000	30,311	195,311
October 1, 2023	-	28,455	28,455
April 1, 2024	200,000	28,455	228,455
October 1, 2024	-	26,205	26,205
April 1, 2025	190,000	26,205	216,205
October 1, 2025	-	24,068	24,068
April 1, 2026	195,000	24,068	219,068
October 1, 2026	-	21,776	21,776
April 1, 2027	200,000	21,776	221,776
October 1, 2027	-	19,326	19,326
April 1, 2028	205,000	19,326	224,326
October 1, 2028	-	16,713	16,713
April 1, 2029	215,000	16,713	231,713
October 1, 2029	-	13,864	13,864
April 1, 2030	220,000	13,864	233,864
October 1, 2030	-	10,894	10,894
April 1, 2031	385,000	10,894	395,894
October 1, 2031	-	5,600	5,600
April 1, 2032	400,000	5,600	405,600
	<u>\$ 3,055,000</u>	<u>\$ 777,617</u>	<u>\$ 3,832,617</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2016

2015A General Obligation Refunding Bonds

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

	Principal	Interest	Total
May 1, 2017	\$ 1,405,000	\$ 28,150	\$ 1,433,150
November 1, 2017	-	14,100	14,100
May 1, 2018	1,410,000	14,100	1,424,100
	<u>\$ 2,815,000</u>	<u>\$ 56,350</u>	<u>\$ 2,871,350</u>

2015B General Obligation Promissory Notes

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

	Principal	Interest	Total
May 1, 2017	\$ 700,000	\$ 34,914	\$ 734,914
November 1, 2017	-	32,463	32,463
May 1, 2018	715,000	32,464	747,464
November 1, 2018	-	28,531	28,531
May 1, 2019	735,000	28,531	763,531
November 1, 2019	-	23,386	23,386
May 1, 2020	755,000	23,386	778,386
November 1, 2020	-	16,968	16,968
May 1, 2021	780,000	16,969	796,969
November 1, 2021	-	9,169	9,169
May 1, 2022	815,000	9,169	824,169
	<u>\$ 4,500,000</u>	<u>\$ 255,950</u>	<u>\$ 4,755,950</u>

2015 Fox River Bank Loan

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

	Principal	Interest	Total
May 1, 2017	\$ -	\$ 3,413	\$ 3,413
November 1, 2017	-	3,431	3,431
May 1, 2018	60,000	3,413	63,413
November 1, 2018	-	3,050	3,050
May 1, 2019	60,000	3,033	63,033
November 1, 2019	-	2,516	2,516
May 1, 2020	60,000	2,516	62,516
November 1, 2020	-	1,830	1,830
May 1, 2021	60,000	1,820	61,820
November 1, 2021	-	991	991
May 1, 2022	60,000	986	60,986
	<u>\$ 300,000</u>	<u>\$ 26,999</u>	<u>\$ 326,999</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2016

2012 General Obligation Refunding Bonds

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

	Principal	Interest	Total
April 1, 2017	\$ 145,000	\$ 6,307	\$ 151,307
October 1, 2017	-	5,401	5,401
April 1, 2018	150,000	5,401	155,401
October 1, 2018	-	4,276	4,276
April 1, 2019	145,000	4,276	149,276
October 1, 2019	-	2,972	2,972
April 1, 2020	155,000	2,972	157,972
October 1, 2020	-	1,383	1,383
April 1, 2021	55,000	1,383	56,383
October 1, 2021	-	750	750
April 1, 2022	60,000	750	60,750
	<u>\$ 710,000</u>	<u>\$ 35,871</u>	<u>\$ 745,871</u>

2014A General Obligation Refunding Bonds

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

	Principal	Interest	Total
May 1, 2017	\$ 485,000	\$ 58,338	\$ 543,338
November 1, 2017	-	56,640	56,640
May 1, 2018	245,000	56,640	301,640
November 1, 2018	-	55,415	55,415
May 1, 2019	245,000	55,415	300,415
November 1, 2019	-	53,884	53,884
May 1, 2020	255,000	53,884	308,884
November 1, 2020	-	51,971	51,971
May 1, 2021	340,000	51,971	391,971
November 1, 2021	-	49,081	49,081
May 1, 2022	360,000	49,081	409,081
November 1, 2022	-	45,661	45,661
May 1, 2023	370,000	45,661	415,661
November 1, 2023	-	41,776	41,776
May 1, 2024	380,000	41,776	421,776
November 1, 2024	-	37,406	37,406
May 1, 2025	390,000	37,406	427,406
November 1, 2025	-	32,531	32,531
May 1, 2026	410,000	32,531	442,531
November 1, 2026	-	26,996	26,996
May 1, 2027	425,000	26,996	451,996
November 1, 2027	-	20,940	20,940
May 1, 2028	435,000	20,940	455,940
November 1, 2028	-	14,415	14,415
May 1, 2029	450,000	14,415	464,415
November 1, 2029	-	7,440	7,440
May 1, 2030	465,000	7,440	472,440
	<u>\$ 5,255,000</u>	<u>\$ 1,046,650</u>	<u>\$ 6,301,650</u>

**CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Original Principal	Outstanding Principal 12/31/2016
2013 vactor lease/purchase - U.S. Bancorp	342,149	141,241
2013 energy conservation program lease purchase - U.S. Bancorp	1,147,507	1,020,588
2014 DPW chipper lease purchase	147,220	59,609
		<u>\$ 1,221,438</u>

Other Long-Term Obligations

2013 vactor lease/purchase - U.S. Bancorp
2013 energy conservation program lease purchase - U.S. Bancorp
2014 DPW chipper lease purchase

2013 Vactor Lease Purchase

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

	Principal	Interest	Total
December 5, 2017	\$ 69,869	\$ 3,037	\$ 72,906
December 5, 2018	71,372	1,535	72,907
	<u>\$ 141,241</u>	<u>\$ 4,572</u>	<u>\$ 145,813</u>

2013 Energy Conservation Program Lease/Purchase

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

	Principal	Interest	Total
February 15, 2017	\$ 16,434	\$ 6,895	\$ 23,329
May 15, 2017	16,545	6,784	23,329
August 15, 2017	16,657	6,672	23,329
November 15, 2017	16,769	6,560	23,329
February 15, 2018	16,883	6,446	23,329
May 15, 2018	16,997	6,332	23,329
August 15, 2018	17,112	6,217	23,329
November 15, 2018	17,228	6,101	23,329
February 15, 2019	17,344	5,985	23,329
May 15, 2019	17,461	5,868	23,329
August 15, 2019	17,579	5,750	23,329
November 15, 2019	17,698	5,631	23,329
February 15, 2020	17,818	5,511	23,329
May 15, 2020	17,938	5,391	23,329
August 15, 2020	18,059	5,270	23,329
November 15, 2020	18,182	5,147	23,329
February 15, 2021	18,305	5,024	23,329
May 15, 2021	18,428	4,901	23,329
August 15, 2021	18,553	4,776	23,329
November 15, 2021	18,678	4,651	23,329
February 15, 2022	18,804	4,525	23,329
Balance carried forward	\$ 369,472	\$ 120,437	\$ 489,909

**CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2016**

2013 Energy Conservation Program Lease/Purchase - Continued

	Principal	Interest	Total
Balance brought forward	\$ 369,472	\$ 120,437	\$ 489,909
May 15, 2022	18,932	4,397	23,329
August 15, 2022	19,060	4,269	23,329
November 15, 2022	19,188	4,141	23,329
February 15, 2023	19,318	4,011	23,329
May 15, 2023	19,449	3,880	23,329
August 15, 2023	19,580	3,749	23,329
November 15, 2023	19,713	3,616	23,329
February 15, 2024	19,846	3,483	23,329
May 15, 2024	19,980	3,349	23,329
August 15, 2024	20,115	3,214	23,329
November 15, 2024	20,251	3,078	23,329
February 15, 2025	20,388	2,941	23,329
May 15, 2025	20,526	2,803	23,329
August 15, 2025	20,665	2,664	23,329
November 15, 2025	20,804	2,525	23,329
February 15, 2026	20,945	2,384	23,329
May 15, 2026	21,086	2,243	23,329
August 15, 2026	21,229	2,100	23,329
November 15, 2026	21,373	1,956	23,329
February 15, 2027	21,517	1,812	23,329
May 15, 2027	21,663	1,666	23,329
August 15, 2027	21,809	1,520	23,329
November 15, 2027	21,956	1,373	23,329
February 15, 2028	22,105	1,224	23,329
May 15, 2028	22,254	1,075	23,329
August 15, 2028	22,405	924	23,329
November 15, 2028	22,556	773	23,329
February 15, 2029	22,709	620	23,329
May 15, 2029	22,862	467	23,329
August 15, 2029	23,017	312	23,329
November 15, 2029	23,175	156	23,329
	<u>\$ 1,620,588</u>	<u>\$ 193,162</u>	<u>\$ 1,213,750</u>

2014 DPW Chipper Lease Purchase

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

	Principal	Interest	Total
October 1, 2017	\$ 29,425	\$ 1,538	\$ 30,963
October 1, 2018	30,184	779	30,963
	<u>\$ 59,609</u>	<u>\$ 2,317</u>	<u>\$ 61,926</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2016

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2016

Utility Revenue Debt

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

	Original Principal	Outstanding Principal 12/31/2016
2008 sewer revenue bonds - Clean Water Fund (No. 5096-02)	\$ 4,465,837	\$ 2,971,113
2008 sewer revenue bonds - Clean Water Fund (No. 5096-04)	926,948	586,047
2011 water revenue refunding bonds	2,050,000	1,235,000
2012 water revenue bonds - Clean Water Fund (No. 5475-01)	2,044,276	1,633,564
2012 sewer revenue bonds - Clean Water Fund (No. 5096-09)	7,439,911	6,501,562
		<u>\$ 12,927,286</u>

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

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

	Principal	Interest	Total
May 1, 2017	\$ 47,271	\$ 6,930	\$ 54,201
November 1, 2017	-	6,371	6,371
May 1, 2018	48,389	6,371	54,760
November 1, 2018	-	5,799	5,799
May 1, 2019	49,534	5,799	55,333
November 1, 2019	-	5,213	5,213
May 1, 2020	50,705	5,213	55,918
November 1, 2020	-	4,614	4,614
May 1, 2021	51,904	4,614	56,518
November 1, 2021	-	4,000	4,000
May 1, 2022	53,132	4,000	57,132
November 1, 2022	-	3,371	3,371
May 1, 2023	54,388	3,371	57,759
November 1, 2023	-	2,728	2,728
May 1, 2024	55,675	2,728	58,403
November 1, 2024	-	2,070	2,070
May 1, 2025	56,991	2,070	59,061
November 1, 2025	-	1,396	1,396
May 1, 2026	58,339	1,396	59,735
November 1, 2026	-	706	706
May 1, 2027	59,719	706	60,425
	<u>\$ 586,047</u>	<u>\$ 79,466</u>	<u>\$ 665,513</u>

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

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

	Principal	Interest	Total
May 1, 2017	\$ 214,529	\$ 38,164	\$ 252,693
November 1, 2017	-	35,408	35,408
May 1, 2018	220,040	35,408	255,448
November 1, 2018	-	32,582	32,582
May 1, 2019	225,693	32,582	258,275
November 1, 2019	-	29,683	29,683
May 1, 2020	231,491	29,683	261,174
November 1, 2020	-	26,709	26,709
May 1, 2021	237,438	26,709	264,147
November 1, 2021	-	23,660	23,660
May 1, 2022	243,538	23,660	267,198
November 1, 2022	-	20,531	20,531
May 1, 2023	249,794	20,531	270,325
November 1, 2023	-	17,323	17,323
May 1, 2024	256,211	17,323	273,534
November 1, 2024	-	14,032	14,032
May 1, 2025	262,794	14,032	276,826
November 1, 2025	-	10,656	10,656
May 1, 2026	269,545	10,656	280,201
November 1, 2026	-	7,193	7,193
May 1, 2027	276,469	7,193	283,662
November 1, 2027	-	3,642	3,642
May 1, 2028	283,571	3,642	287,213
	<u>\$ 2,971,113</u>	<u>\$ 481,002</u>	<u>\$ 3,452,115</u>

2011 Water Revenue Refunding Bonds

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

	Principal	Interest	Total
May 1, 2017	\$ 190,000	\$ 19,674	\$ 209,674
November 1, 2017	-	16,823	16,823
May 1, 2018	195,000	16,823	211,823
November 1, 2018	-	13,898	13,898
May 1, 2019	200,000	13,898	213,898
November 1, 2019	-	10,899	10,899
May 1, 2020	210,000	10,899	220,899
November 1, 2020	-	7,539	7,539
May 1, 2021	215,000	7,539	222,539
November 1, 2021	-	3,938	3,938
May 1, 2022	225,000	3,938	228,938
	<u>\$ 1,235,000</u>	<u>\$ 125,868</u>	<u>\$ 1,360,868</u>

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

	Principal	Interest	Total
May 1, 2017	\$ 332,204	\$ 85,333	\$ 417,537
November 1, 2017	-	80,973	80,973
May 1, 2018	340,925	80,973	421,898
November 1, 2018	-	76,498	76,498
May 1, 2019	349,874	76,498	426,372
November 1, 2019	-	71,906	71,906
May 1, 2020	359,058	71,906	430,964
November 1, 2020	-	67,193	67,193
May 1, 2021	368,483	67,193	435,676
November 1, 2021	-	62,357	62,357
May 1, 2022	378,156	62,357	440,513
November 1, 2022	-	57,394	57,394
May 1, 2023	388,083	57,394	445,477
November 1, 2023	-	52,300	52,300
May 1, 2024	398,270	52,300	450,570
November 1, 2024	-	47,073	47,073
May 1, 2025	408,724	47,073	455,797
November 1, 2025	-	41,709	41,709
May 1, 2026	419,453	41,709	461,162
November 1, 2026	-	36,203	36,203
May 1, 2027	430,464	36,203	466,667
November 1, 2027	-	30,553	30,553
May 1, 2028	441,764	30,553	472,317
November 1, 2028	-	24,755	24,755
May 1, 2029	453,360	24,755	478,115
November 1, 2029	-	18,805	18,805
May 1, 2030	465,261	18,805	484,066
November 1, 2030	-	12,698	12,698
May 1, 2031	477,474	12,698	490,172
November 1, 2031	-	6,431	6,431
May 1, 2032	490,009	6,431	496,440
	\$ 6,501,562	\$ 1,459,029	\$ 7,960,591

CITY OF BURLINGTON
LONG-TERM DEBT SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

	Principal	Interest	Total
May 1, 2017	93,105	17,969	111,074
November 1, 2017	-	16,945	16,945
May 1, 2018	95,153	16,945	112,098
November 1, 2018	-	15,898	15,898
May 1, 2019	97,246	15,898	113,144
November 1, 2019	-	14,829	14,829
May 1, 2020	99,386	14,829	114,215
November 1, 2020	-	13,735	13,735
May 1, 2021	101,572	13,735	115,307
November 1, 2021	-	12,618	12,618
May 1, 2022	103,807	12,618	116,425
November 1, 2022	-	11,476	11,476
May 1, 2023	106,090	11,476	117,566
November 1, 2023	-	10,309	10,309
May 1, 2024	108,424	10,309	118,733
November 1, 2024	-	9,117	9,117
May 1, 2025	110,810	9,117	119,927
November 1, 2025	-	7,898	7,898
May 1, 2026	113,248	7,898	121,146
November 1, 2026	-	6,652	6,652
May 1, 2027	115,739	6,652	122,391
November 1, 2027	-	5,379	5,379
May 1, 2028	118,285	5,379	123,664
November 1, 2028	-	4,078	4,078
May 1, 2029	120,888	4,078	124,966
November 1, 2029	-	2,748	2,748
May 1, 2030	123,547	2,748	126,295
November 1, 2030	-	1,389	1,389
May 1, 2031	126,264	1,389	127,653
	\$ 1,633,564	\$ 284,111	\$ 1,917,675

FORM OF LEGAL OPINION

(See following pages.)

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

December 6, 2017

Re: City of Burlington, Wisconsin ("Issuer")
\$1,495,000 General Obligation Promissory Notes, Series 2017D,
dated December 6, 2017 ("Notes")

We have acted as bond counsel to the Issuer in connection with the issuance of the Notes. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Notes are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on April 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$145,000	___%
2019	140,000	___
2020	140,000	___
2021	145,000	___
2022	145,000	___
2023	150,000	___
2024	150,000	___
2025	155,000	___
2026	160,000	___
2027	165,000	___

Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2018.

The Notes maturing on April 1, 2025 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on April 1, 2024 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

[The Notes maturing in the years _____ are subject to mandatory redemption by lot as provided in the resolution authorizing the Notes, at the redemption price of par plus accrued interest to the date of redemption and without premium.]

We further certify that we have examined a sample of the Notes and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Notes have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Notes, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.

3. The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Notes is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Notes. Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth herein.

The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages.)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Burlington, Racine and Walworth Counties, Wisconsin (the "Issuer") in connection with the issuance of \$1,495,000 General Obligation Promissory Notes, Series 2017D, dated December 6, 2017 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on November 21, 2017 (the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Official Statement dated November 22, 2017 delivered in connection with the Securities, which is available from the MSRB.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Burlington, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Clerk of the Issuer who can be contacted at 300 North Pine Street, Burlington, Wisconsin 53105, phone (262) 342-1161, fax (262) 763-3474.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2017, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. DEBT - Direct Debt
2. DEBT - Debt Limit
3. VALUATIONS - Current Property Valuations
4. TAX LEVIES AND COLLECTIONS - Tax Levies and Collections

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake

such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 6th day of December, 2017.

(SEAL)

Jeannie Hefty
Mayor

Diahnn C. Halbach
City Clerk

APPENDIX E

NOTICE OF SALE

\$1,495,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2017D CITY OF BURLINGTON, WISCONSIN

Bids for the purchase of \$1,495,000* General Obligation Promissory Notes, Series 2017D (the "Notes") of the City of Burlington, Wisconsin (the "City") will be received at the offices of Ehlers & Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Municipal Advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on November 21, 2017, at which time they will be opened, read and tabulated. The bids will be presented to the Common Council for consideration for award by resolution at a meeting to be held at 6:30 P.M., Central Time, on the same date. The bid offering to purchase the Notes upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including financing capital projects related to flood recovery. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Notes will be dated December 6, 2017, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2018	\$145,000	2022	\$145,000	2026	\$160,000
2019	140,000	2023	150,000	2027	165,000
2020	140,000	2024	150,000		
2021	145,000	2025	155,000		

ADJUSTMENT OPTION

* The City reserves the right to increase or decrease the amount of any individual maturity of the Notes in increments of \$5,000 on the day of sale. If individual maturities are increased or decreased, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Bids for the Notes may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2018, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2019 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Notes will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Notes. So long as Cede & Co. is the registered owner of the Notes, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Notes.

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after April 1, 2025 shall be subject to optional redemption prior to maturity on April 1, 2024 or on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the City. If only part of the Notes having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

DELIVERY

On or about December 6, 2017, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Notes must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City, and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

STATEMENT REGARDING COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for this Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B).

SUBMISSION OF BIDS

Bids must not be for less than \$1,480,050 nor more than \$1,524,900 plus accrued interest on the principal sum of \$1,495,000 from date of original issue of the Notes to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Facsimile submission to Ehlers, Facsimile Number (651) 697-8555; or
- 3) Electronically via **PARITY** in accordance with this Notice of Sale until 10:00 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids. Each bid must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$29,900 shall be made by the winning bidder by wire transfer of funds to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account

and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the City scheduled for award of the Notes is adjourned, recessed, or continued to another date without award of the Notes having been made.

AWARD

The Notes will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Notes will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid.

BOND INSURANCE

If the Notes are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Notes from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Notes are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Notes.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Notes or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Notes as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the City will enter into an undertaking for the benefit of the holders of the Notes. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Notes pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Notes and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes, together with the

supporting pricing wires or equivalent communications. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the "competitive sale requirements") because:

- (1) The City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in this bid.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Notes to the Underwriter. In such event, any bid submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the Underwriter on its bid form to determine the issue price for the Notes. On its bid form, each Underwriter must select one of the following two rules for determining the issue price of the Notes: (1) the first price at which 10% of a maturity of the Notes (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Notes (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the Underwriter selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Notes to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Notes, that the underwriters will neither offer nor sell unsold Notes of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the

initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Notes.

(e) If all of the requirements of a "competitive sale" are not satisfied and the Underwriter selects the 10% test, the Underwriter agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Notes have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Notes or until all of the Notes of a certain maturity have been sold.

(f) By submitting a bid, each bidder confirms that (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(g) Sales of any Notes to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the public),
- (iii) a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of

another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

- (iv) "sale date" means the date that the Notes are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Notes prior to the bid opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Common Council

Steve DeQuaker, Finance Director/Treasurer
City of Burlington, Wisconsin

BID FORM

The Common Council
City of Burlington, Wisconsin

November 21, 2017

RE: \$1,495,000* General Obligation Promissory Notes, Series 2017D
DATED: December 6, 2017

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$1,480,050 nor more than \$1,524,900) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____ % due	2018	_____ % due	2022	_____ % due	2026
_____ % due	2019	_____ % due	2023	_____ % due	2027
_____ % due	2020	_____ % due	2024		
_____ % due	2021	_____ % due	2025		

* The City reserves the right to increase or decrease the amount of any individual maturity of the Notes in increments of \$5,000 on the day of sale. If individual maturities are increased or decreased, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2019 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

We enclose our Deposit in the amount of \$29,900, to be held by you pending delivery and payment. Alternatively, if we are the winning bidder, we will wire our Deposit to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers & Associates no later than two hours after the bid opening time. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. If our bid is not accepted, said deposit shall be promptly returned to us. If the Deposit is wired to such escrow account, we agree to the conditions and duties of Ehlers & Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about December 6, 2017.

This bid is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for this Issue.

We have received and reviewed the Official Statement and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Notes within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Notes identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an Underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ____ NO: ____.

If the competitive sale requirements are not met, we elect to use the (circle one): 10% test / hold-the-offering-price rule to determine the issue price of the Notes.

Account Manager: _____ By: _____

Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from December 6, 2017 of the above bid is \$ _____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of Burlington, Wisconsin, on November 21, 2017.

By: _____ By: _____
Title: _____ Title: _____