

PRELIMINARY OFFICIAL STATEMENT DATED MAY 9, 2023

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. 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. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a Final Official Statement.

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 Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

The Bonds shall NOT be designated as "qualified tax-exempt obligations".

New Issue

Rating Application Made: S&P Global Ratings

CITY OF BURLINGTON, WISCONSIN (Racine and Walworth Counties)

\$9,830,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2023A

BID OPENING: May 17, 2023, 10:00 A.M., C.T.

CONSIDERATION: Not later than 11:59 P.M., C.T. on May 17, 2023 (PARAMETERS RESOLUTION)

PURPOSE/AUTHORITY/SECURITY: The \$9,830,000* General Obligation Corporate Purpose Bonds, Series 2023A (the "Bonds") are being issued pursuant to Section 67.04, Wisconsin Statutes, by the City of Burlington, Wisconsin (the "City"), for the public purposes of financing parks and public grounds projects, street improvement projects, providing financial assistance to community development projects under section 66.1105, Wisconsin Statutes, by paying project costs included in the project plans for the City's Tax Incremental Districts, equipment of the fire department and for bridges. The Bonds 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 Bonds 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 BONDS: June 7, 2023

MATURITY: April 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2024	\$100,000	2031	\$330,000	2038	\$760,000
2025	170,000	2032	340,000	2039	825,000
2026	255,000	2033	455,000	2040	885,000
2027	260,000	2034	515,000	2041	925,000
2028	260,000	2035	580,000	2042	940,000
2029	265,000	2036	635,000	2043	335,000
2030	300,000	2037	695,000		

***MATURITY ADJUSTMENTS:** The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each, up to a maximum of \$80,000 per maturity. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, 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, 2024 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on April 1, 2032 and thereafter are subject to call for prior optional redemption on April 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM BID: \$9,707,125.

MAXIMUM BID: \$10,518,100.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$196,600 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL AND

DISCLOSURE COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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



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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 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 Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This 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 and Associates, Inc. prepared this 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. Quarles & Brady LLP will serve as Disclosure Counsel to the City with respect to the Bonds. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

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 Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds 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 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 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 and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the 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 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 Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, 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 Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this 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 Bonds; (3) a certificate evidencing the due execution of the Bonds, 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 Bonds, (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 Bonds 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 Bonds 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.

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CITY OF BURLINGTON COMMON COUNCIL

		<u>Term Expires</u>
Jeannie Hefty	Mayor	April 2024
Jon Schultz	Council President	April 2025
Shad Branen	Aldersperson	April 2025
Judi Adams	Aldersperson	April 2025
Corina Kretschmer	Aldersperson	April 2024
Tom Preusker	Aldersperson	April 2024
Bill Smitz	Aldersperson	April 2025
Sara Spencer	Aldersperson	April 2024
Tom Vos	Aldersperson	April 2024

ADMINISTRATION

Carina Walters, City Administrator

Debra Epping, Finance Director/Treasurer

Megan Watkins, Assistant City Administrator/Zoning Administrator

Peter Riggs, Director of Public Works

Don Hefty, Utility Manager

Diahnn Halbach, City Clerk

PROFESSIONAL SERVICES

Elaine Ekes, Pruitt, Ekes & Geary, S.C., City Attorney, Racine, Wisconsin

Quarles & Brady LLP, Bond Counsel and Disclosure Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin
(Other office located in Roseville, Minnesota)

INTRODUCTORY STATEMENT

This Official Statement contains certain information regarding the City of Burlington, Wisconsin (the "City") and the issuance of its \$9,830,000* General Obligation Corporate Purpose Bonds, Series 2023A (the "Bonds"). **The Common Council adopted a resolution on April 5, 2023 (the "Parameters Resolution"), which authorized the Finance Director/Treasurer or the City Administrator to accept a bid for the Bonds if the parameters and conditions set forth in the Parameters Resolution are satisfied. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on May 17, 2023, neither the Finance Director/Treasurer nor the City Administrator will have the authority to accept a bid for the Bonds, and all bids will be rejected.**

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the City's municipal advisor. A copy of this 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 BONDS

GENERAL

The Bonds 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 June 7, 2023. The Bonds will mature on April 1 in the years and amounts set forth on the cover of this Official Statement. Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2024, to the registered owners of the Bonds 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"). All Bonds 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 Bonds 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 Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds 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 Bonds shall be payable as provided in the Parameters Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after April 1, 2032 shall be subject to optional redemption prior to maturity on April 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

*Preliminary, subject to change.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds 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 Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, by the City, for the public purposes of financing parks and public grounds projects, street improvement projects, providing financial assistance to community development projects under section 66.1105, Wisconsin Statutes, by paying project costs included in the project plans for the City’s Tax Incremental Districts, equipment of the fire department and for bridges.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	\$9,830,000	
Estimated Interest Earnings	<u>7,601</u>	
Total Sources		\$9,837,601
Uses		
Estimated Underwriter's Discount	\$122,875	
Cost of Issuance	95,850	
Deposit to Capitalized Interest Fund	495,327	
Deposit to Borrowed Money Fund	9,121,133	
Rounding Amount	<u>2,416</u>	
Total Uses		\$9,837,601

*Preliminary, subject to change.

SECURITY

For the prompt payment of the Bonds 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 Bonds when it becomes due and also to pay and discharge the principal on the Bonds 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 is currently rated "AA-" by S&P Global Ratings ("S&P"). The City has requested a rating on the Bonds from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating, if any, 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 Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, 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 (Syndicate Manager) undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under the rule.

On the date of issue and delivery of the Bonds, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

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

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. Ehlers is currently engaged as dissemination agent for the City.

LEGAL MATTERS

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds 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). (See "FORM OF LEGAL OPINION" found in Appendix B.)

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Bonds. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Bonds for any investor.

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 Bonds under existing law substantially in the following form:

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds 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 individuals; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds 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 Bonds to be included in gross income retroactively to the date of issuance of the Bonds. 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 Bonds."

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

Prospective purchasers of the Bonds should be aware that ownership of the Bonds 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 Bonds 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 Bonds. 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 Bonds may be enacted. Prospective purchasers of the Bonds 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.

ORIGINAL ISSUE DISCOUNT

To the extent that the initial public offering price of certain of the Bonds is less than the principal amount payable at maturity, such Bonds ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

BOND PREMIUM

To the extent that the initial offering price of certain of the Bonds is more than the principal amount payable at maturity, such Bonds ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds shall NOT be designated 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 Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this 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

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, Colorado, 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, 2021 have been audited by Sitzberger & Company, LLC, 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 Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds 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. Potential investors should read this Official Statement, including the appendices, in its entirety.

Taxes: The Bonds 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 Bonds. 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 Bonds 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 Bonds may fall for purposes of resale. Noncompliance by the City with the covenants in the Parameters Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Bonds 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 Bonds. 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 Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds 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 Bonds.

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 Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds 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 Bonds. 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 Bonds will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

Impact of the Spread of COVID-19: The effects of the spread of COVID-19 and the government and private responses to the spread continue to evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus continues to impact the City and its financial condition will depend on future developments, which are uncertain and cannot be predicted by the City, including the duration of the outbreak and future measures taken to address the outbreak.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which distributed \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and November 17, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. The City's allocation was \$177,614. These funds were disbursed up to the amount of the allocation after eligible expenditures were reported through the State's cost tracker application. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic, with half received in 2021 and half received in 2022. The City's allocation was \$1,149,261.

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
2022 Equalized Value	\$ 1,275,950,700	\$ 10,442,300	\$ 1,286,393,000
2022 Assessed Value	\$ 1,217,281,890	\$ 12,115,400	\$ 1,229,397,290

2022 EQUALIZED VALUE BY CLASSIFICATION

	2022 Equalized Value	Percent of Total Equalized Value
Residential	\$810,167,800	62.980%
Commercial	377,399,900	29.338%
Manufacturing	66,502,100	5.170%
Agricultural	91,000	0.007%
Undeveloped	367,000	0.029%
Ag Forest	774,100	0.060%
Forest	273,900	0.021%
Other	210,500	0.016%
Personal Property	30,606,700	2.379%
Total	<u>\$1,286,393,000</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value	Percent Increase/Decrease in Equalized Value
2018	\$936,174,770	\$941,440,600 ¹	4.14%
2019	979,505,380	972,118,600 ¹	3.26%
2020	1,034,525,680	1,054,579,700 ¹	8.48%
2021	1,091,654,610	1,114,333,400 ¹	5.67%
2022	1,229,397,290	1,286,393,000	15.44%

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	2022 Equalized Value ¹	Percent of City's Total Equalized Value
Aurora Medical Group	Health Care	\$17,951,702	1.40%
Burlington Boardwalk LLC	Apartments	15,668,001	1.22%
Nestle Inc.	Manufacturing	14,683,609	1.14%
JW West Ridge LLP	Apartments	13,704,959	1.07%
Oak Park Properties of Burlington	Senior Living	12,689,769	0.99%
Lynch Ventures LLC	Retail-Auto/Developer	12,568,038	0.98%
Wal-Mart ²	Retail	10,389,828	0.81%
Menard Inc.	Retail	9,911,360	0.77%
Memorial Hospital of Burlington	Health Care	9,051,623	0.70%
Echo Lake Farm Produce	Food Products	8,945,656	0.70%
Total		\$125,564,545	9.76%
City's Total 2022 Equalized Value ³		\$1,286,393,000	

Source: The City.

¹ Calculated by dividing the 2022 Assessed Values by the 2022 Aggregate Ratio of assessment for the City.

² Assessment under appeal by taxpayer.

³ Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Bonds)*	<u>\$25,898,393</u>
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Revenue Debt (see schedules following)

Total revenue debt secured by sewer revenues	<u>\$7,249,093</u>
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Total revenue debt secured by water revenues (includes the Concurrent Obligations, as defined herein)*	<u>\$4,782,077</u>
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Lease Obligations

Issue Date	Original Amount	Purpose	Final Maturity	Estimated Principal Outstanding
11/15/2013	\$ 1,147,507	Honeywell Lease	11/15/2029	\$554,526

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

Concurrently with the Bonds, the City expects to issue \$1,140,000* Waterworks System Revenue Bonds, Series 2023B (the “Concurrent Obligations”). The City expects to borrow in 2024 for its capital projects, but the amount and timing of such borrowing is not yet known. Aside from the preceding, the City has no current plans for additional financing in the next 12 months.

*Preliminary, subject to change.

¹ Outstanding debt is as of the dated date of the Bonds.

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	\$1,286,393,000
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit*	\$64,319,650
Less: General Obligation Debt**	<u>(25,898,393)</u>
Unused Debt Limit**	<u><u>\$38,421,257</u></u>

* In the City’s resolution adopting its budget, the Common Council adopted as a policy for the 2023 budget year a limit on general obligation debt to not greater than 75% of the statutory debt limit, except as otherwise approved by a super majority vote of the Common Council.

**Preliminary, subject to change.

City of Burlington, Wisconsin
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 06/07/2023)

	Street Improvement Bonds Series 2012A		Corporate Purpose Bonds Series 2017A		Promissory Notes Series 2017D		Corporate Purpose Bonds Series 2019A		Promissory Notes Series 2020A	
Dated	05/23/2012		05/25/2017		12/06/2017		05/30/2019		06/25/2020	
Amount	\$3,155,000		\$7,990,000		\$1,495,000		\$1,285,000		\$940,000	
Maturity	04/01		04/01		04/01		04/01		04/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	0	28,455	0	78,547	0	7,456	0	17,025	0	3,738
2024	200,000	54,660	500,000	150,844	150,000	12,663	25,000	33,675	95,000	7,143
2025	190,000	50,273	485,000	138,531	155,000	8,863	45,000	32,625	95,000	6,383
2026	195,000	45,844	460,000	125,569	160,000	5,513	55,000	31,125	95,000	5,528
2027	200,000	41,103	450,000	111,919	165,000	1,856	55,000	29,475	100,000	4,525
2028	205,000	36,039	375,000	99,544			60,000	27,750	100,000	3,375
2029	215,000	30,576	340,000	88,819			65,000	25,875	100,000	2,100
2030	220,000	24,758	375,000	78,094			70,000	23,850	100,000	700
2031	385,000	16,494	375,000	66,844			65,000	21,825		
2032	400,000	5,600	350,000	55,969			70,000	19,800		
2033			325,000	45,844			70,000	17,700		
2034			325,000	35,891			75,000	15,525		
2035			325,000	25,531			80,000	13,200		
2036			300,000	15,188			100,000	10,500		
2037			300,000	5,063			100,000	7,500		
2038							100,000	4,500		
2039							100,000	1,500		
2040										
2041										
2042										
2043										
	2,210,000	333,800	5,285,000	1,122,194	630,000	36,350	1,135,000	333,450	685,000	33,490

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City of Burlington, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 06/07/2023)

	Corporate Purpose Bonds Series 2021A		State Trust Fund Loan		Corporate Purpose Bonds Series 2022A		Corporate Purpose Bonds Series 2023A							
Dated Amount	06/09/2021 \$5,405,000		05/15/2022 \$96,000		06/23/2022 \$1,415,000		06/07/2023 \$9,830,000*							
Maturity	04/01		03/15		04/01		04/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2023	0	47,100	0	0	0	22,103	0	0	0	204,423	204,423	25,898,393	.00%	2023
2024	355,000	90,650	48,393	1,213	65,000	43,230	100,000	523,474	1,538,393	917,551	2,455,944	24,360,000	5.94%	2024
2025	375,000	83,350			65,000	41,280	170,000	392,272	1,580,000	753,575	2,333,575	22,780,000	12.04%	2025
2026	390,000	75,700			65,000	39,330	255,000	384,800	1,675,000	713,408	2,388,408	21,105,000	18.51%	2026
2027	410,000	67,700			75,000	37,230	260,000	375,788	1,715,000	669,595	2,384,595	19,390,000	25.13%	2027
2028	415,000	59,450			75,000	34,980	260,000	366,688	1,490,000	627,825	2,117,825	17,900,000	30.88%	2028
2029	420,000	51,100			70,000	32,805	265,000	357,500	1,475,000	588,775	2,063,775	16,425,000	36.58%	2029
2030	435,000	42,550			70,000	30,705	300,000	347,613	1,570,000	548,269	2,118,269	14,855,000	42.64%	2030
2031	160,000	36,600			75,000	28,474	330,000	336,505	1,390,000	506,741	1,896,741	13,465,000	48.01%	2031
2032	165,000	33,350			70,000	26,190	340,000	324,443	1,395,000	465,351	1,860,351	12,070,000	53.39%	2032
2033	165,000	30,050			65,000	24,064	455,000	309,706	1,080,000	427,364	1,507,364	10,990,000	57.56%	2033
2034	165,000	26,750			70,000	21,885	515,000	291,261	1,150,000	391,312	1,541,312	9,840,000	62.01%	2034
2035	170,000	23,400			70,000	19,575	580,000	269,893	1,225,000	351,599	1,576,599	8,615,000	66.74%	2035
2036	175,000	19,950			70,000	17,265	635,000	245,579	1,280,000	308,481	1,588,481	7,335,000	71.68%	2036
2037	175,000	16,450			75,000	14,835	695,000	218,299	1,345,000	262,146	1,607,146	5,990,000	76.87%	2037
2038	180,000	12,900			75,000	12,285	760,000	187,728	1,115,000	217,413	1,332,413	4,875,000	81.18%	2038
2039	180,000	9,300			75,000	9,698	825,000	153,840	1,180,000	174,338	1,354,338	3,695,000	85.73%	2039
2040	185,000	5,650			75,000	7,073	885,000	116,854	1,145,000	129,576	1,274,576	2,550,000	90.15%	2040
2041	190,000	1,900			80,000	4,320	925,000	77,255	1,195,000	83,475	1,278,475	1,355,000	94.77%	2041
2042					80,000	1,440	940,000	35,990	1,020,000	37,430	1,057,430	335,000	98.71%	2042
2043							335,000	7,538	335,000	7,538	342,538	0	100.00%	2043
	4,710,000	733,900	48,393	1,213	1,365,000	468,765	9,830,000	5,323,022	25,898,393	8,386,184	34,284,577			

* Preliminary, subject to change.

City of Burlington, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Sewerage Revenues
(As of 06/07/2023)

	Taxable Sewerage System Revenue Bonds (CWFL) Series 2008		Taxable Sewerage System Revenue Bonds (CWFL) Series 2008		Taxable Sewerage System Revenue Bonds(CWFL) Series 2012		Sewerage System Revenue Bonds Series 2017B		Sewerage System Revenue Bonds Series 2022B							Calendar Year Ending
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	
	02/27/2008	05/01	07/23/2008	05/01	10/10/2012	05/01	05/25/2017	05/01	06/23/2022	05/01						
	\$960,033		\$4,465,837		\$7,439,911		\$1,610,000		\$520,000							
2023	0	2,728	0	17,323	0	52,300	0	19,895	0	7,820	0	100,066	100,066	7,249,093	.00%	2023
2024	55,675	4,798	256,211	31,354	398,270	99,373	70,000	38,933	40,000	15,060	820,156	189,518	1,009,674	6,428,937	11.31%	2024
2025	56,991	3,466	262,794	24,688	408,724	88,781	75,000	37,156	45,000	13,828	848,509	167,919	1,016,428	5,580,428	23.02%	2025
2026	58,339	2,102	269,545	17,850	419,453	77,912	75,000	35,206	45,000	12,523	867,337	145,592	1,012,930	4,713,090	34.98%	2026
2027	59,719	706	276,469	10,836	430,464	66,756	80,000	33,075	45,000	11,128	891,652	122,501	1,014,154	3,821,438	47.28%	2027
2028			283,572	3,642	441,764	55,308	80,000	30,775	45,000	9,643	850,336	99,368	949,704	2,971,102	59.01%	2028
2029					453,360	43,560	80,000	28,375	50,000	8,075	583,360	80,010	663,370	2,387,742	67.06%	2029
2030					465,261	31,503	80,000	25,875	50,000	6,425	595,261	63,803	659,064	1,792,482	75.27%	2030
2031					477,474	19,130	85,000	23,194	50,000	4,725	612,474	47,048	659,522	1,180,008	83.72%	2031
2032					490,008	6,431	90,000	20,238	55,000	2,888	635,008	29,556	664,564	545,000	92.48%	2032
2033							90,000	17,088	55,000	963	145,000	18,050	163,050	400,000	94.48%	2033
2034							95,000	13,731			95,000	13,731	108,731	305,000	95.79%	2034
2035							100,000	10,075			100,000	10,075	110,075	205,000	97.17%	2035
2036							100,000	6,200			100,000	6,200	106,200	105,000	98.55%	2036
2037							105,000	2,100			105,000	2,100	107,100	0	100.00%	2037
	230,724	13,801	1,348,591	105,693	3,984,778	541,054	1,205,000	341,915	480,000	93,075	7,249,093	1,095,538	8,344,631			

City of Burlington, Wisconsin
Schedule of Bonded Indebtedness
Revenue Debt Secured by Waterworks Revenues
(As of 06/07/2023)

Waterworks System Revenue Bonds (SDWFL) Series 2012			Taxable Waterworks System Revenue Bonds (SDWFL) Series 2017C		Waterworks System Revenue Bonds Series 2019B		Waterworks System Revenue Bonds Series 2022C		Waterworks System Revenue Bonds Series 2023B							
Dated Amount	02/22/2012 \$2,044,276		06/28/2017 \$820,691		05/30/2019 \$1,575,000		06/23/2022 \$645,000		06/07/2023 \$1,140,000*							
Maturity	05/01		05/01		05/01		05/01		05/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2023	0	10,309	0	5,749	0	24,125	0	10,451	0	0	0	50,635	50,635	4,782,077	.00%	2023
2024	108,424	19,426	38,828	11,135	70,000	46,850	35,000	20,395	40,000	67,057	292,252	164,863	457,115	4,489,824	6.11%	2024
2025	110,810	17,014	39,554	10,402	75,000	43,950	35,000	19,380	40,000	46,330	300,364	137,076	437,440	4,189,460	12.39%	2025
2026	113,248	14,550	40,294	9,656	75,000	40,950	35,000	18,365	40,000	44,932	303,541	128,452	431,993	3,885,919	18.74%	2026
2027	115,739	12,031	41,047	8,895	80,000	37,850	40,000	17,198	45,000	43,385	321,786	119,359	441,145	3,564,133	25.47%	2027
2028	118,285	9,457	41,815	8,120	85,000	34,550	40,000	15,878	45,000	41,700	330,100	109,704	439,804	3,234,033	32.37%	2028
2029	120,888	6,826	42,597	7,331	85,000	31,575	40,000	14,558	45,000	39,972	333,484	100,261	433,745	2,900,549	39.35%	2029
2030	123,547	4,137	43,393	6,527	90,000	28,950	45,000	13,155	50,000	38,097	351,940	90,866	442,806	2,548,609	46.70%	2030
2031	126,265	1,389	44,205	5,708	90,000	26,250	45,000	11,625	50,000	36,085	355,470	81,056	436,526	2,193,139	54.14%	2031
2032			45,031	4,874	95,000	23,475	45,000	10,050	50,000	34,035	235,031	72,433	307,464	1,958,107	59.05%	2032
2033			45,873	4,024	95,000	20,625	45,000	8,475	55,000	31,845	240,873	64,968	305,842	1,717,234	64.09%	2033
2034			46,731	3,158	100,000	17,700	50,000	6,750	55,000	29,510	251,731	57,118	308,849	1,465,503	69.35%	2034
2035			47,605	2,276	100,000	14,700	50,000	4,875	60,000	27,022	257,605	48,873	306,478	1,207,898	74.74%	2035
2036			48,495	1,377	105,000	11,625	50,000	3,000	60,000	24,385	263,495	40,387	303,883	944,402	80.25%	2036
2037			49,402	462	110,000	8,400	55,000	1,031	65,000	21,613	279,402	31,506	310,908	665,000	86.09%	2037
2038					110,000	5,100			70,000	18,606	180,000	23,706	203,706	485,000	89.86%	2038
2039					115,000	1,725			70,000	15,449	185,000	17,174	202,174	300,000	93.73%	2039
2040									70,000	12,253	70,000	12,253	82,253	230,000	95.19%	2040
2041									75,000	8,921	75,000	8,921	83,921	155,000	96.76%	2041
2042									75,000	5,456	75,000	5,456	80,456	80,000	98.33%	2042
2043									80,000	1,860	80,000	1,860	81,860	0	100.00%	2043
	937,206	95,138	614,871	89,693	1,480,000	418,400	610,000	175,185	1,140,000	588,511	4,782,077	1,366,927	6,149,004			

* Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2022 Equalized Value²	% In City	Total G.O. Debt³	City's Proportionate Share
Racine County	\$21,791,712,500	5.8552%	\$167,950,000	\$9,833,808
Burlington Area School District	3,073,760,401	41.8508%	32,360,000	13,542,919
Gateway Technical College District	64,293,362,616	2.0008%	69,210,000	<u>1,384,754</u>
City's Share of Total Overlapping Debt				<u>\$24,761,481</u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$1,286,393,000	Debt/ Per Capita 11,166⁴
Total General Obligation Debt*	\$25,898,393	2.01%	\$2,319.40
City's Share of Total Overlapping Debt	<u>24,761,481</u>	<u>1.92%</u>	<u>\$2,217.58</u>
Total*	\$50,659,874	3.94%	\$4,536.98

*Preliminary, subject to change.

¹ Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Walworth County has no outstanding general obligation debt.

² Includes tax increment valuation.

³ Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

⁴ Estimated 2022 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Racine County

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2018/19	\$7,920,829	100%	\$8.45
2019/20	8,075,839	100%	8.40
2020/21	8,190,987	100%	7.85
2021/22	8,230,180	100%	7.46
2022/23	8,452,334	In Process	6.62

Walworth County

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2018/19	\$42,583	100%	\$57.06
2019/20	3,350	100%	11.34
2020/21	5,850	100%	10.60
2021/22	15,000	100%	6.42
2022/23	69,255	In Process	6.63

Property tax statements are distributed to taxpayers by the town, village, and city treasurers 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

Year Levied/ Year Collected	Schools¹	County	Local	Total
2018/19	\$9.81	\$3.54	\$8.45	\$21.80
2019/20	9.95	3.43	8.40	21.78
2020/21	9.39	3.25	7.85	20.49
2021/22	8.79	3.19	7.46	19.44
2022/23	8.28	2.95	6.62	17.85

Walworth

Year Levied/ Year Collected	Schools¹	County	Local	Total
2018/19	\$9.81	\$3.49	\$57.06	\$70.36
2019/20	9.95	3.37	11.34	24.66
2020/21	9.39	3.21	10.60	23.20
2021/22	8.79	2.99	6.42	18.20
2022/23	8.28	2.62	6.63	17.53

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

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

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

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 adjustments to and exclusions from the tax levy limit. Among the exclusions, Section 66.0602(3)(e)5. of the Wisconsin Statutes provides that the levy limit does not apply to "the amount that a political subdivision levies in that year to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 by that political subdivision." Recent positions taken by the Wisconsin Department of Revenue ("DOR") call into question the availability of this exception if the revenue shortfall is planned or ongoing. To date, such DOR positions have not been expressed formally in a declaratory ruling under Section 227.41(5)(a) of the Wisconsin Statutes, nor have they been the subject of any court challenge or resulting court ruling.

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

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. The Mayor does not vote except in a case of a tie. All Council Members are elected to staggered two-year terms. The City Administrator, Finance Director Treasurer, Assistant City Administrator and City Clerk are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 73 full-time, 25 part-time, and one 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 are generally required to contribute half of the actuarially determined contributions, and the City may not pay the employees' required contribution. During the fiscal year ended December 31, 2019 ("Fiscal Year 2019"), the fiscal year ended December 31, 2020 ("Fiscal Year 2020") and the fiscal year ended December 31, 2021 ("Fiscal Year 2021"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$403,983, \$496,332 and \$491,857, respectively.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for the fiscal year ended December 31, 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, 2020, the total pension liability of the WRS was calculated as \$118.72 billion and the fiduciary net position of the WRS was calculated as \$124.97 billion, resulting in a net pension asset of \$6.24 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 2021, the City reported an asset of \$2,502,548 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2020 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 0.04008478% of the aggregate WRS net pension asset as of December 31, 2020.

The calculation of the total pension asset 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 asset 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 J 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, 2023
Burlington Police Benevolent Association	December 31, 2022*

*A new contract is currently in mediation.

OTHER POST EMPLOYMENT BENEFITS

The City participates in the Local Retiree Life Insurance Fund ("LRLIF"), which is a cost-sharing multiple-employer defined benefit plan established by Chapter 40. The ETF and the Group Insurance Board have statutory authority for program administration and oversight, including establishing contribution requirements for employers.

For Fiscal Year 2021, the City's portion of contributions to the LRLIF totaled \$1,822. For Fiscal Year 2021, the City's reported a liability of \$502,667 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2020 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was 0.09138200% of the aggregate LRLIF net OPEB liability as of December 31, 2020.

The calculation of the total OPEB 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 the net OPEB liability of the LRLIF, which may also cause ETF to change the contribution requirements for employers and employees. For more detailed information, see Note K in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

FUNDS ON HAND (as of March 29, 2023)

Fund	Total Cash and Investments
General Operating Checking	\$7,209,985
RLF Checking	822,135
Muni Court Checking	35,541
Self-Insurance Fund Checking	412,017
Tax Account Checking	5,749,174
Greenwoods State Bank Tax Checking	18,437
BankFirst Wautoma (EMS Fund)	61,714
Johnson Bank Savings	505
LGIP	118,025
TD Ameritrade Cash	1,839,684
ARPA	930,059
Bond Proceeds- Unspent 2021A	650,892
Bond Proceeds- Unspent 2022A	649,599
Bond Proceeds- Unspent 2022B	132,033
Bond Proceeds- Unspent 2022C	352,601
	<hr/>
Total Funds on Hand	<u>\$18,982,401</u>

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 Bonds or otherwise questioning the validity of the Bonds.

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 Bonds 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 Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds 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 Bonds.

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 Bonds would not occur.

ENTERPRISE FUNDS

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

	2020 Audited	2021 Audited	2022 Projected
Water			
Total Operating Revenues	\$2,701,839	\$2,821,822	\$2,838,336
Less: Operating Expenses	<u>(1,988,877)</u>	<u>(2,687,188)</u>	<u>(2,612,686)</u>
Operating Income	\$712,962	\$134,634	\$225,650
Plus: Depreciation	680,001	689,630	703,000
Interest Income	<u>9,591</u>	<u>425</u>	<u>1,053</u>
Revenues Available for Debt Service	<u><u>\$1,402,554</u></u>	<u><u>\$824,689</u></u>	<u><u>\$929,703</u></u>
Sewer			
Total Operating Revenues	\$4,161,715	\$3,810,144	\$3,458,219
Less: Operating Expenses	<u>(3,239,927)</u>	<u>(3,138,583)</u>	<u>(2,874,260)</u>
Operating Income	\$921,788	\$671,561	\$583,959
Plus: Depreciation	1,475,717	1,481,262	1,650,000
Interest Income	<u>14,495</u>	<u>1,445</u>	<u>3,500</u>
Revenues Available for Debt Service	<u><u>\$2,412,000</u></u>	<u><u>\$2,154,268</u></u>	<u><u>\$2,237,459</u></u>
Airport			
Total Operating Revenues	\$737,295	\$787,215	\$819,000
Less: Operating Expenses	<u>(703,364)</u>	<u>(825,910)</u>	<u>(971,099)</u>
Operating Income	\$33,931	(\$38,695)	(\$152,099)
Plus: Depreciation	88,107	88,725	90,000
Interest Income	<u>2,293</u>	<u>354</u>	<u>600</u>
Revenues Available for Debt Service	<u><u>\$124,331</u></u>	<u><u>\$50,384</u></u>	<u><u>(\$61,499)</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 2021 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2019 Audited	2020 Audited	2021 Audited	2022 Projected ¹	2023 Adopted Budget ²
Revenues					
Taxes					
General Property Taxes	\$6,685,061	\$6,745,055	\$6,827,246	\$6,836,514	\$6,965,724
Payments in lieu of taxes	36,944	32,850	47,097	32,000	106,100
Room tax and other taxes	129,050	102,949	167,222	125,000	236,300
Intergovernmental	1,541,149	1,279,045	2,131,516	1,430,836	1,272,012
Licenses and permits	462,410	559,479	516,659	373,346	350,000
Fines and forfeits	229,676	130,124	126,243	88,229	115,000
Charges for services	112,323	66,179	125,248	61,845	64,760
Special assessments	4,492	2,892	12,756	15,000	15,000
Investment income	158,345	48,483	80,306	17,000	15,200
Other	31,970	5,862	19,293	96,578	48,000
Total Revenues	<u>\$ 9,391,420</u>	<u>\$ 8,972,918</u>	<u>\$ 10,053,586</u>	<u>\$ 9,076,348</u>	<u>\$ 9,188,096</u>
Expenditures					
Current:					
General government	\$ 1,387,682	\$ 1,420,150	\$ 1,407,994	\$ 1,391,441	\$ 1,427,132
Public safety	4,187,837	4,637,027	4,446,353	4,420,879	4,773,105
Public works	1,780,678	1,847,789	1,989,719	1,957,736	2,197,257
Health and human services	92,290	93,122	99,604	4,500	4,500
Culture, recreation, and education	520,238	581,337	602,957	673,482	756,302
Conservation and development	289,161	537,682	664,929	376,633	437,043
Capital Outlay	0	26,239	6,363	0	0
Total Expenditures	<u>\$ 8,257,886</u>	<u>\$ 9,143,346</u>	<u>\$ 9,217,919</u>	<u>\$ 8,824,671</u>	<u>\$ 9,595,339</u>
Excess of revenues over (under) expenditures	\$ 1,133,534	\$ (170,428)	\$ 835,667	\$ 251,677	\$ (407,243)
Other Financing Sources (Uses)					
Reimbursement of prior year costs	134,439	0	0	0	0
Transfers in	53,809	25,000	0	60,000	40,000
Transfers in - tax equivalent	438,886	463,582	475,516	468,000	475,000
Transfers out	(970,561)	(619,109)	(554,383)	(328,420)	(566,025)
Total Other Financing Sources (Uses)	<u>\$ (343,427)</u>	<u>\$ (130,527)</u>	<u>\$ (78,867)</u>	<u>\$ 199,580</u>	<u>\$ (51,025)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 790,107	\$ (300,955)	\$ 756,800	\$ 451,257	\$ (458,268)
General Fund Balance January 1	<u>2,529,411</u>	<u>3,319,518</u>	<u>3,018,563</u>	<u>3,775,363</u>	<u>4,226,620</u>
General Fund Balance December 31	<u>\$ 3,319,518</u>	<u>\$ 3,018,563</u>	<u>\$ 3,775,363</u>	<u>\$ 4,226,620</u>	<u>\$ 3,768,352</u>
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	1,098,254	587,528	258,114	6,268	
Restricted	28,809	28,809	28,809	22,281	
Unassigned	2,192,455	2,402,226	3,488,440	4,198,071	
Total	<u>\$ 3,319,518</u>	<u>\$ 3,018,563</u>	<u>\$ 3,775,363</u>	<u>\$ 4,226,620</u>	

¹ The 2022 projected amounts are as of December 6, 2022.

² The 2023 Budget was adopted on December 6, 2022.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 11,047 and a current estimated population of 11,166 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	933
Nestle Confection and Snacks	Food products	550
St. Gobain/Ardagh Group	Containers and packaging	356
Walmart	General merchandise	356
Quad Graphics	Professional Printer	307
Burlington School District	Secondary education	307
Echo Lake Foods, Inc.	Frozen foods manufacturer	300
Lavelle Industries	Molded rubber and thermoplastic products	280
Burlington Medical & Rehab Services	Healthcare	200
LDV, Inc.	Mobile command center manufacturer	200

Source: The City.

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.

BUILDING PERMITS

	2019	2020	2021	2022	2023 ¹
<u>New Single Family Homes</u>					
No. of building permits	16	21	10	3	0
Valuation	\$4,134,075	\$4,871,902	\$3,148,025	\$1,003,757	\$0
<u>New Multiple Family Buildings</u>					
No. of building permits	0	2	14	1	0
Valuation	\$0	\$3,975,000	\$1,957,360	\$660,000	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	7	6	1	0	0
Valuation	\$1,680,000	\$29,122,000	\$610,000	\$0	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	511	570	575	519	96
Valuation	\$52,005,833	\$54,574,836	\$34,868,034	\$18,934,530	\$2,525,059

Source: The City.

¹ As of March 29, 2023.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census	10,464
2020 U.S. Census	11,047
Percent of Change 2010 - 2020	5.57%
2022 Estimated Population	11,166

Income and Age Statistics

	The City	Racine County	State of Wisconsin	United States
2021 per capita income	\$40,352	\$35,215	\$36,754	\$37,638
2021 median household income	\$71,793	\$67,224	\$67,080	\$69,021
2021 median family income	\$90,986	\$84,127	\$85,623	\$85,028
2021 median gross rent	\$860	\$906	\$916	\$1,163
2021 median value owner occupied units	\$218,600	\$194,800	\$200,400	\$244,900
2021 median age	39.0 yrs.	40.1 yrs.	39.6 yrs.	38.4 yrs.

	State of Wisconsin	United States
City % of 2021 per capita income	109.79%	107.21%
City % of 2021 median family income	106.26%	107.01%

Housing Statistics

	<u>The City</u>		
	2020	2021	Percent of Change
All Housing Units	4,698	4,895	4.19%

Source: 2010 and 2020 Census of Population and Housing, and 2021 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

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	State of Wisconsin
2018	95,738	3.6%	3.0%
2019	94,769	3.9%	3.2%
2020	90,950	7.4%	6.4%
2021	93,755	4.7%	3.8%
2022	94,599	3.5%	2.9% ¹
2023, February	94,396 ¹	3.3% ¹	2.8%

Source: Wisconsin Department of Workforce Development.

¹ Preliminary.

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 or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Official Statement, 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 Bonds, 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

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

CITY OF BURLINGTON

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CITY OF BURLINGTON

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Burlington, Wisconsin

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burlington, as of and for the year ended December 31, 2021, 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.

In our 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, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including currently known information that may raise substantial doubt shortly thereafter.

To the City Council
City of Burlington, Wisconsin

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Management has omitted the 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. Our opinion on the basic financial statements is not affected by this missing information.

To the City Council
City of Burlington, Wisconsin

Supplementary Information

Our 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Sitzberger & Company, LLC

Sitzberger & Company LLC
Lake Geneva, Wisconsin
November 3, 2022

**CITY OF BURLINGTON
STATEMENT OF NET POSITION
December 31, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Housing Authority
ASSETS				
Cash and investments	\$ 10,501,483	\$ 8,457,919	\$ 18,959,402	\$ 54,523
Receivables:				
Tax levy	4,249,805	-	4,249,805	-
Accounts and other	1,218,821	1,322,351	2,541,172	-
Special assessments	7,234	61,949	69,183	-
Internal balances	254,970	(254,970)	-	-
Inventories	-	51,096	51,096	-
Prepayments	22,832	-	22,832	20,521
Restricted Assets - cash and investments	115,874	207,152	323,026	225,951
Notes receivable	1,796,144	-	1,796,144	-
Net pension asset	2,114,595	387,954	2,502,549	21,452
Other deferred debits	-	654	654	-
Capital Assets:				
Land	24,089,365	1,164,332	25,253,697	87,236
Other capital assets, net of depreciation	32,655,286	36,754,151	69,409,437	1,839,432
TOTAL ASSETS	77,026,409	48,152,588	125,178,997	2,249,115
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	3,554,717	652,166	4,206,883	34,082
Deferred outflows related to OPEB	160,473	55,765	216,238	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,715,190	707,931	4,423,121	34,082
LIABILITIES				
Accounts payable and other accrued expenses	683,330	233,400	916,730	69,487
Accrued interest payable	111,021	28,312	139,333	1,024
Deposits held	141,130	-	141,130	-
Long-term obligations, due in one year	2,127,774	1,236,048	3,363,822	29,569
Liabilities Payable from Restricted Assets:				
Accrued interest payable	-	40,154	40,154	-
Security deposits	-	-	-	37,322
Non-current Liabilities:				
Long-term obligations, due in more than one year	14,697,599	12,678,518	27,376,117	2,091,000
Unamortized premium on debt issuance	262,275	60,903	323,178	-
Net OPEB Liability	373,034	129,633	502,667	-
Compensated absences	226,899	62,772	289,671	-
TOTAL LIABILITIES	18,623,062	14,469,740	33,092,802	2,228,402
Unearned property tax revenue	8,872,670	-	8,872,670	-
Deferred notes receivable	2,136,182	-	2,136,182	-
Deferred inflows related to pension	4,630,921	849,612	5,480,533	47,147
Deferred inflows related to OPEB	52,849	18,366	71,215	-
TOTAL DEFERRED INFLOWS OF RESOURCES	15,692,622	867,978	16,560,600	47,147
NET POSITION				
Net investment in capital assets	39,657,003	23,943,014	63,600,017	(100,982)
Restricted	1,562,151	207,152	1,769,303	-
Restricted for Housing Authority	-	-	-	175,564
Unrestricted	5,206,761	9,372,635	14,579,396	(66,934)
TOTAL NET POSITION	\$ 46,425,915	\$ 33,522,801	\$ 79,948,716	\$ 7,648

See accompanying notes.

**CITY OF BURLINGTON
STATEMENT OF ACTIVITIES
December 31, 2021**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Totals	
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
General government	\$ 1,495,176	\$ 53,885	\$ -	\$ -	\$ (1,441,291)	\$ -	\$ (1,441,291)	\$ -
Public safety	4,877,523	1,350,236	86,825	-	(3,440,462)	-	(3,440,462)	-
Public works	3,330,998	18,476	1,271,529	-	(2,040,993)	-	(2,040,993)	-
Health and human services	99,603	-	-	-	(99,603)	-	(99,603)	-
Culture, recreation, and education	2,516,095	35,354	340,293	1,825	(2,138,623)	-	(2,138,623)	-
Conservation and development	782,429	42,555	-	-	(739,874)	-	(739,874)	-
Interest and fiscal charges	389,485	-	-	-	(389,485)	-	(389,485)	-
Other	75,487	818,121	-	-	742,634	-	742,634	-
TOTAL GOVERNMENTAL BUSINESS-TYPE ACTIVITIES	13,566,796	2,318,627	1,698,647	1,825	(9,547,697)	-	(9,547,697)	-
Water	2,805,457	2,829,317	-	6,700	-	30,560	30,560	-
Sewer	3,393,787	3,810,144	-	28,050	-	444,407	444,407	-
Airport	825,910	787,215	-	-	-	(38,695)	(38,695)	-
TOTAL BUSINESS-TYPE	7,025,154	7,426,676	-	34,750	-	436,272	436,272	-
TOTAL PRIMARY GOVERNMENT COMPONENT UNIT	20,591,950	9,745,303	1,698,647	36,575	(9,547,697)	436,272	(9,111,425)	-
Housing Authority	\$ 517,464	\$ 373,206	\$ 77,677	\$ -				(66,581)
GENERAL REVENUES AND TRANSFERS								
Property taxes levied for general purposes					8,439,102	-	8,439,102	-
Payments in lieu of taxes					47,097	-	47,097	-
Intergovernmental revenues not restricted to specific programs					778,625	-	778,625	-
Gain on disposal of capital assets					25,334	-	25,334	-
Insurance recoveries					4,899	-	4,899	-
Reimbursement of prior year expenses					-	9,743	9,743	-
Unrestricted interest earnings					49,516	2,224	51,740	48
Deferred interest accrued					-	-	-	(25,939)
Transfers					475,516	(409,935)	65,581	-
TOTAL GENERAL REVENUES AND TRANSFERS					9,820,089	(397,968)	9,422,121	(25,891)
CHANGE IN NET POSITION					272,392	38,304	310,696	(92,472)
NET POSITION - BEGINNING OF YEAR					46,153,523	33,484,497	79,638,020	100,120
NET POSITION - END OF YEAR					\$ 46,425,915	\$ 33,522,801	\$ 79,948,716	\$ 7,648

See accompanying notes.

**CITY OF BURLINGTON
BALANCE SHEETS
GOVERNMENTAL FUNDS
December 31, 2021**

	<u>General</u>	<u>Debt Service</u> <u>Debt</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>ASSETS</u>				
Cash and investments	\$ 7,734,385	\$ 1,306,489	\$ 1,077,664	\$ 10,118,538
Receivables:				
Tax levy	2,679,763	1,408,666	161,376	4,249,805
Accounts and other	65,267	-	1,153,554	1,218,821
Special assessments	7,234	-	-	7,234
Due from water utility	417,649	-	-	417,649
Prepayments	22,832	-	-	22,832
Restricted Assets:				
Cash and investments	-	-	115,874	115,874
Advances to other funds	235,282	-	-	235,282
Advances to Utilities				
Notes receivable	712,082	-	1,084,062	1,796,144
TOTAL ASSETS	<u>11,874,494</u>	<u>2,715,155</u>	<u>3,592,530</u>	<u>18,182,179</u>
<u>LIABILITIES</u>				
Accounts payable and accrued expenses	484,397	-	31,369	515,766
Deposits held	141,130	-	-	141,130
Due to utilities	162,679	-	-	162,679
Advances from other funds	-	-	235,282	235,282
TOTAL LIABILITIES	<u>788,206</u>	<u>-</u>	<u>266,651</u>	<u>1,054,857</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred revenue - taxes	7,299,255	1,408,666	164,749	8,872,670
Deferred revenue - notes	-	-	2,136,182	2,136,182
Deferred special assessments	11,670	-	-	11,670
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,310,925</u>	<u>1,408,666</u>	<u>2,300,931</u>	<u>11,020,522</u>
<u>FUND BALANCES</u>				
Nonspendable for:				
Prepayments	22,832	-	-	22,832
Net advances to other funds	235,282	-	-	235,282
Restricted	28,809	1,306,489	226,853	1,562,151
Assigned	-	-	1,545,520	1,545,520
Unassigned	3,488,440			
TOTAL FUND BALANCES	<u>\$ 3,775,363</u>			

See accompanying notes.

**CITY OF BURLINGTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2021**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 6,106,800

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 governmental funds as assets.		
Capital assets	94,938,110	
Accumulated depreciation	<u>(38,193,459)</u>	56,744,651
The City's proportionate share of the net pension asset at the WRS is reported on the statement of net position, but is not reported in the governmental funds.		2,114,595
The City's proportionate share of the net OPEB liability for the Local Retiree Life Insurance Fund ("LRLIF") is reported on the statement of net position, but is not reported in the governmental funds.		(373,034)
Other long-term assets are not available for current period expenditures and, therefore, are deferred in the governmental funds.		
Deferred revenue		11,670
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods, and therefore, are not reported in the governmental funds.		
Deferred outflows related to pensions	3,554,717	
Deferred inflows related to pensions	(4,630,921)	
Deferred outflows related to OPEB	160,473	
Deferred inflows related to OPEB	<u>(52,849)</u>	(968,580)
Long-term debt and related items are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Long-term debt and related items at year end consist of:		
Notes and bonds payable	(16,825,373)	
Unamortized premium	(262,275)	
Accrued interest payable	(111,025)	
Compensated absences payable	<u>(226,899)</u>	(17,425,572)

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 this fund are included in governmental activities in the statement of net position.

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 46,425,915

See accompanying notes.

CITY OF BURLINGTON
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2021

	<u>General</u>	<u>Debt Service</u> Debt	<u>Nonmajor</u> Governmental Funds	<u>Total</u> Governmental Funds
REVENUES				
General property taxes	\$ 6,827,246	\$ 1,369,591	\$ 242,264	\$ 8,439,101
Payments in lieu of taxes	47,097	-	-	47,097
Room tax and other taxes	167,222	-	-	167,222
Special assessments	12,756	-	-	12,756
Intergovernmental	2,131,516	-	337,942	2,469,458
Licenses and permits	516,659	-	-	516,659
Fines and forfeitures	126,243	-	-	126,243
Charges for services	125,248	-	1,209,864	1,335,112
Intergovernmental charges for services	-	-	34,310	34,310
Interest income	80,306	1,202	35,448	116,956
Repayments of note receivable principal	-	-	30,184	30,184
Other	19,293	-	12,278	31,571
TOTAL REVENUES	<u>10,053,586</u>	<u>1,370,793</u>	<u>1,902,290</u>	<u>13,326,669</u>
EXPENDITURES				
Current:				
General government	1,407,994	-	27,368	1,435,362
Public safety	4,446,353	-	428,007	4,874,360
Public works	1,989,719	-	85,637	2,075,356
Health and human services	99,604	-	-	99,604
Culture, recreation, and education	602,957	-	800,025	1,402,982
Conservation and development	664,929	-	890,925	1,555,854
Capital outlay	6,363	-	1,807,463	1,813,826
Debt Service:				
Principal	-	2,238,964	2,358,668	4,597,632
Interest and fiscal charges	-	343,449	52,850	396,299
Debt issuance costs	-	-	124,247	124,247
TOTAL EXPENDITURES	<u>9,217,919</u>	<u>2,582,413</u>	<u>6,575,190</u>	<u>18,375,522</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>835,667</u>	<u>\$ (1,211,620)</u>	<u>\$ (4,672,900)</u>	<u>\$ (5,048,853)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	25,334	25,334
Face value of debt issued	-	2,288,435	1,761,565	4,050,000
Premium on issuance of debt	-	-	246,323	246,323
Transfers in	-	175,305	554,383	729,688
Transfers in - tax equivalent	475,516	-	-	475,516
Transfers out	(554,383)	-	(175,305)	(729,688)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(78,867)</u>	<u>2,463,740</u>	<u>2,412,300</u>	<u>4,797,173</u>
NET CHANGE IN FUND BALANCES	756,800	1,252,120	(2,260,600)	(251,680)
FUND BALANCES - BEGINNING OF YEAR	<u>3,018,563</u>	<u>54,369</u>	<u>3,285,548</u>	<u>6,358,480</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 3,775,363</u></u>	<u><u>\$ 1,306,489</u></u>	<u><u>\$ 1,024,948</u></u>	<u><u>\$ 6,106,800</u></u>

See accompanying notes.

CITY OF BURLINGTON
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES**
December 31, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (251,680)
Amounts reported for governmental activities in the statement of activities are different because:	
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.	
Capital outlays	1,813,826
Depreciation expense	<u>(1,974,036)</u>
	(160,210)
In the statement of activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as an expense. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	
Pension expense	214,671
City pension contributions	420,104
OPEB expense	(45,099)
City OPEB contributions	<u>4,582</u>
	594,258
Bond premiums are recorded as an other financing source in the governmental funds, but these are amortized over the life of the bonds in the statements of activities.	
	(246,323)
Receivables that are not currently available are reported as revenue when collected or currently available in the fund financial statements, and are recognized as revenue when earned in the government-wide statements.	
	11,670
Amortization of premium from the issuance of debt reduces the balances of the respective item in the statement of net position. The amortization is an expenditure in the statement of net position, but is not shown in the governmental funds.	
	13,894
Governmental funds report proceeds from the issuance of long-term debt as other financing sources, but issuing debt increases long-term liabilities in the statement of net position. Repayments of long-term debt principal are expenditures in the governmental funds but the repayments reduce long-term liabilities in the statement of net position.	
Proceeds from the issuance of debt	(4,050,000)
Principal payments on bonds, notes and capital leases	<u>4,598,002</u>
	548,002
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.	
Changes in interest accrued on long-term debt	(7,456)
Changes in compensated absences	<u>21,649</u>
	14,192
Internal service funds are used by management to charge the cost of various insurance coverages to individual funds. The change in net position of these internal service funds is reported in the governmental activities.	
	<u>(251,412)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 272,392</u></u>

See accompanying notes.

**CITY OF BURLINGTON
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Airport	Totals	
ASSETS					
Current Assets:					
Cash and investments	\$ 2,519,125	\$ 5,389,917	\$ 548,877	\$ 8,457,919	\$ 382,945
Customer accounts receivable	727,756	594,217	378	1,322,351	-
Special assessments receivable	7,269	54,680	-	61,949	-
Due from general fund	91,803	70,876	-	162,679	-
Inventories	14,261	-	36,835	51,096	-
Total Current Assets	3,360,214	6,109,690	586,090	10,055,994	382,945
Non-current Assets:					
Restricted Assets:					
Cash and investments	-	207,152	-	207,152	-
Net pension asset	178,334	209,620	-	387,954	-
Total Noncurrent Assets	178,334	416,772	-	595,106	-
Other Assets:					
Other deferred debits	-	654	-	654	-
Capital Assets:					
Land	260,027	778,671	125,634	1,164,332	-
Other capital assets, net of depreciation	16,560,261	18,974,219	1,219,671	36,754,151	-
Total Capital Assets	16,820,288	19,752,890	1,345,305	37,918,483	-
TOTAL ASSETS	20,358,836	26,280,006	1,931,395	48,570,237	382,945
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	299,786	352,380	-	652,166	-
Deferred outflows related to OPEB	31,278	24,487	-	55,765	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	331,064	376,867	-	707,931	-
LIABILITIES					
Current Liabilities:					
Accounts payable	83,869	127,539	8,419	219,827	167,564
Accrued payroll	6,013	7,560	-	13,573	-
Accrued interest payable	22,303	6,009	-	28,312	-
Due to general fund	417,649	-	-	417,649	-
Current general obligation bonds	80,000	45,000	-	125,000	-
Total Current Liabilities	609,834	186,108	8,419	804,361	167,564
Current Liabilities Payable from Restricted Assets:					
Current revenue bonds payable	366,222	744,826	-	1,111,048	-
Accrued interest payable	-	40,154	-	40,154	-
Total Current Liabilities Payable from Restricted Assets	366,222	784,980	-	1,151,202	-
Non-current Liabilities:					
Revenue bonds payable	1,696,282	7,531,358	-	9,227,640	-
General obligation bonds payable	2,355,000	1,095,878	-	3,450,878	-
Net OPEB liability	72,710	56,923	-	129,633	-
Unamortized debt premium	60,903	-	-	60,903	-
Compensated absences	31,905	30,867	-	62,772	-
Total Non-current Liabilities	4,216,800	8,715,026	-	12,931,826	-
TOTAL LIABILITIES	5,192,856	9,686,114	8,419	14,887,389	167,564
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	390,548	459,064	-	849,612	-
Deferred inflows related to OPEB	10,301	8,065	-	18,366	-
TOTAL DEFERRED INFLOWS	400,849	467,129	-	867,978	-
NET POSITION					
Net investment in capital assets	12,261,881	10,335,828	1,345,305	23,943,014	-
Restricted for debt service	-	207,152	-	207,152	-
Unrestricted	2,834,314	5,960,650	577,671	9,372,635	215,381
TOTAL NET POSITION	\$ 15,096,195	\$ 16,503,630	\$ 1,922,976	\$ 33,522,801	\$ 215,381

See accompanying notes.

**CITY OF BURLINGTON
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
December 31, 2021**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Airport	Totals	
OPERATING REVENUES					
Charges for service	\$ 2,797,687	\$ 3,810,144	\$ -	\$ 6,607,831	\$ -
Fuel sales	-	-	722,379	722,379	-
Billings to departments	-	-	-	-	1,801,509
Other	24,135	-	64,836	88,971	43,582
TOTAL OPERATING REVENUES	2,821,822	3,810,144	787,215	7,419,181	1,845,091
OPERATING EXPENSES					
Operation and maintenance	1,997,558	1,657,321	151,793	3,806,672	-
Fuel for resale	-	-	585,392	585,392	-
Depreciation	689,630	1,481,262	88,725	2,259,617	-
Insurance claims and administration	-	-	-	-	2,106,967
TOTAL OPERATING EXPENSES	2,687,188	3,138,583	825,910	6,651,681	2,106,967
OPERATING INCOME (LOSS)	134,634	671,561	(38,695)	767,500	(261,876)
NONOPERATING REVENUES (EXPENSES)					
Interest income	425	1,445	354	2,224	10,463
Amortization of debt discount	3,384	-	-	3,384	-
Insurance recoveries	7,495	9,743	-	17,238	-
Interest expense	(118,269)	(255,204)	-	(373,473)	-
TOTAL NONOPERATING REVENUE (EXPENSE)	(106,965)	(244,016)	354	(350,627)	10,463
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	27,669	427,545	(38,341)	416,873	(251,413)
Capital contributions - other	3,316	28,050	-	31,366	-
Transfers out - tax equivalent	(409,935)	-	-	(409,935)	-
CHANGE IN NET POSITION	(378,950)	455,595	(38,341)	38,304	(251,413)
NET POSITION - BEGINNING OF YEAR					
	15,475,145	16,048,035	1,961,317	33,484,497	466,794
NET POSITION - END OF YEAR	\$ 15,096,195	\$ 16,503,630	\$ 1,922,976	\$ 33,522,801	\$ 215,381

See accompanying notes.

**CITY OF BURLINGTON
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
December 31, 2021**

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Water Utility	Sewer Utility	Airport	Totals	Internal Service Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Receipts from customers and users	\$ 2,682,457	\$ 4,044,201	\$ 787,514	\$ 7,514,172	\$ -
Receipts from interfund services provided	-	-	-	-	1,845,091
Payments to suppliers	(1,484,336)	(1,113,356)	(762,449)	(3,360,141)	-
Payments to employees	(562,758)	(667,823)	-	(1,230,581)	-
Payments for interfund services used	-	-	-	-	(1,940,587)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	635,363	2,263,022	25,065	2,923,450	(95,496)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>					
Transfers to other funds	(409,935)	-	-	(409,935)	-
NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES	(409,935)	-	-	(409,935)	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Capital contributions	3,316	28,050	-	31,366	-
Acquisition and construction of capital assets	(391,577)	(159,412)	(17,922)	(568,911)	-
Proceeds of debt	560,000	795,000	-	1,355,000	-
Unamortized debt premium	(3,384)	-	-	(3,384)	-
Grant and insurance proceeds	10,879	9,743	-	20,622	-
Principal paid on bonds / leases	(898,301)	(1,507,826)	-	(2,406,127)	-
Interest paid	(117,488)	(255,222)	-	(372,710)	-
Special assessment collections	7,628	13,851	-	21,479	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(828,927)	(1,075,816)	(17,922)	(1,922,665)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Interest income	425	1,445	354	2,224	10,463
NET CASH PROVIDED BY INVESTING ACTIVITIES	425	1,445	354	2,224	10,463
NET CHANGE IN CASH AND INVESTMENT	(603,074)	1,188,651	7,497	593,074	(85,033)
CASH AND INVESTMENTS - BEGINNING OF YEAR	3,122,199	4,408,418	541,380	8,071,997	467,978
CASH AND INVESTMENTS - END OF YEAR \$	2,519,125	\$ 5,597,069	\$ 548,877	\$ 8,665,071	\$ 382,945

See accompanying notes.
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**CITY OF BURLINGTON
STATEMENTS OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
December 31, 2021**

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Water Utility	Sewer Utility	Airport	Totals	Internal Service Fund
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Operating income (loss)	\$ 134,634	\$ 671,561	\$ (38,695)	\$ 767,500	\$ (261,876)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	689,630	1,481,262	88,725	2,259,617	-
Depreciation charged to clearing account	29,273	(29,273)	-	-	-
(Increase) decrease in customer and other receivables	(81,498)	234,057	299	152,858	-
(Increase) decrease in inventories	(1,750)	-	4,886	3,136	-
(Increase) decrease in net pension and deferred items	(42,942)	(52,019)	-	(94,961)	-
Increase (decrease) in accounts payable	(31,465)	(42,714)	(30,150)	(104,329)	166,380
Increase (decrease) in accrued payroll	896	1,878	-	2,774	-
Increase (decrease) in due to other funds	(57,867)	-	-	(57,867)	-
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	635,363	2,263,022	25,065	2,923,450	(95,496)
<u>RECONCILIATION OF CASH AND INVESTMENTS TO STATEMENT OF NET POSITION - PROPRIETARY FUNDS</u>					
Cash and investments reported as current assets	2,519,125	5,389,917	548,877	8,457,919	382,945
Cash and investments reported as restricted assets	-	207,152	-	207,152	-
CASH AND INVESTMENTS - END OF YEAR \$	2,519,125	\$ 5,597,069	\$ 548,877	\$ 8,665,071	\$ 382,945
<u>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</u>					

Capital additions of \$2,213 and \$52,800 were contributed to the Water and Sewer utilities, respectively, by developers.

See accompanying notes.
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CITY OF BURLINGTON
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2021

	Tax Roll	Municipal Court	Totals
<u>ASSETS</u>			
Cash and investments	\$ 6,785,539	\$ 181,713	\$ 6,967,252
Taxes receivable	6,456,183	-	6,456,183
TOTAL ASSETS	<u>13,241,722</u>	<u>181,713</u>	<u>13,423,435</u>
<u>LIABILITIES</u>			
Accounts payable	-	174,446	174,446
Due to general fund	-	7,267	7,267
Due to county and state	3,525,744	-	3,525,744
Due to school and VTAE districts	9,715,978	-	9,715,978
TOTAL LIABILITIES	<u>13,241,722</u>	<u>181,713</u>	<u>13,423,435</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2021

	Tax Roll	Municipal Court	Totals
<u>ADDITIONS</u>			
Collection of property tax	\$ 13,198,638	\$ -	\$ 13,198,638
TOTAL ADDITIONS	<u>13,198,638</u>	<u>-</u>	<u>13,198,638</u>
<u>DEDUCTIONS</u>			
Distributions to other governmental units	13,198,638	-	13,198,638
TOTAL DEDUCTIONS	<u>13,198,638</u>	<u>-</u>	<u>13,198,638</u>
NET POSITION, January 1	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies

The basic financial statements of the City of Burlington (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below.

Financial Reporting Entity

The City of Burlington 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, 2021. Complete financial statements for the component unit may be obtained at its administrative offices:

Riverview Manor
580 Madison Street
Burlington, Wisconsin 53105

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods and services. Eliminations have been made to avoid double counting of internal activities of the City.

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. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses.

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.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the City believes is particularly important to financial statement users may be reported as a major fund.

Major Governmental Funds

The City reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all financial transactions except those legally and administratively required to be accounted for in another fund.

General Debt Service Fund – This fund accounts for the accumulation of resources for, and the payment of, general long-term obligations principal, interest and related costs (other than debt accounted for in the Proprietary Funds).

Major Proprietary Funds

The City reports the following major proprietary funds:

Sewer Utility Enterprise Fund – This fund accounts for the activities of operating the sewage treatment plant, sewage pumping stations, and collections systems.

Water Utility Enterprise Fund – This fund accounts for the activities of operating the water distribution system.

Airport Enterprise Fund – This fund accounts for the activities of the City's airport operations. The City chose to classify this fund as major although it did not meet the criteria indicated above.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

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. The City reports the following non-major special revenue funds:

Library Operations
Community Development Block Grant
Revolving Loan
EMS Services
Police Donations

Capital Projects Funds – Capital projects funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure of funds for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The City reports the following non-major capital projects funds:

TIF No. 5
General Capital Projects
Revolving Capital Projects
General Infrastructure
Façade Grants

Debt Service Funds – Debt service funds are used for the accumulation of resources for, and the payment of, long-term obligations principal, interest and related costs. The City reports the following non-major debt service fund:

Environmental Remediation TIF #1

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.

Fiduciary Funds – Fiduciary funds are used to account for assets held by the City in a trustee capacity or as a custodian for individuals, private organizations, and/or other governmental units:

Tax Roll Fund
Municipal Court Fund

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's Water and Sewer Utilities, and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension and OPEB expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available, are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources. Amounts received prior to meeting eligibility requirements are recorded as unearned revenue.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows of resources.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Fund Financial Statements (continued)

The City reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year which are for subsequent years' operations. For governmental fund financial statements, deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred inflows of resources is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds allow the accrual basis of accounting, and do not have a measurement focus.

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

All Financial Statements

The preparation of the City's financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Investments

The City's cash and investments are considered to be cash on hand, demand deposits, savings deposits, certificates of deposit, the Wisconsin Local Government Investment Pool and government agency securities.

Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that the GASB Statements require or permit in the statement of net position at the end of each reporting period.

The City categorizes fair value measurements of its investments based on the hierarchy established by GAAP. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The local government investment pool ("LGIP") is valued at amortized cost, and the certificates of deposit ("CD's") are valued at cost plus accrued interest.

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. Pooled bank accounts that are shared between its various accounting funds are maintained.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Cash and Investments (continued)

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

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association which is authorized to transact business in Wisconsin.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or by the Wisconsin Aerospace Authority.
- Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government.
- The local government investment pool.
- Any security which matures or which may be tendered for purchase at the option of the holder within not more than 7 years of the date on which it is acquired, if that security has a rating which is the highest or 2nd highest rating category assigned by Standard and Poor's corporation, Moody's investors service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
- Securities of an open-end management investment company or investment trust, if the investment company or investment trust does not charge a sales load, if the investment company or investment trust is registered under the investment company act of 1940 and if the portfolio of the investment company or investment trust is limited to: (a) bonds and 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 (3) repurchase agreements that are fully collateralized by bonds or securities.

The City has adopted an investment policy. That policy follows the state statutes for allowable investments.

Receivables

In the government-wide statements, receivables consist of all revenues earned, or to which the City is otherwise entitled, and has not yet received.

In the fund financial statements, material receivables include revenue accruals such as intergovernmental grants and aids and other similar revenues since they are usually both measurable and available. Receivables collectible, but not available, are deferred in the fund financial statements in accordance with the modified accrual basis of accounting but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Interest earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. No provision for uncollectible accounts receivable has been made for the proprietary funds because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Receivables (continued)

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are provided. In addition to property taxes for the municipality, taxes are collected for and remitted to the state and county governments as well as the local and vocational school districts. Taxes for all state and other local governmental units billed in the current year for the succeeding year are reflected as receivables and as due to other governmental units on the statement of net position – fiduciary (agency) fund. Taxes are levied in December on the assessed value as of the prior January 1.

Details of the City's property tax calendar for the 2021 tax levy follows:

Lien and levy dates	December 2021
Real estate collection due dates:	
First installment due	January 31, 2022
Second installment due	July 31, 2022
Personal property tax due in full	January 31, 2022
Final settlement with county	August 2022
Tax sale of 2021 delinquent real estate taxes	October 2024

Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection. Therefore, management has determined that no allowance is considered necessary.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds". Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds". Inter-fund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Inventories

Inventories of the utility enterprise fund are generally used in the operation and maintenance of the Water Utility. The inventories are valued at cost using the first-in/first-out method (FIFO), which approximates market value. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements or other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Restricted Assets (continued)

Cash and equivalents of the City's governmental and proprietary funds have been restricted for the following purposes:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Bond debt service fund	\$ -	\$ 207,152	\$ 207,152
Library	145,629	-	145,629
Revolving loan	(29,755)	-	(29,755)
Total Restricted Assets	<u>\$ 115,874</u>	<u>\$ 207,152</u>	<u>\$ 323,026</u>

Capital Assets

Government Wide Statements

Capital assets, which include property, plant and equipment and intangible assets, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 for general capital assets and infrastructure assets, and an estimated useful life in excess of 2 years, except for certain assets of the water and sewer utilities which may be capitalized at a lower cost. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but GASB does not require the City to retroactively report all major infrastructure assets. The City has not retroactively reported all infrastructure acquired by its governmental fund types prior to implementation of GASB 34.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed funds proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Government Wide Statements (continued)

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:

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

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

Compensated Absences

City employees earn vacation time in varying amounts in accordance with City policy. All full-time employees are eligible for paid vacation annually on the anniversary of their date of hire. Payments for vacation will be made at rates in effect when the benefits are used. At December 31, 2021, the total vacation benefits accrued were \$31,266 for the governmental activities and \$8,638 for the business-type activities.

All regular full-time employees who have completed 30 calendar days of employment are eligible to earn sick leave at the rate of one day per month. Employees may accumulate sick leave to a maximum of 150 days. It is the City's policy to pay for unused sick leave upon retirement or death at a rate of \$50 per day or apply it to future retiree health insurance premiums at a rate of \$75 per day. The City determined its liability for accumulated sick pay benefits payable based on the option of applying \$75 per day toward health insurance premiums. The total sick leave benefits payable upon termination or retirement were approximately \$195,633 for the governmental activities and \$54,134 for the business-type activities.

All vested vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Deferred Outflows / Inflows of Resources

In accordance with GASB, the statement of financial position will sometimes report separate sections for deferred outflows and inflows of resources.

The separate financial statement element, deferred outflows of resources, represents an increase in net position or fund balance that applies to future period(s) and thus, will not be recognized as an outflows of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to pensions and OPEB.

The separate financial statement element, deferred inflows of resources, represents an increase in net position or fund balance that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until then. The City reports deferred inflows of resources related to property taxes, pensions, OPEB, and notes receivable.

Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, capital leases, OPEB obligations and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debt and premiums on issuance are reported as other financing sources. Payments of principle and interest, losses on debt refunding, as well as costs of issuance are reported as expenditures.

For the government-wide statements, bond premiums are deferred and amortized over the life of the issuance using the effective interest method. The balance at year end for premiums is shown as a liability on the statement of net position. The accounting for proprietary fund obligations is the same in the fund financial statements as it is in the government-wide financial statements.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), 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.

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Local Retiree Life Insurance Fund ("LRLIF") has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense (revenue), and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Net Position and Fund Balance

Equity is classified as Net Position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation, and any capital related deferred outflows of resources and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

Restricted Net Position - Consists of Net Position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - Consists of Net Position which are available for appropriation and expenditure in future periods and are neither classified as restricted or as net investment in capital assets.

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

Governmental Fund Financial Statements

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental fund balance is classified as non-spendable, restricted, committed, assigned, or unassigned. Following are descriptions of fund balance classifications.

Restricted Fund Balance - includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Assigned Fund Balance - includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the City Council.

Committed Fund Balance - includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the City Council, the City's highest level of decision-making authority. This formal action is a City Council resolution.

Non-spendable Fund Balance - includes amounts that cannot be spent because they are not in a spendable form and cannot be converted to cash or because they are legally or contractually required to remain intact.

Unassigned Fund Balance - is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports an unassigned fund balance amount.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Net Position and Fund Balances (continued)

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the City's general policy to use restricted resources first.

When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Utility User Rates

Water utility user rates currently in place were established by the Wisconsin Public Service Commission effective March 13, 2019. Sewer utility rates currently in place were approved by the City Council effective January 1, 2019.

Claims and Judgements

Claims and judgments are recorded as liabilities if all of the conditions of GASB pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end which will not be covered by the City's insurance policy.

Note B - Stewardship, Compliance, and Accountability

Deficit Fund Equity

The following individual fund had a deficit fund balance as of December 31, 2021:

	Deficit
Infrastructure Capital Projects Fund	\$ (224,262)
Community Development Block Grant	(493,408)
Revolving Loan Fund	<u>(29,755)</u>
Total deficit fund balance	<u>\$ (747,425)</u>

The deficit fund balance in the infrastructure fund will be eliminated by future borrowing or general fund transfers. The deficit fund balance in the community development block grant fund will be reduced and eliminated by grants and revenues from loans. The revolving loan fund deficit will be eliminated by revenues from outstanding loans.

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, 2021.

Resolutions for water and sewer revenue bonds specify that a debt service fund be established for monthly deposits of principal and interest payments coming due. An investment account has been set aside to separate these funds. This account was properly funded at December 31, 2021. All principal and interest payments on outstanding debt were made timely.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note C - Cash and Investments

The City's cash and investments at December 31, 2021 consisted of the following:

	Cash	Investments	Total
Custodial Risk:			
Petty Cash	\$ 1,158	\$ -	\$ 1,158
Demand deposits	19,806,688	-	19,806,688
Money market	1,888,326	-	1,888,326
Ameritrade cash	1,430,444	-	1,430,444
Local government investment pool	-	690,208	690,208
Custodial and Interest Rate Risk			
Ameritrade certificates of deposit	-	1,124,621	1,124,621
Ameritrade municipal securities	-	668,481	668,481
Ameritrade Agency Bond	-	566,906	566,906
Bank certificated of deposit	<u>-</u>	<u>72,848</u>	<u>72,848</u>
Total cash and investments	<u>\$ 23,126,616</u>	<u>\$ 3,123,064</u>	<u>\$ 26,249,680</u>

The City's cash and investments are reported in the financial statements as follows:

Per Statement of Net Position

Cash and investments	\$ 18,959,402
Restricted cash and investments	323,026

Per Statement of Fiduciary Net Position

Tax Collection Fund	6,785,539
Municipal Court	<u>181,713</u>
Total cash and investments	<u>\$ 26,249,680</u>

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000. Deposits in local banks and the Wisconsin Government Investment Pool ("LGIP") are also insured by the State Deposit Guarantee Fund ("SDGF") in the amount of \$400,000 per financial institution. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual Cities. Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, SDGF insurance, and income on the investment during the calendar quarter a loss occurs.

Money market investments may be withdrawn upon request.

The LGIP does not have a credit quality rating and is also not subject to credit risk disclosures because investments are not issued in securities form. It is part of the State Investment Fund ("SIF") and is managed by the State of Wisconsin Investment Board. The LGIP is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually and carries investments at amortized cost for purposes of calculating income to participants. At December 31, 2021 the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note C - Cash and Investments (continued)

In accordance with certain contractual provisions, investment income associated with LGIP is assigned to the corresponding fund in which the assets are held. Participants in LGIP have the right to withdraw their funds in total on one day's notice. The LGIP does not include any involuntary participants.

A separate financial report for SIF is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from [HTTP://www.doa.state.wi.us/Division/Budget-and-Financial/LGIP](http://www.doa.state.wi.us/Division/Budget-and-Financial/LGIP).

The City has investments with Ameritrade consisting of municipal securities and certificates of deposit. Ameritrade has no minimum investment period, no short-term redemption fees and funds are available the next business day. The investments are SIPC insured. Ameritrade is governed by the U.S. Securities and Exchange Commission's Rule 606. A separate financial report for Ameritrade is prepared annually and can be obtained from <http://tdameritrade.com/financial-statement#financial-statement>.

The City has adopted an investment policy which permits all investments allowed under the state statutes.

Custodial Risk

Custodial risk is the risk that, in the event of a financial institution failure, the City's deposits may not be returned to the City. The City's carrying value for cash and investments was \$26,249,680 at December 31, 2021 and the bank's carrying value was \$22,118,349, of which \$2,431,428 was fully insured and \$19,396,713 was collateralized with securities held by the pledging financial institution, and \$290,208 was uninsured and uncollateralized.

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.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note C - Cash and Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the maturity of any security in accordance with state statutes and 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. Information regarding the exposure of the City's investments to this risk using the segmented time distribution model is as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u><1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>
Ameritrade				
Municipal Securities	\$ 668,481	\$ 455,763	\$ 212,718	\$ -
Certificates of Deposit	1,124,621	564,791	559,830	-
Agency Bonds	566,906	-	566,906	-
Town Bank CD's	51,312	51,312	-	-
Fox River CD's	21,536	21,536	-	-
	<u>\$ 2,432,856</u>	<u>\$ 1,093,402</u>	<u>\$ 1,339,454</u>	<u>\$ -</u>

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 appropriate audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note C - Cash and Investments (continued)

Fair Value Measurements of Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted

and principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and is categorized as follows:

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.

	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total
Government agency securities	\$ 668,481	\$ -	\$ -	\$ 668,481

Note D - Receivables

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 report deferred inflows of resources 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 deferred inflows of resources reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property and other taxes receivable	\$ -	\$ 8,872,670
Special assessments receivable	11,670	-
Notes and accounts receivable	2,136,182	-
Total deferred / unearned revenue for governmental funds	\$ 2,147,852	\$ 8,872,670

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note D – Receivables (continued)

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

	Date	Interest	Original	Balance
Environmental TIF Capital Projects	9/1/2010	7.00%	\$ 1,160,000	\$ 1,052,120
Revolving Loan	7/6/2010	2.00%	340,000	207,755
Revolving Loan	12/31/2011	2.00%	400,000	202,500
Revolving Loan	7/2/2013	0.00%	202,500	96,000
Revolving Loan	1/24/2013	1.625%	175,000	154,943
Revolving Loan	7/1/2016	1.75%	70,000	93
Revolving Loan	12/31/2017	1.75%	140,000	117,338
Revolving Loan	4/1/2020	4.00%	71,775	67,735
Revolving Loan	4/1/2020	4.00%	50,000	44,831
Revolving Loan	4/1/2020	4.00%	100,000	92,867
Revolving Loan	12/1/2021	3.75%	100,000	100,000
Total				\$ 2,136,182

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note E - Capital Assets

Governmental Activities

Governmental capital asset activity for the year ended December 31, 2021 was as follows:

	Balance Beginning	Additions/ Transfers	Disposals/ Transfers	Balance Ending
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 24,089,365	\$ -	\$ -	\$ 24,089,365
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>24,089,365</u>	<u>-</u>	<u>-</u>	<u>24,089,365</u>
Capital assets being depreciated:				
Building and improvements	10,129,231	22,675	-	10,151,906
Land improvements & structures	3,469,845	-	-	3,469,845
Machinery and equipment	8,167,871	281,966	86,557	8,363,280
Infrastructure	47,354,529	1,509,185	-	48,863,714
Total capital assets being depreciated	<u>69,121,476</u>	<u>1,813,826</u>	<u>86,557</u>	<u>70,848,745</u>
Less: accumulated depreciation	<u>(36,305,980)</u>	<u>(1,974,036)</u>	<u>(86,557)</u>	<u>(38,193,459)</u>
Net capital assets being depreciated	<u>32,815,496</u>	<u>\$ (160,210)</u>	<u>\$ -</u>	<u>32,655,286</u>
Net governmental activities capital assets	<u>\$ 56,904,861</u>			<u>\$ 56,744,651</u>

Depreciation expense was charged to governmental activities of the City as follows:

General government	\$ 33,236
Public safety	319,397
Public works (includes depreciation of infrastructure)	1,266,494
Culture and recreation	354,909
Total governmental activities depreciation expense	<u>\$ 1,974,036</u>

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note E - Capital Assets (continued)

Business-type Activities

Capital asset activity in the business type activities for the year ended December 31, 2021 was as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Water Utility:				
Capital assets not being depreciated				
Land	\$ 260,027	\$ -	\$ -	\$ 260,027
Capital assets being depreciated				
Buildings and improvements	3,069,562	-	-	3,069,562
Machinery and equipment	4,312,447	-	-	4,312,447
Infrastructure	19,937,908	391,577	81,415	20,248,070
Total capital assets being depreciated	<u>27,319,917</u>	<u>391,577</u>	<u>81,415</u>	<u>27,630,079</u>
Total capital assets	<u>27,579,944</u>	<u>391,577</u>	<u>81,415</u>	<u>27,890,106</u>
Less: accumulated depreciation	<u>(10,432,330)</u>	<u>(718,903)</u>	<u>(81,415)</u>	<u>(11,069,818)</u>
Capital assets net of depreciation	<u>\$ 17,147,614</u>	<u>\$ (327,326)</u>	<u>\$ -</u>	<u>\$ 16,820,288</u>
Sewer Utility:				
Capital assets not being depreciated				
Land	\$ 778,671	\$ -	\$ -	\$ 778,671
Construction in progress	-	159,412	159,412	-
Total capital assets not being depreciated	<u>778,671</u>	<u>159,412</u>	<u>159,412</u>	<u>778,671</u>
Capital assets being depreciated				
Buildings and system	27,156,174	-	-	27,156,174
Machinery and equipment	7,191,205	-	-	7,191,205
Infrastructure	17,200,401	159,412	79,706	17,280,107
Total capital assets being depreciated	<u>51,547,780</u>	<u>159,412</u>	<u>79,706</u>	<u>51,627,486</u>
Total capital assets	<u>52,326,451</u>	<u>318,824</u>	<u>239,118</u>	<u>52,406,157</u>
Less: accumulated depreciation	<u>(31,280,983)</u>	<u>(1,451,990)</u>	<u>(79,706)</u>	<u>(32,653,267)</u>
Sewer capital assets net of depreciation	<u>\$ 21,045,468</u>	<u>\$ (1,133,166)</u>	<u>\$ 159,412</u>	<u>\$ 19,752,890</u>

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note E - Capital Assets (continued)

Business-type Activities (continued)

	Balance Beginning	Additions	Deletions	Balance Ending
Airport:				
Capital assets not being depreciated				
Land	\$ 125,634	\$ -	\$ -	\$ 125,634
Total capital assets not being depreciated	<u>125,634</u>	<u>-</u>	<u>-</u>	<u>125,634</u>
Capital assets being depreciated:				
Buildings	702,470	-	-	702,470
Land improvements	2,083,762	17,921	-	2,101,683
Machinery and equipment	309,536	-	-	309,536
Total capital assets being depreciated	<u>3,095,768</u>	<u>17,921</u>	<u>-</u>	<u>3,113,689</u>
Total capital assets	<u>3,221,402</u>	<u>17,921</u>	<u>-</u>	<u>3,239,323</u>
Less: accumulated depreciation	<u>(1,805,293)</u>	<u>(88,725)</u>	<u>-</u>	<u>(1,894,018)</u>
Airport capital assets net of depreciation	<u>\$ 1,416,109</u>	<u>\$ (70,804)</u>	<u>\$ -</u>	<u>\$ 1,345,305</u>

Depreciation expense was charged to business-type activities of the City as follows:

Water Utility	\$ 718,903
Sewer Utility	1,451,990
Airport	<u>88,725</u>
Total business-type activities depreciation expense	<u>\$ 2,259,618</u>

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note E - Capital Assets (continued)

Discretely Presented Component Unit

Capital asset activity for the Housing Authority of the City of Burlington for the year ended August 31, 2021 follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 87,236	\$ -	\$ -	\$ 87,236
Total capital assets not being depreciated	<u>87,236</u>	<u>-</u>	<u>-</u>	<u>87,236</u>
Capital assets being depreciated:				
Buildings and improvements	3,706,479	65,020	-	3,771,499
Furniture and equipment	254,191	270	-	254,461
Landscaping	266,038	-	-	266,038
Total capital assets being depreciated	<u>4,226,708</u>	<u>65,290</u>	<u>-</u>	<u>4,291,998</u>
Less: accumulated depreciation	<u>(2,320,563)</u>	<u>(132,003)</u>	<u>-</u>	<u>(2,452,566)</u>
Net capital assets being depreciated	<u>1,906,145</u>	<u>(66,713)</u>	<u>-</u>	<u>1,839,432</u>
Net governmental activities capital assets	<u>\$ 1,993,381</u>	<u>\$ (66,713)</u>	<u>\$ -</u>	<u>\$ 1,926,668</u>

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

Note F - Inter-fund Receivables, Payables and Transfers

The following is a schedule of inter-fund receivables and payables at December 31, 2021:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water Utility (tax equivalent)	\$ 417,649
Water Utility	General	91,803
Sewer Utility	General	70,876
General	Municipal Court	<u>7,266</u>
		<u>\$ 587,594</u>

Advances to and from other funds consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Infrastructure Capital Projects	<u>\$ 235,282</u>

The City has established a financing plan that is expected to include settling the General Fund advance to the Infrastructure Fund by a combination of budgetary allotments and borrowed funds.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note F – Inter-fund Receivables, Payables and Transfers (continued)

Inter-fund transfers consist of the following:

<u>Fund transferred from</u>	<u>Fund transferred to</u>	<u>Amount</u>
General fund	Library operations	\$ 454,383
General fund	Façade grants	100,000
Environmental remediation TIF	General debt service	175,304
		<u>\$729,687</u>

Note G - Long-Term Obligations

Outstanding debt and other long-term obligations were comprised of the following at December 31, 2021:

	<u>Beginning</u>		<u>Reductions</u>	<u>Ending</u>	<u>Amounts</u>
	<u>Balance</u>	<u>Additions</u>		<u>Balance</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental Activities					
General obligation debt	\$ 16,549,123	\$ 4,050,000	\$ 4,509,999	\$ 16,089,124	\$ 2,038,395
County radio debt	80,367	-	13,395	66,972	13,395
Compensated absences	248,548	-	21,649	226,899	-
Total governmental activities	16,878,038	4,050,000	4,545,043	16,382,995	2,051,790
Business-Type Activities					
General obligation debt	3,545,878	1,355,000	1,325,000	3,575,878	125,000
Revenue bonds	11,419,814	-	1,081,126	10,338,688	1,111,048
Compensated absences	68,050	-	5,278	62,772	-
Total business-type activities	15,033,742	1,355,000	2,411,404	13,977,338	1,236,048
Other Long-Term Obligations					
Leases	743,885	-	74,608	669,277	75,984
Total Long-Term Obligations	\$ 32,655,665	\$ 5,405,000	\$ 7,031,055	\$ 31,029,610	\$ 3,363,822

General Obligation Debt

General obligation notes and bonds payable are backed by the full faith and credit of the City. Governmental funds general obligation debt will be retired by future property tax levies and tax increments accumulated in the Debt Service Fund. Business-type activities general obligation debt will be retired by revenues from user fees or, if the revenues are not sufficient to cover debt, by future tax levies.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note G - Long-Term Obligations (continued)

General obligation debt of the City currently outstanding is as follows:

<u>Governmental Activities</u>	<u>Date of</u>	<u>Final</u>	<u>Interest</u>	<u>Original</u>	<u>Balance</u>
	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Principal</u>	<u>12/31/2021</u>
2012A Street bonds	05/23/12	04/01/32	2.0% - 2.8%	3,155,000	\$ 2,500,000
2021B Refunding bonds	06/12/12	04/01/32	2.0% - 3.0%	1,460,000	60,000
2015B Promissory notes	05/13/15	04/01/22	0.7% - 2.25%	4,500,000	815,000
2015 Bank Note	12/02/15	04/01/22	2.25% - 3.25%	300,000	60,000
2017A Refunding bonds	05/25/17	04/01/37	2.0% - 3.375%	7,715,000	6,100,000
2017D Promissory notes	12/06/17	04/01/27	2.0% - 3.0%	1,495,000	925,000
2019A Refunding Bonds	05/30/19	04/01/39	3%	922,061	844,124
2020A bonds	06/25/20	10/01/30	.5% - 1.4%	805,000	735,000
County radio finance	07/01/17	07/01/26	2%	136,627	66,972
2021 bonds	06/09/21	04/01/41	2%	4,050,000	4,050,000
Total general obligation debt - governmental activities					\$ 16,156,096
Business-Type Activities					
2017A Refunding bonds	05/25/17	04/01/37	2.0% - 3.375%	275,000	175,000
2019A Refunding bonds	05/30/19	04/01/39	3%	362,939	345,878
2019 bonds	05/30/19	05/01/39	3.0% - 4.0%	1,575,000	1,575,000
2020 bonds	06/25/20	10/01/30	.5% - 1.4%	135,000	125,000
2021 bonds	06/09/21	04/01/41	2%	1,355,000	1,355,000
Total general obligation debt - business-type activities					3,575,878
Total general obligation debt					\$ 19,731,974

The annual debt service requirements to maturity for general obligation long term debt as of December 31, 2021, are as follows:

<u>Year Ending</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
<u>December 31,</u>	<u>General Obligation Debt</u>		<u>General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 2,038,395	\$ 397,422	\$ 125,000	\$ 102,091
2023	1,208,395	338,312	185,000	89,600
2024	1,218,395	312,097	190,000	84,388
2025	1,238,395	285,007	195,000	78,968
2026	1,248,395	256,870	195,000	73,358
2026-2030	5,350,000	866,161	940,000	285,930
2031-2035	2,800,000	318,870	955,000	163,500
2036-2040	1,054,121	42,188	790,878	37,800
	<u>\$ 16,156,096</u>	<u>\$ 2,816,927</u>	<u>\$ 3,575,878</u>	<u>\$ 915,635</u>

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note G - Long-Term Obligations (continued)

Revenue Bonds

Revenue bonds are pledged by the assets and revenues of the issuing utility. Revenue bond debt outstanding at December 31, 2021 is as follows:

Business-type Activities	Date of Issue	Final Maturity	Interest Rates	Original Principal	Balance 12/31/2021
2008 CWF bonds (1)	7/23/2008	5/1/2028	2.569%	\$ 4,465,837	\$ 1,841,922
2008 CWF bonds (2)	2/27/2008	5/1/2027	2.365%	926,948	338,244
2011 refunding bonds	11/15/2011	4/1/2020	2.0% - 3.5%	2,050,000	225,000
2012 CWF sewer bonds	10/10/2012	5/1/2032	2.625%	7,439,911	4,751,017
2012 CWF water bonds	2/22/2012	5/1/2031	2.20%	2,044,276	1,147,105
2017 Sewer revenue bonds	5/25/2017	11/1/2037	1.3% - 4.0%	1,610,000	1,345,000
2017 Water revenue bonds	6/28/2017	5/1/2037	1.870%	615,145	690,402
Total Business-Type Activity Revenue Debt					<u>\$ 10,338,688</u>

Debt service requirements to maturity for revenue bond debt as of December 31, 2021, are as follows:

Year Ending December 31,	Business-type Activities Revenue Bonds	
	Principal	Interest
2022	\$ 1,111,048	\$ 71,265
2023	906,471	58,265
2024	927,408	54,036
2025	953,873	49,741
2026	975,878	45,380
2027-2031	4,110,863	157,570
2032-2036	1,198,745	68,083
2036-2041	154,402	15,087
	<u>\$ 10,338,688</u>	<u>\$ 519,427</u>

Lease purchase agreements

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

Year Ending December 31,	Lease agreements	
	Principal	Interest
2022	75,984	17,332
2023	78,060	15,256
2024	80,192	13,124
2025	82,383	10,933
2026-2029	352,658	20,604
	<u>\$ 669,277</u>	<u>\$ 77,249</u>

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note G - Long-Term Obligations (continued)

Debt Premiums

Debt premiums are deferred and amortized using the straight-line method over the life of the debt issue in the government-wide statements. The unamortized debt premiums are reported in the liability section.

Activity for the year ended December 31, 2021 is summarized as follows:

	Balance 1/1/2021	Additions	Amortization	Balance 12/31/2021
Governmental activities	<u>\$ 29,846</u>	<u>\$ 246,323</u>	<u>\$ (13,894)</u>	<u>\$ 262,275</u>

Compensated Absences

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

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, 2021.

Equalized Value - 2021	\$ 1,114,333,400
Debt limit (5% of \$1,114,333,400)	55,716,670
Deduct general obligation debt	<u>19,731,970</u>
Margin of indebtedness	<u>\$ 35,984,700</u>

During the year ended December 31, 2021, the City Council approved the issuance and sale of \$5,405,000 General Obligation Bonds. A portion of the proceeds were used for a current refunding. The City used \$2,115,000 of G.O. Bond proceeds, plus \$195,000 in City contributions, to pay off \$2,310,000 of existing debt. The difference between cash flow required to service the old debt and cash flow required to service the new debt and complete the refunding transaction was \$308,929. The economic gain on refunding was \$113,929.

In 2022, the City Council approved the issuance and sale of \$1,415,000 in general obligation bonds. The debt was issued on June 23, 2022. The proceeds from issuance will be used for police facilities, street and alley improvements, park improvements and dam/spillway improvements. The loan matures on April 1, 2042, and carries interest between 3.00% and 3.60%. This subsequent issuance is not included in the above debt schedules.

In 2022, the City Council approved the issuance and sale of \$520,000 in revenue bonds for the purposes of sewerage system improvements. The loan matures on May 1, 2033, and carried interest between 2.90% and 3.50%. This subsequent issuance is not included in the above debt schedules.

In 2022, the City Council approved the issuance and sale of \$645,000 in revenue bonds for the purposes of updating and improving the waterworks system of the City. The loan matures on May 1, 2037 and carries interest between 2.90% and 3.75%. This subsequent issuance is not included in the above debt schedules.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note H - 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 natural disasters. 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 \$50,000 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 fund balance of \$215,381 at December 31, 2021 and is reported as internal service fund net position. The accounts payable of \$167,564 reported in the fund at December 31, 2021 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 year ended December 31, 2021 is as follows:

<u>Beginning of</u> <u>Year Liability</u>	<u>Incurred</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>End of</u> <u>Year Liability</u>
\$ 1,184	\$ 2,273,347	\$ 2,106,967	\$ 167,564

Note I – Net Position and Fund Balances

Government-wide Financial Statement Net Position

Governmental activities

Governmental net position at December 31, 2021 consists of the following:

Net Investment in Capital Assets:

Land	\$ 24,089,365
Other capital assets, net of accumulated depreciation	32,655,286
Less: Related long-term debt	(16,825,373)
Less: Unamortized premium on debt	<u>(262,275)</u>
	\$ 39,657,003

Restricted for:

General debt service	1,306,489
DeRoziert Funds	28,809
Police K-9	73,771
TIF #5	<u>153,082</u>
	1,562,151

Unrestricted

5,206,761

Total government-wide net position

\$46,425,915

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note I – Net Position and Fund Balances (continued)

Government-wide Financial Statement Net Position (continued)

Business-type Activities:

Net Investment in Capital Assets:

Land	\$ 1,164,332
Other capital assets, net of accumulated depreciation	36,754,151
Less: Related long-term debt	(13,914,566)
Less: Unamortized debt premium	<u>(60,903)</u>
	\$ 23,943,014

Restricted for bond reserve

207,152

Unrestricted

9,372,635

Total Business-type Activities Net Position

\$ 33,522,801

Governmental Fund Financial Statements

Governmental fund balances consist of the following:

Nonspendable:

Prepayments	\$ 22,832
Advances to other funds	<u>235,282</u>
	\$ 258,114

Restricted:

General debt service	1,306,489
DeRoziert funds	28,809
Police K-9	73,771
TIF #5	<u>153,082</u>
	1,562,151

Assigned:

Library operations	311,871
General capital projects	482,553
Revolving capital projects	358,224
EMS	303,051
Facade grants	<u>89,821</u>
	1,545,520

Unassigned:

General infrastructure capital projects	(224,262)
Community development block grant	(493,408)
Revolving loan	(29,755)
General fund	<u>3,488,440</u>
	2,741,015

Total governmental funds - fund balance

\$ 6,106,800

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note J - 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, expected to work at least 1,200 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 issued a standalone WRS Financial Report, which can be found at <https://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 occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

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.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note J - WRS Pension Plan (continued)

Post-Retirement Adjustments (continued)

The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21

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, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$494,113 in contributions from the employer

Contribution rates as of December 31, 2021 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At December 31, 2021, the City reported a liability (asset) of (\$2,502,548) for its proportionate share of the Net Pension Liability (Asset). The Net Pension Liability (Asset) was measured as of December 31, 2020, and the Total Pension Liability used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the Net Pension Liability (Asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the City's proportion was 0.04008478%, which was an increase of 0.00194939% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized pension expense (revenue) of (\$257,797).

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note J - WRS Pension Plan (continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At December 31, 2020, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 3,621,954	\$ 780,162
Net differences between projected and actual earnings on pension plan investments	-	4,698,330
Changes in assumptions	56,762	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	36,310	2,041
Employer contributions subsequent to the measurement date	491,857	-
Total	\$ 4,206,883	\$ 5,480,533

The amount of \$491,857 reported as Deferred Outflows of Resources related to pension resulting from the WRS Employer'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, 2021. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension will be recognized in pension expense as follows:

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 June 30:	Deferred Outflow of Resources	Deferred Inflows of Resources
2021	\$ 2,334,063	\$ 2,786,245
2022	1,975,305	2,092,438
2023	873,325	1,715,080
2024	365,963	720,398
Thereafter	-	-

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note J - WRS Pension Plan (continued)

Actuarial assumptions. The Total Pension Liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset)	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

**No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

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.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note J - WRS Pension Plan (continued)

Long-term expected Return on Plan Assets (continued)

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

Asset Allocation Targets and Expected Returns As of December 31, 2020			
<u>Core Fund Asset Class</u>	<u>Asset Allocation</u> <u>%</u>	<u>Long-Term</u> <u>Expected Nominal</u> <u>Rate of Return %</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return %</u>
Global Equities	51	7.2	4.7
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

Single Discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability (Asset) for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note J - 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
The City's proportionate share of the Net Pension Liability (Asset)	\$ 2,382,079	\$ (2,502,548)	\$ (6,090,271)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

Payable to the pension plan. At December 31, 2021 the City reported a payable of \$119,171 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2021.

Note K – Other Post-Employment Benefits – Local Retiree Life Insurance Fund (“LRLIF”)

Summary of Significant Accounting Policies

Other Post-Employment Benefits (“OPEB”). The fiduciary net position of the Local Retiree Life Insurance Fund (“LRLIF”) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

General Information about the Other Post-Employment Benefits

Plan description. The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible members.

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>

Benefits provided. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note K – Other Post-Employment Benefits – Local Retiree Life Insurance Fund (“LRLIF”)-(continued)

Contributions. The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member’s working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2020 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018 are as listed below:

Life Insurance Employee Contribution Rates* For the year ended December 31, 2020		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57
*Disabled members under age 70 receive a waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$1,822 in contributions from the employer.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2020, the City reported a liability of \$502,667 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City’s proportion of the net OPEB liability was based on the City’s share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the City’s proportion was 0.09138200%, which was an increase of 0.001931% from its proportion measured as of December 31, 2019.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note K – Other Post-Employment Benefits – Local Retiree Life Insurance Fund (“LRLIF”)-(continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

For the year ended December 31, 2020, the City recognized OPEB expense of \$60,764.

At December 31, 2020, the City’s reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 23,986
Net differences between projected and actual earnings on OPEB plan investments	7,318	-
Changes in assumptions	195,545	34,490
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,706	12,739
Employer contributions subsequent to measurement date	1,668	-
	<u>\$ 216,237</u>	<u>\$ 71,215</u>

The amount of \$1,668 reported as deferred outflows related to OPEB resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Deferred Outflow of Resources	Deferred Inflow of Resources
2021	\$ 42,512	\$ 16,230
2022	41,720	16,230
2023	40,905	16,230
2024	38,062	15,952
Thereafter	51,370	6,573

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note K – Other Post-Employment Benefits – Local Retiree Life Insurance Fund (“LRLIF”)-(continued)

Actuarial assumptions. The total OPEB liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net OPEB Liability (Asset)	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total OPEB liability for December 31, 2020 is based upon a roll-forward of the liability and calculated from the January 1, 2020 actuarial valuation.

Long-term expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers’ general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2020

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Credit Bonds	Barclays Credit	50%	1.47%
US Mortgages	Barclays MBS	50%	0.82%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.20% respectively. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note K – Other Post-Employment Benefits – Local Retiree Life Insurance Fund (“LRLIF”)-(continued)

Single Discount rate. A single discount rate of 2.25% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the City’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the City’s proportionate share of the net OPEB liability calculated using the discount rate of 2.25 percent, as well as what the City’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	<u>1% Decrease to Discount Rate (1.25%)</u>	<u>Current Discount Rate (2.25%)</u>	<u>1% Increase to Discount Rate (3.25%)</u>
City’s proportionate share of the OPEB liability	\$ 683,771	\$ 502,667	\$ 365,703

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>

Note L - Tax Incremental Financing Districts

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

Summary information on TIF District No. 5 follows:

	<u>Creation Date</u>	<u>End of Statutory Construction Period</u>	<u>Maximum Statutory Life of District</u>
TIF No. 5	12/2/2014	10/1/2017	10/1/2022

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note L - Tax Incremental Financing Districts (continued)

The following summarizes the transactions to date of TIF District No. 5.

<u>Project Costs</u>	<u>Year Ended</u>	<u>From Date of Creation</u>
Accumulated project expenditures (including interest costs)	\$ 35,323	\$ 5,377,003
 <u>Less: Project Revenues</u>		
Tax increments	242,264	1,211,405
Intergovernmental revenues	-	45,000
Developer reimbursements	689,225	3,366,023
Investment income	642	32,658
Total Project Revenues	<u>932,131</u>	<u>4,655,086</u>
 Net Costs Recoverable (Recovered) Through TIF Increments - December 31, 2020	 <u><u>\$ 896,808</u></u>	 <u><u>\$ 721,917</u></u>

Note M - Litigation and Contingencies

The City attorneys and City management are aware of two cases of litigation against the City. Attorney's have responded that one case has been settled at mediation and the City's insurance carrier will cover the claim. Another case is alleging damages between \$30,000 and \$90,000 and is expected to be covered by the City's insurance carrier if the case concludes that the City is responsible for damages.

Note N - Subsequent Events

Management has evaluated the need for disclosure or recording of transactions resulting from subsequent events through November 3, 2022 the date the financial statements were available to be issued; and concluded the following matters required disclosure:

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact net position. Other financial impact could occur through such potential impact is unknown at this time.

Subsequent to year-end, the City issued \$1,415,000 in General Obligation Corporate Purpose Bonds, \$520,000 in Sewerage System Revenue Bonds and \$645,000 in Waterworks System Revenue Bonds. See footnote G for additional information regarding these issuances.

Note O – Franchise Fees

The City entered into an agreement with U.S. Cellular in May, 2007 for a five-year term beginning May 2, 2007 and through May 1, 2021. The agreement has an option to renew for four additional five-year terms. The contract is in the second renewal phase. Fee income under this agreement for the year ended December 31, 2021 was \$30,870.

The City also received revenue from Charter Communications for cable television franchise fees. Charter pays five percent of its gross income from cable revenue earned in the City. In 2021, the City received approximately \$112,385 from Charter Communications for cable revenue.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note O – Franchise Fees (continued)

The City entered into an agreement with Verizon Wireless in December 2001 for a five-year term beginning January 1, 2001 and through December 31, 2006. The agreement has an option to renew for four additional five-year terms. There have been two separate amendments to the agreement for additional space and service. The agreement is in the third renewal phase. Fee income under this agreement for the year ended December 31, 2021 was \$30,438.

Future minimum lease payments receivable in conjunction with the leases noted above are as follows:

<u>Year</u>	<u>Amount</u>
2022	<u><u>\$ 32,105</u></u>

Note P - Housing Authority Component Unit

The Housing Authority of the City of Burlington (the "Housing Authority") is a component unit of the City. The fiscal year end of the Housing Authority is August 31, 2021. 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, 2021, the Housing Authority's deposits totaled \$280,474. The carrying value of those deposits on the Housing Authority's financial statements was \$280,474. All of the Housing Authority's deposits at August 31, 2021 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, 2021 consisted of the following:

Reserve account	\$ 187,331
Security deposits	<u>38,620</u>
Total Restricted Assets	<u><u>\$ 225,951</u></u>

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note P - Housing Authority Component Unit (continued)

Long-term Debt

The Housing Authority's long-term debt as of August 31, 2021 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.

\$ 422,323

1984 USDA Rural Development loan. This loan was reamortized on July 1, 2014 at a stated interest rate of 3.625%, however, a Rural Development interest subsidy reduces the rate paid to 1.0%. The loan has been deferred for 20 years and will be due for refinancing on July 1, 2034.

333,867

2014 USDA Rural Development loan. This loan was authorized on July 10, 2014 for \$1,475,978 with principal payments to commence September 2015. Interest is not charged on the loan. Monthly principal payments for the loan will be \$2,464 based on a 50 year amortization. The loan requires HA to maintain a reserve account. Transfers not less than agreed upon schedule shall be made annually until the amount in the reserve account reaches the sum of \$350,000. By 6/30/18, the reserve account should have a minimum balance of \$28,788.

Total Notes Payable

1,301,029

Add: Deferred interest payable

2,057,219

Less: Current maturities

92,919

Total Long-term Debt

(29,569)

\$ 2,120,569

Interest payments of the scheduled payments below are reported at the subsidized rate of 1%. Annual principal and interest payments to maturity are as follows:

<u>Year</u>	<u>Principal</u>	
2022	\$ 29,568	-
2023	29,568	-
2024	29,568	-
2025	29,568	-
2026	29,568	-
2027-2031	147,840	-
2032-2036	919,228	140,688
2037-2041	147,840	-
2042-2046	147,840	-
2047-2051	147,840	-
2052-2056	147,840	-
2057-2061	147,840	-
2062-2065	103,111	-
	<u>\$ 2,057,219</u>	<u>\$ 140,688</u>

* The 1977 and 1984 USDA Rural Development loans are due for refinancing on July 1, 2034 including accrued interest of \$140,688.

CITY OF BURLINGTON
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

Note Q – Effect of New Accounting Standards on Financial Statements

The Government Accounting Standards Board (GASB) has approved the following:

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of Statement No. 32*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

When they become effective, application of these standards may restate portions of these financial statements.

**CITY OF BURLINGTON
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
December 31, 2021**

REQUIRED SUPPLEMENTARY INFORMATION

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>TAXES</u>				
General property taxes	\$ 6,827,246	\$ 6,827,246	\$ 6,827,246	\$ -
Payments in lieu of taxes	30,000	30,000	47,097	17,097
Room tax	110,000	110,000	167,206	57,206
Interest on personal property taxes	200	200	16	(184)
TOTAL TAXES	<u>6,967,446</u>	<u>6,967,446</u>	<u>7,041,565</u>	<u>74,119</u>
<u>SPECIAL ASSESSMENTS</u>				
Sidewalks and all other	15,000	15,000	12,756	(2,244)
<u>INTERGOVERNMENTAL</u>				
Shared taxes from state	476,674	476,674	736,759	260,085
Fire insurance from state	43,000	43,000	46,919	3,919
Exempt computer aid	41,866	41,866	41,866	-
State aid for police training	-	-	3,040	3,040
Safety aid	1,000	1,000	-	(1,000)
General transportation aid	543,260	543,260	560,714	17,454
Connecting streets	2,855	2,855	-	(2,855)
Clean sweep	16,000	16,000	15,000	(1,000)
Recycling grants	30,200	30,200	30,317	117
Municipal services	1,450	1,450	1,376	(74)
DNR aid in lieu of tax	-	-	1,825	1,825
Miscellaneous grants	48,212	48,212	693,368	645,156
TOTAL INTERGOVERNMENTAL	<u>1,204,517</u>	<u>1,204,517</u>	<u>2,131,184</u>	<u>926,667</u>
<u>LICENSES AND PERMITS</u>				
Business and occupational licenses	43,490	43,490	37,514	(5,976)
Weights and measures	7,000	7,000	1,015	(5,985)
Wisconsin cable TV licenses	140,000	140,000	112,385	(27,615)
Cell tower permit	58,750	58,750	61,305	2,555
Building and electrical permits	224,500	224,500	293,945	69,445
Right of way and zoning permits	10,000	10,000	10,495	495
TOTAL LICENSES AND PERMITS	<u>483,740</u>	<u>483,740</u>	<u>516,659</u>	<u>32,919</u>
<u>FINES AND FORFEITURES</u>				
Court penalty costs	100,000	100,000	78,241	(21,759)
Parking violations	38,000	38,000	48,002	10,002
TOTAL FINES AND FORFEITURES	<u>\$ 138,000</u>	<u>\$ 138,000</u>	<u>\$ 126,243</u>	<u>\$ (11,757)</u>

**CITY OF BURLINGTON
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
December 31, 2021**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>CHARGES FOR SERVICES</u>				
Clerk's revenue	\$ 10,900	\$ 10,900	\$ 16,346	\$ 5,446
Police department	7,500	7,500	3,208	(4,292)
Fire department	16,500	16,500	27,327	10,827
Other public safety	-	-	84	84
Street department	800	800	4,708	3,908
Parking lots, ramps, and meters	300	300	540	240
Zoning and developer fees	50,000	50,000	42,554	(7,446)
Parks fees	7,500	7,500	30,813	23,313
TOTAL CHARGES FOR SERVICES	93,500	93,500	125,580	32,080
<u>INTEREST</u>				
Interest earnings	50,000	50,000	79,926	29,926
Interest on special assessments	-	-	380	380
TOTAL INTEREST	50,000	50,000	80,306	30,306
<u>OTHER</u>				
Insurance recoveries	10,000	10,000	4,899	(5,101)
All other	2,500	2,500	14,394	11,894
TOTAL OTHER	12,600	12,500	19,293	6,793
TOTAL REVENUES	\$ 8,964,803	\$ 8,964,703	\$ 10,053,586	\$ 1,088,883

**CITY OF BURLINGTON
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
December 31, 2021**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>GENERAL GOVERNMENT</u>				
Mayor and City Council	\$ 55,894	\$ 55,894	\$ 54,819	\$ 1,075
Municipal court	69,301	69,301	84,374	(15,073)
City attorney	150,000	150,000	157,445	(7,445)
Administration	565,274	565,274	547,668	17,606
City clerk	71,299	71,299	73,061	(1,762)
Elections	23,730	23,730	12,876	10,854
Finance - treasurer	216,152	216,152	236,768	(20,616)
Assessor and board of review	50,000	50,000	38,181	11,819
Insurance	164,771	164,771	201,569	(36,798)
Town annexation revenue sharing	1,197	1,197	1,233	(36)
TOTAL GENERAL GOVERNMENT	1,367,618	1,367,618	1,407,994	(40,376)
<u>PUBLIC SAFETY</u>				
Police department	3,346,658	3,346,658	3,159,853	186,805
Fire department	1,175,025	1,175,025	1,135,689	39,336
Building inspector	181,797	181,797	150,811	30,986
TOTAL PUBLIC SAFETY	4,703,480	4,703,480	4,446,353	257,127
<u>PUBLIC WORKS</u>				
Street administration and maintenance	1,145,432	1,145,432	974,173	171,259
Street lighting	270,000	270,000	260,580	9,420
Sidewalks, curb, and gutters	35,000	35,000	23,817	11,183
Storm sewers	20,000	20,000	59,350	(39,350)
Parking structure	13,000	13,000	55,416	(42,416)
Garbage collection	392,280	392,280	392,280	-
Recycling	166,719	166,719	166,719	-
Landfill	34,000	34,000	24,419	9,581
Clean sweep	25,000	25,000	32,965	(7,965)
Capital outlay	-	-	6,363	(6,363)
TOTAL PUBLIC WORKS	2,101,431	2,101,431	1,996,082	105,349
<u>HEALTH AND HUMAN SERVICES</u>				
Health officer	83,955	83,955	83,955	-
Animal shelter	8,650	8,650	7,208	1,442
Senior citizens	2,200	2,200	803	1,397
Cemetery	6,500	6,500	7,638	(1,138)
TOTAL HEALTH AND HUMAN SERVICES	\$ 101,305	\$ 101,305	\$ 99,604	\$ 1,701

**CITY OF BURLINGTON
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
December 31, 2021**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>CULTURE, RECREATION, AND EDUCATION</u>				
Historical society	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Parks	624,697	624,697	560,397	64,300
Celebrations and festivals	31,000	31,000	21,845	9,155
Recreation facilities	13,500	13,500	19,715	(6,215)
TOTAL CULTURE, RECREATION, AND EDUCATION	670,197	670,197	602,957	67,240
<u>CONSERVATION AND DEVELOPMENT</u>				
Economic development	300,000	300,000	470,029	(170,029)
Plan commission	87,700	87,700	169,325	(81,625)
Other conservation and development	26,000	26,000	25,575	425
TOTAL CONSERVATION AND DEVELOPMENT	413,700	413,700	664,929	(251,229)
TOTAL EXPENDITURES	\$ 9,357,731	\$ 9,357,731	\$ 9,217,919	\$ 139,812
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in - tax equivalent	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
CHANGES IN FUND BALANCES	(392,928)	(393,028)	756,800	\$ (363,772)
FUND BALANCES - BEGINNING OF YEAR	3,018,563	3,018,562	3,018,563	
FUND BALANCES - END OF YEAR	\$ 2,625,635	\$ 2,625,534	\$ 3,775,363	

**CITY OF BURLINGTON
December 31, 2021**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Wisconsin Retirement System
Last 10 Fiscal Years***

WRS Year End	Proportion of the net pension (asset) liability	Proportionate share of the net pension (asset) liability	Covered-employee payroll	Net pension (asset) liability as a percentage of employee payroll	Plan fiduciary net position as a percentage of total pension (asset) liability
2020	0.04008478%	\$ (2,502,548)	\$ 5,129,714	-48.79%	105.26%
2019	0.03813539%	\$ (1,229,659)	\$ 4,627,531	(26.57)	102.96%
2018	0.03740726%	\$ 1,330,833	\$ 4,420,807	30.10%	96.45%
2017	0.03675877%	\$ (1,091,411)	\$ 4,471,203	(24.41%)	102.93%
2016	0.03654138%	\$ 301,188	\$ 4,325,346	6.96%	99.12%
2015	0.03723434%	\$ 605,052	\$ 4,234,746	14.29%	98.20%
2014	0.03809625%	\$ (935,748)	\$ 4,351,295	(21.51%)	102.74%

**SCHEDULE OF CONTRIBUTIONS
Wisconsin Retirement System
Last 10 Fiscal Years***

WRS Year End	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered-employee payroll
2020	\$ 494,113	\$ 494,113	\$ -	\$ 5,129,714	9.63%
2019	\$ 401,809	\$ 401,809	\$ -	\$ 4,627,531	8.68%
2018	\$ 389,096	\$ 389,096	\$ -	\$ 4,420,807	8.80%
2017	\$ 386,927	\$ 386,927	\$ -	\$ 4,471,203	8.65%
2016	\$ 343,934	\$ 343,934	\$ -	\$ 4,325,346	7.95%
2015	\$ 346,167	\$ 346,167	\$ -	\$ 4,234,746	8.17%
2014	\$ 369,564	\$ 369,564	\$ -	\$ 4,351,295	8.49%

*The amounts presented for each fiscal year were determined as of the period calendar-year end.

*GASB Pronouncements 67 and 68 require the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented for this schedule.

See accompanying notes to required supplementary information.

CITY OF BURLINGTON
December 31, 2021

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
Local Retiree Life Insurance
Last 10 Fiscal Years*

Year End	Proportion of the net OPEB (asset) liability	Proportionate share of the net OPEB (asset) liability	Covered-employee payroll	Net OPEB (asset) liability as a percentage of employee payroll	Plan fiduciary net position as a percentage of total OPEB (asset) liability
2020	0.09138200%	\$ 502,667	\$ 4,665,000	10.78%	31.36%
2019	0.08945100%	\$ 380,900	\$ 4,502,000	8.46%	37.58%
2018	0.08685600%	\$ 224,118	\$ 4,126,000	5.43%	48.69%
2017	0.09490900%	\$ 285,541	\$ 3,991,195	7.15%	44.81%

SCHEDULE OF CITY CONTRIBUTIONS
Local Retiree Life Insurance
Last 10 Fiscal Years*

Year End	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	covered-employee payroll	Contributions as a percentage of covered-employee payroll
2020	\$ 1,822	\$ 1,822	\$ -	\$ 4,665,000	0.04%
2019	\$ 1,617	\$ 1,617	\$ -	\$ 4,502,000	0.04%
2018	\$ 1,673	\$ 1,673	\$ -	\$ 4,126,000	0.04%
2017	\$ 1,802	\$ 1,802	\$ -	\$ 3,991,195	0.05%

*The amounts presented for each fiscal year were determined as of the period calendar-year end.

*GASB Pronouncement 75 require the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented for this schedule.

CITY OF BURLINGTON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

Note 1. 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 2020 general fund budget was not amended.

Note 2. Excess Expenditures over Appropriations

The City had the following expenditures in excess of appropriations as presented in the "Budgetary Comparison Schedule – General Fund Expenditures".

General government	\$ 40,376
Conservation and development	251,229

The excess expenditures were absorbed by revenues in excess of budget, expenditures under budget in other areas and fund balance.

Note 3. WRS Information

Changes of benefit terms: There were no changes of benefit terms for any participating employee in the WRS.

Changes of assumptions: No significant change in assumptions were noted from the prior year.

Note 4. OPEB Information

Change of benefit terms: There were no changes of benefit terms for any participating employer in the LRLIF.

Changes of assumptions: The single discount rate assumption used to develop total OPEB liability changed from the prior year. Please refer to the Actuarial Assumptions section in footnote K for additional information.

See accompanying notes to required supplementary information.

SUPPLEMENTARY INFORMATION

CITY OF BURLINGTON
COMBINING BALANCE SHEETS
NONMAJOR SPECIAL REVENUE - GOVERNMENTAL FUNDS
December 31, 2021

	<u>Special Revenue Funds</u>					Total Nonmajor Special Revenue Funds
	<u>Library Operations</u>	<u>Community Development Block Grant</u>	<u>Revolving Loan</u>	<u>Police Donations</u>	<u>EMS</u>	
<u>ASSETS</u>						
Cash and investments	\$ 175,899	\$ (484,883)	\$ -	\$ 73,771	\$ 122,290	\$ (112,923)
Accounts receivable	-	-	-	-	190,821	190,821
Notes receivable	-	506,255	577,807	-	-	1,084,062
Restricted Assets:						
Cash and investments	145,629	-	(29,755)	-	-	115,874
TOTAL ASSETS	<u>321,528</u>	<u>21,372</u>	<u>548,052</u>	<u>73,771</u>	<u>313,111</u>	<u>1,277,834</u>
<u>LIABILITIES</u>						
Accounts payable	9,657	8,525	-	-	10,060	28,242
TOTAL LIABILITIES	<u>9,657</u>	<u>8,525</u>	<u>-</u>	<u>-</u>	<u>10,060</u>	<u>28,242</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred revenue	-	506,255	577,807	-	-	1,084,062
<u>FUND BALANCES</u>						
Restricted	-	-	-	73,771	-	73,771
Assigned	311,871	-	-	-	303,051	614,922
Unassigned	-	(493,408)	(29,755)	-	-	(523,163)
TOTAL FUND BALANCES	<u>\$ 311,871</u>	<u>\$ (493,408)</u>	<u>\$ (29,755)</u>	<u>\$ 73,771</u>	<u>\$ 303,051</u>	<u>\$ 165,536</u>

CITY OF BURLINGTON
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE - GOVERNMENTAL FUNDS
December 31, 2021

	Special Revenue Funds						Total Nonmajor
	Library	Community	Revolving	Police			Special
	Operations	Block Grant	Loan	Donations	EMS		Revenue Funds
REVENUES							
Intergovernmental	\$ 337,942	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337,942
Charges for services	5,041	-	-	-	515,597	-	520,638
Intergovernmental charges for services	-	-	-	-	34,310	-	34,310
Interest income	707	341	4,408	-	59	-	5,515
Repayment of note receivable	-	1,371	23,704	-	-	-	25,075
Current:							
and education	705,305						705,305
OTHER FINANCING SOURCES (USES)							
Transfers in	454,383	-	-	-	-	-	454,383
NET CHANGE IN FUND BALANCES	80,048	(771,563)	(71,888)	3,863	124,615	-	(634,925)
FUND BALANCES - BEGINNING OF YEAR	231,823	278,155	42,133	69,908	178,436	-	800,455
FUND BALANCES - END OF YEAR	\$ 311,871	\$ (493,408)	\$ (29,755)	\$ 73,771	\$ 303,051	\$ -	\$ 165,530

CITY OF BURLINGTON
COMBINING BALANCE SHEETS
NONMAJOR CAPITAL PROJECTS FUNDS - GOVERNMENTAL FUNDS
December 31, 2021

	Capital Projects Funds					Total Nonmajor
	TIF #5	General Capital Projects	Revolving Capital Projects	General Infrastructure	Façade Grants	Capital Projects Funds
ASSETS						
Cash and investments	\$ 248,378	\$ 482,553	\$ 358,224	\$ 11,611	\$ 89,821	\$ 1,190,587
Taxes receivable	161,376	-	-	-	-	161,376
Accounts and other	962,733	-	-	-	-	962,733
TOTAL ASSETS	<u>1,372,487</u>	<u>482,553</u>	<u>358,224</u>	<u>11,611</u>	<u>89,821</u>	<u>2,314,696</u>
LIABILITIES						
Accounts payable	2,536	-	-	591	-	3,127
Due to other funds	-	-	-	-	-	-
Advances from other funds	-	-	-	235,282	-	235,282
TOTAL LIABILITIES	<u>2,536</u>	<u>-</u>	<u>-</u>	<u>235,873</u>	<u>-</u>	<u>238,409</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - taxes	164,749	-	-	-	-	164,749
Deferred revenue - notes	1,052,120	-	-	-	-	1,052,120
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,216,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,216,869</u>
FUND BALANCES						
Restricted	153,082	-	-	-	-	153,082
Assigned	-	482,553	358,224	-	89,821	930,598
Unassigned	-	-	-	(224,262)	-	(224,262)
TOTAL FUND BALANCES	<u>\$ 153,082</u>	<u>\$ 482,553</u>	<u>\$ 358,224</u>	<u>\$ (224,262)</u>	<u>\$ 89,821</u>	<u>\$ 859,418</u>

CITY BURLINGTON
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS - GOVERNMENTAL FUNDS
December 31, 2021

	Capital Projects Funds						Total Nonmajor Capital Projects Funds
	TIF #5	General Capital Projects	Revolving Capital Projects	General Infrastructure	Facade Grants		
REVENUES							
Taxes	\$ 242,264	\$ -	\$ -	\$ -	\$ -	\$	242,264
Interest income	642	1,049	5,102	21,806	12		28,611
Developers agreements	689,226	-	-	-	-		689,226
All other	-	-	-	2,150	-		2,150
TOTAL REVENUES	<u>932,132</u>	<u>1,049</u>	<u>5,102</u>	<u>23,956</u>	<u>12</u>		<u>962,251</u>
EXPENDITURES							
Current:							
General government	4,689	-	-	6,350	-		11,039
Public works	-	20,254	-	65,383	-		85,637
Culture, recreation, and education	-	-	94,720	-	-		94,720
Conservation and development	2,650	-	-	-	15,000		17,650
Capital outlay	-	-	284,919	1,522,544	-		1,807,463
Debt Service:							
Principal	840,000	-	13,668	-	-		853,668
Interest	27,985	-	-	-	-		27,985
Debt issuance costs	-	-	-	124,247	-		124,247
TOTAL EXPENDITURES	<u>875,324</u>	<u>20,254</u>	<u>393,307</u>	<u>1,718,524</u>	<u>15,000</u>		<u>3,022,409</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>56,808</u>	<u>(19,205)</u>	<u>(388,205)</u>	<u>(1,694,568)</u>	<u>(14,988)</u>		<u>(2,060,158)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital asse	-	-	25,334	-	-		25,334
Proceeds on debt issuance	-	-	-	1,761,565	-		1,761,565
Premium on issuance of debt	-	-	-	246,323	-		246,323
Transfers in	-	-	-	-	100,000		100,000
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>25,334</u>	<u>2,007,888</u>	<u>100,000</u>		<u>2,133,222</u>
NET CHANGE IN FUND BALANCES	<u>56,808</u>	<u>(19,205)</u>	<u>(362,871)</u>	<u>313,320</u>	<u>85,012</u>		<u>73,064</u>
FUND BALANCES - BEGINNING OF YEAR	<u>96,274</u>	<u>501,758</u>	<u>721,095</u>	<u>(537,582)</u>	<u>4,809</u>		<u>786,354</u>
FUND BALANCES - END OF YEAR	<u>\$ 153,082</u>	<u>\$ 482,553</u>	<u>\$ 358,224</u>	<u>\$ (224,262)</u>	<u>\$ 89,821</u>		<u>\$ 859,418</u>

CITY OF BURLINGTON
COMBINING BALANCE SHEETS
NONMAJOR DEBT SERVICE - GOVERNMENTAL FUNDS
December 31, 2021

	Environmental Remediation
ASSETS	
Cash and investments	\$ -
Taxes receivable	-
Notes receivable	-
TOTAL ASSETS	<u>-</u>
LIABILITIES	
Accounts payable	-
TOTAL LIABILITIES	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue	-
FUND BALANCES	
Restricted	-
Assigned	-
BALANCES	<u>\$ -</u>

CITY BURLINGTON
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES NONMAJOR DEBT SERVICE - GOVERNMENTAL FUNDS
December 31, 2021



To the City Council
City of Burlington, Wisconsin

	Environmental Remediation
<u>REVENUES</u>	
Interest income	\$ 1,322
Repayment of note receivable	5,109
TOTAL REVENUES	6,431
<u>EXPENDITURES</u>	
Debt Service:	
Principal	1,505,000
Interest	24,865
TOTAL EXPENDITURES	1,529,865
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,523,434)
<u>OTHER FINANCING SOURCES (USES)</u>	
Transfers out	(175,305)
TOTAL OTHER FINANCING SOURCES	(175,305)
NET CHANGE IN FUND BALANCES	(1,698,739)
FUND BALANCES - BEGINNING OF YEAR	\$ 1,698,739
FUND BALANCES - END OF YEAR	\$ -

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Burlington for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 16, 2021, and our revised engagement letter dated February 25, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Burlington are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of capital assets is based on the City's useful life schedule
- Management's estimate of the pension liability is based upon a third party actuarial valuation
- Management's estimate of the OPEB liability is based upon a third party actuarial valuation

We evaluated the key factors and assumptions used to develop the aforementioned estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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7040 N. Green Bay Ave, Milwaukee, WI 53209 | Phone: 414.351.5511 | Fax: 414.351.6696

To the City Council
City of Burlington, Wisconsin

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached misstatements detected as a result of audit procedures, and supplied to us by management, were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 3, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Burlington auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI), as listed in the table of contents that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information as listed in the table of contents which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the City Council
City of Burlington, Wisconsin

Restriction on Use

This information is intended solely for the information and use of the City of Burlington and management of the City of Burlington and is not intended to be and should not be used by anyone other than these specified parties.

Sitzberger & Company, LLC

Sitzberger & Company, LLC
Lake Geneva, Wisconsin
November 3, 2022



To the City Council
City of Burlington, Wisconsin

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burlington ("City") as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in the City's internal control to be a material weakness:

MATERIAL AUDIT ADJUSTMENTS

During the course of our audit, we proposed a number of adjusting journal entries that were required to prevent the financial statements from being materially misstated. We recommend that management review the nature of these entries in order to determine if these adjustments could be made prior to the audit.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the City's internal control to be significant deficiencies:

SEGREGATION OF DUTIES

Under ideal conditions, there are many procedures and controls designed to limit the access of any one individual to all phases of a transaction. Many entities the size of the City do not have a large enough administrative staff to adequately segregate the various procedures from any one individual. Management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Because the overlapping responsibilities exist, you need to rely on your direct knowledge of the City's operations and trust in and have contact with employees to control and safeguard assets. This may continue to be an acceptable method for you to use for years to come.

PREPARATION OF FINANCIAL STATEMENTS

The City Council and management share the ultimate responsibility for the City's internal control. It is acceptable to outsource various accounting functions; however the responsibility for internal control cannot be outsourced.

The City engages Sitzberger & Company, LLC to assist in the preparation of the City's financial statements and accompanying disclosures. However as independent auditors, Sitzberger & Company, LLC cannot be considered part of the City's internal control. The City Council should design and implement a review procedure to ensure that the financial statements and disclosures are complete and accurate. These review procedures should be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles and knowledge of the City's activities and operations.

During our audit, we also became aware of the following deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency of the City.

Deficit Fund Balances

The Infrastructure Capital Projects Fund reported a deficit (negative) fund balance of \$224,262 at December 31, 2021. The deficit balance, consequently, effects the fund balance of the City's General Fund as the deficit is financed by that fund. Although previous audit management letters reviewed by us have discussed the deficit fund balance of the Infrastructure Capital Projects Fund, we believe its significance to the financial statements warrants repeated discussion.

The Community Development Block Grant Fund reported a deficit (negative) fund balance of \$493,408 at December 31, 2021 and the Revolving Loan Fund reported a deficit (negative) fund balance of \$29,755. These deficit balances significantly effect the general fund unassigned fund balances at year-end. The City should discuss plans to positively fund these deficit fund balances going forward.

Fund Balance Policy

During our audit procedures, we noted that the City does not have a formal fund balance policy. A comprehensive fund balance policy would include the components of GASB Statement No. 54 as well as address a minimum fund balance. A fund balance policy assists in providing financial stability, cash flow for operations, and the assurance that the City will be able to respond to emergencies with fiscal strength.

It is essential to maintain adequate levels of fund balance/net position to mitigate current and future risks. Fund balance levels are also critical considerations in long-term financial planning. Credit rating agencies monitor levels of fund balance/net position and unassigned fund balances in the general fund to evaluate creditworthiness.

Other Matters

We would also like to take this opportunity to make you aware of the following Governmental Accounting Standards Board ("GASB") statements which are required to be reported in the December 31, 2022 financial statements:

Statement No. 92, Omnibus

Statement No. 93, Replacement of Interbank Offered Rates

Statement No. 93, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.

At the present time, these Statements are no expected to have any effect on the Village of Bloomfield accounting and financial reporting.

This communication is intended solely for the information and use of management, the City Council and others within the organization, and is not intended and should not be used by anyone other than these specified parties.

Sincerely,

Sitzberger & Company, LLC

Sitzberger & Company, LLC
Lake Geneva, Wisconsin
November 3, 2022

FORM OF LEGAL OPINION

(See following pages)

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

June 7, 2023

Re: City of Burlington, Wisconsin ("Issuer")
\$9,830,000 General Obligation Corporate Purpose Bonds, Series 2023A,
dated June 7, 2023 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. 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 Bonds 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>
2024	\$100,000	____%
2025	170,000	____
2026	255,000	____
2027	260,000	____
2028	260,000	____
2029	265,000	____
2030	300,000	____
2031	330,000	____
2032	340,000	____
2033	455,000	____
2034	515,000	____
2035	580,000	____
2036	635,000	____
2037	695,000	____
2038	760,000	____
2039	825,000	____
2040	885,000	____
2041	925,000	____
2042	940,000	____
2043	335,000	____

Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2024.

The Bonds maturing on April 1, 2032 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on April 1, 2031 or on any date thereafter. Said Bonds 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 Bonds maturing in the years _____ are subject to mandatory redemption by lot as provided in the Bonds, 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 Bonds 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 Bonds 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 Bonds, 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 Bonds 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 Bonds.
3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds 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 individuals; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code) for taxable years beginning after December 31, 2022. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds 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 Bonds to be included in gross income retroactively to the date of issuance of the Bonds. 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 Bonds.

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

The rights of the owners of the Bonds 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 \$9,830,000 General Obligation Corporate Purpose Bonds, Series 2023A, dated June 7, 2023 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on April 5, 2023, as supplemented by an Approving Certificate, dated May 17, 2023 (collectively, 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 Final Official Statement dated May 18, 2023 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"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, Racine and Walworth Counties, 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 ended December 31, 2022, 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;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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 7th day of June, 2023.

(SEAL)

Jeannie Hefty
Mayor

Diahnn Halbach
City Clerk

NOTICE OF SALE

\$9,830,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2023A CITY OF BURLINGTON, WISCONSIN

Bids for the purchase of \$9,830,000* General Obligation Corporate Purpose Bonds, Series 2023A (the "Bonds") of the City of Burlington, Wisconsin (the "City") will be received at the offices of Ehlers and 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 May 17, 2023, at which time they will be opened, read and tabulated. **The Common Council adopted a resolution on April 5, 2023 (the "Parameters Resolution"), which authorized the Finance Director/Treasurer or the City Administrator to accept a bid for the Bonds if the parameters and conditions set forth in the Parameters Resolution are satisfied. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids received on May 17, 2023, neither the Finance Director/Treasurer nor the City Administrator will have the authority to accept a bid for the Bonds, and all Bids will be rejected.**

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, by the City, for the public purposes of financing parks and public grounds projects, street improvement projects, providing financial assistance to community development projects under section 66.1105, Wisconsin Statutes, by paying project costs included in the project plans for the City's Tax Incremental Districts, equipment of the fire department and for bridges. The Bonds 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 Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Bonds will be dated June 7, 2023, will be issued as fully registered Bonds 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>
2024	\$100,000	2031	\$330,000	2038	\$760,000
2025	170,000	2032	340,000	2039	825,000
2026	255,000	2033	455,000	2040	885,000
2027	260,000	2034	515,000	2041	925,000
2028	260,000	2035	580,000	2042	940,000
2029	265,000	2036	635,000	2043	335,000
2030	300,000	2037	695,000		

ADJUSTMENT OPTION

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each up to a maximum of \$80,000 per maturity. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Bids for the Bonds 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, 2024, to the registered owners of the Bonds 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. All Bonds 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 Bonds 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 Bonds, 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 Bonds. So long as Cede & Co. is the registered owner of the Bonds, 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 Bonds.

PAYING AGENT

The City has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after April 1, 2032 shall be subject to optional redemption prior to maturity on April 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds 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 Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about June 7, 2023, the Bonds 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 Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL MATTERS

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds 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). (See "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement.)

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Bonds. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Bonds for any investor.

SUBMISSION OF BIDS

Bids must not be for less than \$9,707,125 nor more than \$10,518,100 plus accrued interest on the principal sum of \$9,830,000 from date of original issue of the Bonds 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) 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 IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

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 \$196,600 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Bonds 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 Bonds 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 Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds 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 Bonds will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid. **The Bonds will not be awarded if the TIC (taking the purchaser's compensation into account) exceeds 6.00% or if the other conditions set forth in the Parameters Resolution are not satisfied.**

BOND INSURANCE

If the Bonds 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 Bonds 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 Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds 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.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds shall not be designated 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 Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the 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 Bonds 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 Bonds 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 Bonds, 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 Bonds 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 Bonds) will apply to the initial sale of the Bonds (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 Bonds to the bidder who submits a firm offer to purchase the Bonds 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 Bonds, 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 Bonds to the winning bidder. 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 winning bidder on its bid form to determine the issue price for the Bonds. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (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 Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds 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 Bonds, that the underwriters will neither offer nor sell unsold Bonds 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 Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

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 requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, 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 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party 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 requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, 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 third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(f) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds 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 third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(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 or selling group agreement relating to the initial sale of the Bonds 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 a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) 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 Bonds 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 Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 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), (B) 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 (C) 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 Bonds are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Official Statement relating to the Bonds 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

Diahnn Halbach, City Clerk
City of Burlington, Wisconsin

BID FORM

May 17, 2023

City of Burlington, Wisconsin (the "City")

RE: \$9,830,000* General Obligation Corporate Purpose Bonds, Series 2023A (the "Bonds")

DATED: June 7, 2023

For all or none of the above Bonds, 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 \$9,707,125 nor more than \$10,518,100) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2024	_____ % due 2031	_____ % due 2038
_____ % due 2025	_____ % due 2032	_____ % due 2039
_____ % due 2026	_____ % due 2033	_____ % due 2040
_____ % due 2027	_____ % due 2034	_____ % due 2041
_____ % due 2028	_____ % due 2035	_____ % due 2042
_____ % due 2029	_____ % due 2036	_____ % due 2043
_____ % due 2030	_____ % due 2037	

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each up to a maximum of \$80,000 per maturity. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

All Bonds 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%.

A good faith deposit ("Deposit") in the amount of \$196,600 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Bonds 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 Bonds 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. We agree to the conditions and duties of Ehlers and 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 Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about June 7, 2023.

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 Official Statement for the Bonds.

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

This bid is a firm offer for the purchase of the Bonds 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 either the: ____10% test, or the ____hold-the-offering-price rule to determine the issue price of the Bonds.

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 June 7, 2023 of the above bid is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted on behalf of the City of Burlington, Wisconsin, on May 17, 2023.

By: _____

Title: _____