

**CITY OF BURLINGTON  
BURLINGTON, COLORADO**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2016**



**RECEIVED**

*By the Office of the State Auditor at 12:53 pm, Aug 16, 2017*

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## FINANCIAL SECTION

## CITY OF BURLINGTON, COLORADO

### Management Discussion and Analysis For the Year Ended December 31, 2016

This discussion and analysis of the financial performance of the City of Burlington, Colorado (City) provides an overview of the City's financial activities for the fiscal year ended December 31, 2016. Please read it in conjunction with the financial statements.

#### **Financial Highlights**

- The City's Net Position increased by \$1,214,799 (6.7%) during 2016.
- The City's assets exceeded its liabilities and deferred inflows of financial resources at December 31, 2016 by \$19,348,641 (Net Position).
- At December 31, 2016, the City's governmental funds reported combined ending fund balances of \$734,529. This marked a loss of -\$221,194 (-23.1%) from the prior year.
- The aggregate Net Position of the City's business-type funds increased by \$1,644,354 (14.0%) during 2016 despite a decrease of -\$229,610 in the Airport Fund.
- The City received a \$2,250,000 loan from the Colorado Department of Public Health and Environment (CDPH&E) to assist in compliance with regulations pertaining to nitrates in the City's water. The City began its project to construct a water blending station during 2016 and 2017.
- During 2016, the CDPH&E forgave \$330,900 of the above-described loan.

#### **Using This Annual Report**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide financial statements**

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Burlington that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include police, public works, library,

economic development, parks, activities and recreation. Sales and property taxes finance the majority of these services. The business-type activities of the City include electric, water and sewer, solid waste, and airport operations.

## Fund Financial Statements

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

*Governmental Funds* -- Most of the City's basic services are reported in governmental funds that focus on how money flows into and out of those funds. The unrestricted balances left at year-end are available for spending in future years. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide detailed short-term views of cash, operations, and basic services provided. Governmental fund statements show the reader whether there are more or fewer financial resources available at the end of a fiscal year that can be spent in the near future to finance government programs and objectives.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund *Balance Sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balance--Governmental Funds* are followed by reconciliations to facilitate this comparison between governmental funds and governmental activities.

The City maintains three individual governmental funds. Information for these funds is presented by fund name in the governmental funds' *Balance Sheet* and *Statement of Revenues, Expenditures, and Changes in Fund Balance* for two of the three governmental funds that meet the criteria to be designated as major funds (General Fund and Tourism Promotion Fund). The other governmental fund (Conservation Trust Fund) is shown in a column titled "Nonmajor--Other Funds." Individual fund data for this nonmajor governmental fund is provided in the back of this report following the "Notes to Financial Statements."

*Proprietary Funds* -- The City's utility services and airport are reported in proprietary funds; they focus on overall economic position rather than year-end fund balances. Enterprise funds are the type of proprietary funds used to account for the City's Electric Fund, Water & Sewer Fund, Solid Waste Fund, and Airport Fund. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements, only in a bit more detail.

## Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## Other Information

Budgetary comparison statements or schedules for all funds with budgeted expenditures/expenses are included following the "Notes to Financial Statements" to demonstrate each fund's compliance with adopted budgets and appropriations.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Burlington, assets exceeded liabilities by \$19,348,641 at the close of 2016.

### CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 2,313,691	\$ 2,623,359	\$ 7,615,641	\$ 4,341,523	\$ 9,929,332	\$ 6,964,882
Capital assets, net	5,207,078	5,415,439	13,254,088	13,328,239	18,461,166	18,743,678
Total assets	\$ 7,520,769	\$ 8,038,798	\$ 20,869,729	\$ 17,669,762	\$ 28,390,498	\$ 25,708,560
Deferred outflow s of resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current liabilities	1,191,002	1,324,297	485,367	699,661	1,676,369	2,023,958
Noncurrent Liabilities	-	-	6,977,328	5,207,421	6,977,328	5,207,421
Total liabilities	\$ 1,191,002	\$ 1,324,297	\$ 7,462,695	\$ 5,907,082	\$ 8,653,697	\$ 7,231,379
Deferred inflow s of resources	\$ 388,160	\$ 343,339	\$ -	\$ -	\$ 388,160	\$ 343,339
Net position:						
Net investment in capital assets	\$ 5,207,078	\$ 5,402,115	\$ 8,329,667	\$ 8,033,382	\$ 13,536,745	\$ 13,435,497
Restricted	429,736	261,461	651,528	577,346	1,081,264	838,807
Unrestricted	304,793	707,586	4,425,839	3,151,952	4,730,632	3,859,538
Total net position	\$ 5,941,607	\$ 6,371,162	\$ 13,407,034	\$ 11,762,680	\$ 19,348,641	\$ 18,133,842

Over two-thirds (70.0%) of the City's total net position at December 31, 2016 was represented by its investment in capital assets (e.g. land, buildings, & equipment). The city uses these capital assets to provide services; consequently, these assets are not available for future spending.

Approximately 5.6% (\$1,081,264) of the City's total net position at the end of 2016 represented resources that are subject to external restrictions on how they may be used. They are primarily fund balance reserves for future parks, recreation, and library purposes, for water bond debt service reserves, and for emergencies. The remaining \$4,730,632 of the City's total net position at the end of 2016 represents 24.5% of total net position and may be used to meet the City's other ongoing obligations to residents, businesses, and creditors.

The following chart displays the changes in net position experienced by the City over the last two fiscal years. An analysis of these changes follows for both its Governmental and Business-type Activities.

CONDENSED STATEMENT OF ACTIVITIES

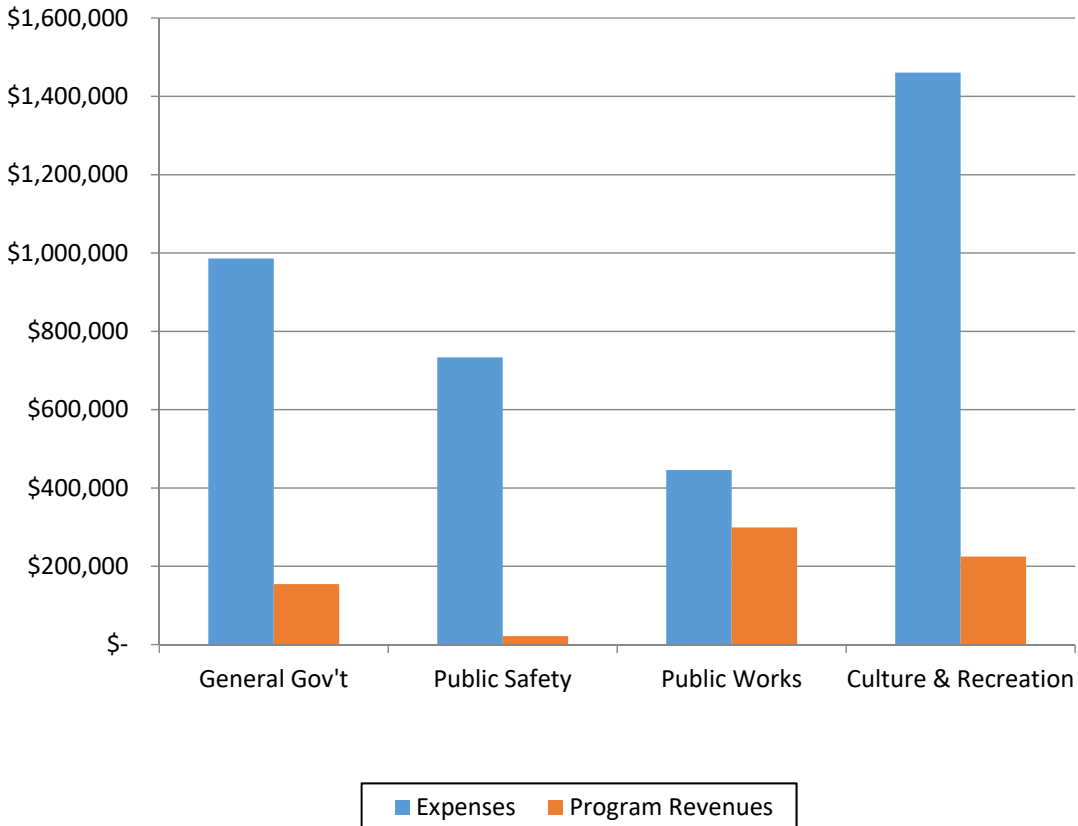
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program revenues:						
Charges for services	\$ 323,261	\$ 293,889	\$ 6,801,777	\$ 6,782,789	\$ 7,125,038	\$ 7,076,678
Operating grants & contributions	376,438	379,962	-	-	376,438	379,962
Capital grants & contributions	-	-	401,907	529,766	401,907	529,766
General revenues:						
Property taxes	341,642	322,541	-	-	341,642	322,541
Sales & use taxes	1,200,482	1,309,286	-	-	1,200,482	1,309,286
Other taxes	370,382	386,928	-	-	370,382	386,928
Gain (loss) on sale of capital assets	26,529	(29,322)	-	(10,187)	26,529	(39,509)
Other general revenues	261,612	167,506	8,652	2,756	270,264	170,262
Total revenues	<u>\$ 2,900,346</u>	<u>\$ 2,830,790</u>	<u>\$ 7,212,336</u>	<u>\$ 7,305,124</u>	<u>\$10,112,682</u>	<u>\$10,135,914</u>
Program expenses:						
General government	\$ 985,849	\$ 798,401	\$ -	\$ -	\$ 985,849	\$ 798,401
Public safety	733,137	699,181	-	-	733,137	699,181
Public works	445,756	523,272	-	-	445,756	523,272
Parks and Recreation	1,460,369	1,305,461	-	-	1,460,369	1,305,461
Electric utility	-	-	3,298,732	3,791,760	3,298,732	3,791,760
Water and Sewer utility	-	-	1,010,321	1,258,331	1,010,321	1,258,331
Airport	-	-	511,911	629,849	511,911	629,849
Solid waste utility	-	-	451,808	440,237	451,808	440,237
Noncapitalized capital outlay	-	(55,814)	-	-	-	(55,814)
Interest on long-term debt	-	-	-	-	-	-
Total expenses	<u>\$ 3,625,111</u>	<u>\$ 3,270,501</u>	<u>\$ 5,272,772</u>	<u>\$ 6,120,177</u>	<u>\$ 8,897,883</u>	<u>\$ 9,390,678</u>
Transfers In/(Out)	\$ 295,210	\$ 555,041	\$ (295,210)	\$ (555,041)	\$ -	\$ -
Increase/(decrease) in net position	\$ (429,555)	\$ 115,330	\$ 1,644,354	\$ 629,906	\$ 1,214,799	\$ 745,236
Net Position, Beginning	6,371,162	6,255,832	11,762,680	11,132,774	18,133,842	17,388,606
Net Position, Ending	<u>\$ 5,941,607</u>	<u>\$ 6,371,162</u>	<u>\$13,407,034</u>	<u>\$11,762,680</u>	<u>\$19,348,641</u>	<u>\$18,133,842</u>

The City’s Governmental Activities decreased in net position by \$429,555 (6.7%) in 2016. Key elements of this decrease are as follows:

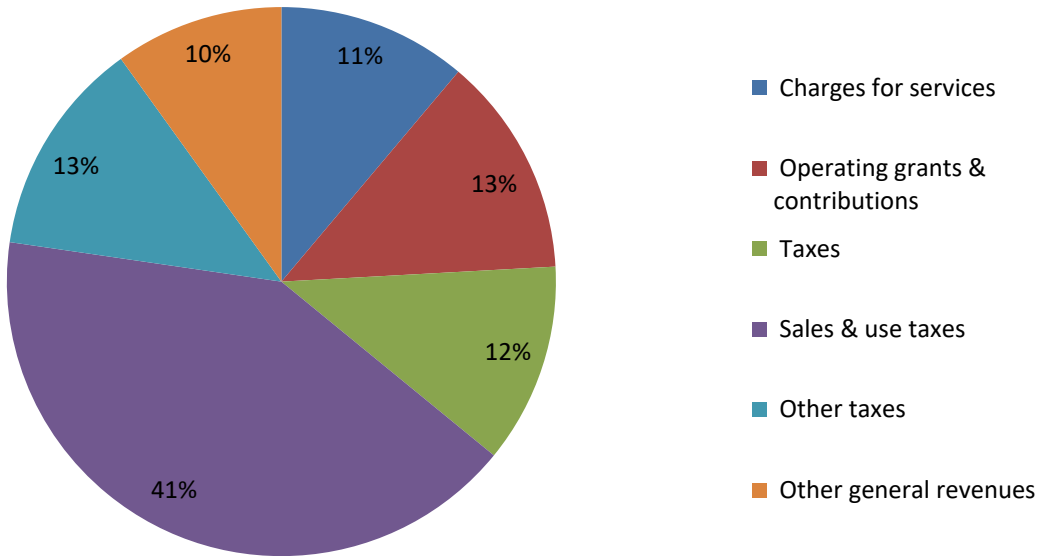
- Sales and use taxes declined by \$108,804 (8.3%) during 2016.
- Transfers from other funds decreased by \$320,401 during 2016.
- Other declines in taxes, fees, and charges were more or less matched by declines in expenditures.

The following two charts illustrate the Governmental Activities revenues and expenses. As in most municipalities, the expenses of governmental activities are not fully supported through program revenues but are largely financed through taxes.

### Expenses and Program Revenues - Governmental Activities

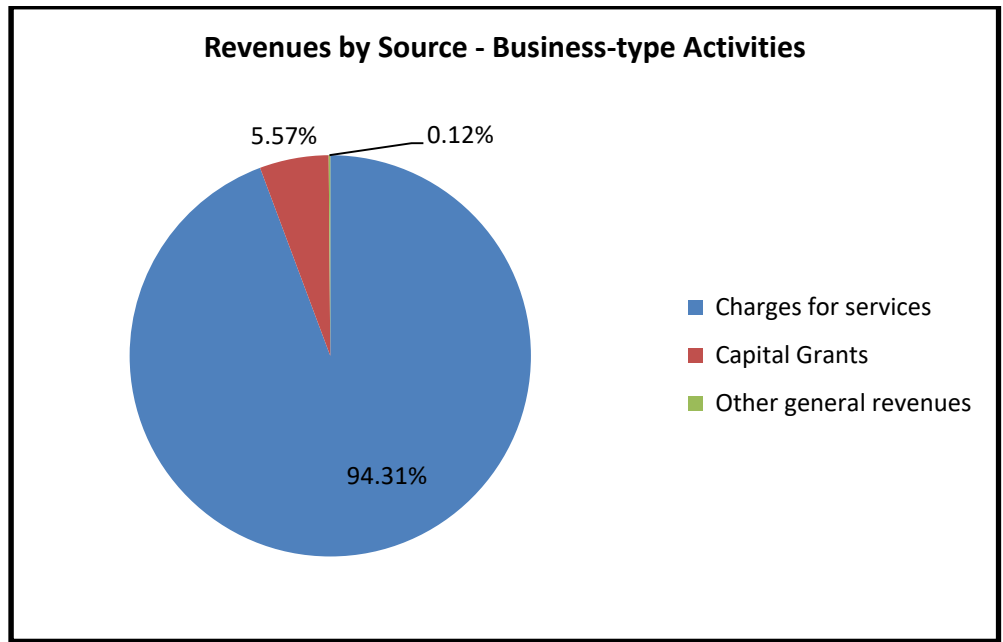
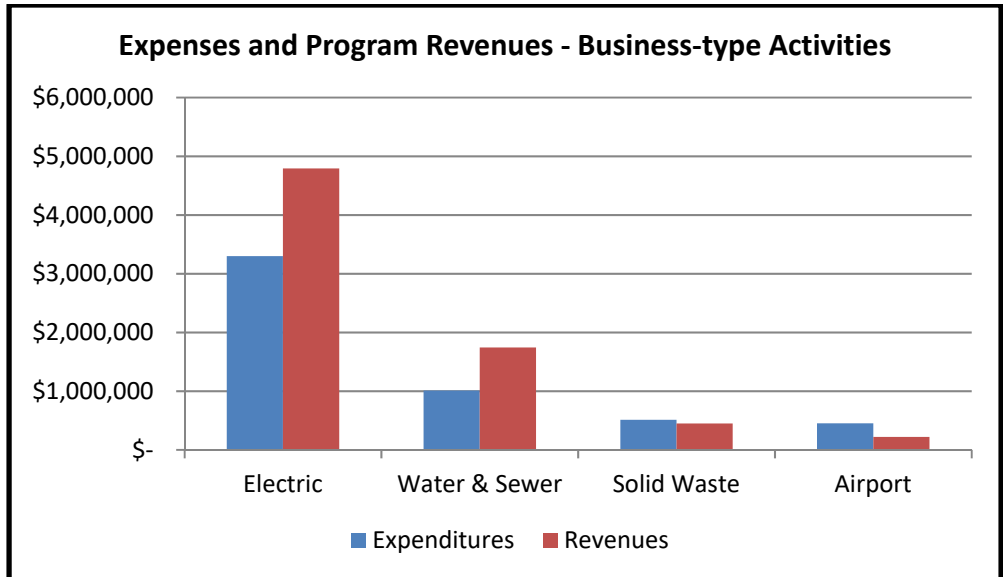


### Revenues by Source - Governmental Activities



Business-type activities increased the City’s net position by \$1,644,354 (14.0%) during 2016. The City’s electric utility and its water and sewer utility increased their net positions by \$1,211,325 (26.8%) and \$664,936 (26.8%) respectively, while the Solid Waste utility posted a modest decline in net position of -\$2,297 (-3.3%). The Airport Fund experienced a decrease in net position of -\$229,610 (-4.9%). Please see Note 11 on p.28 regarding an increase in the prior year net position of the Airport Fund due to a restatement.

The following two charts illustrate the Business-type Activities revenues and expenses for 2016.

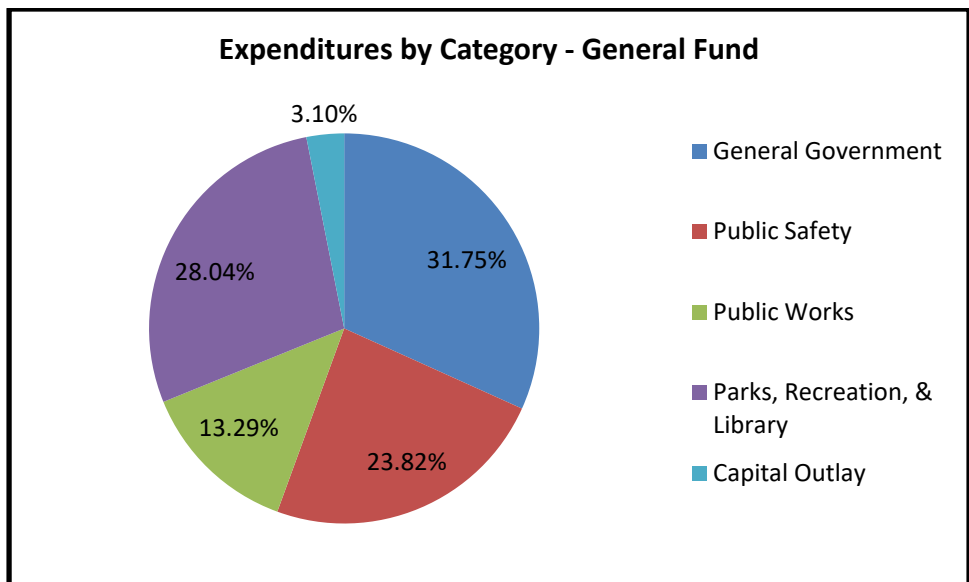
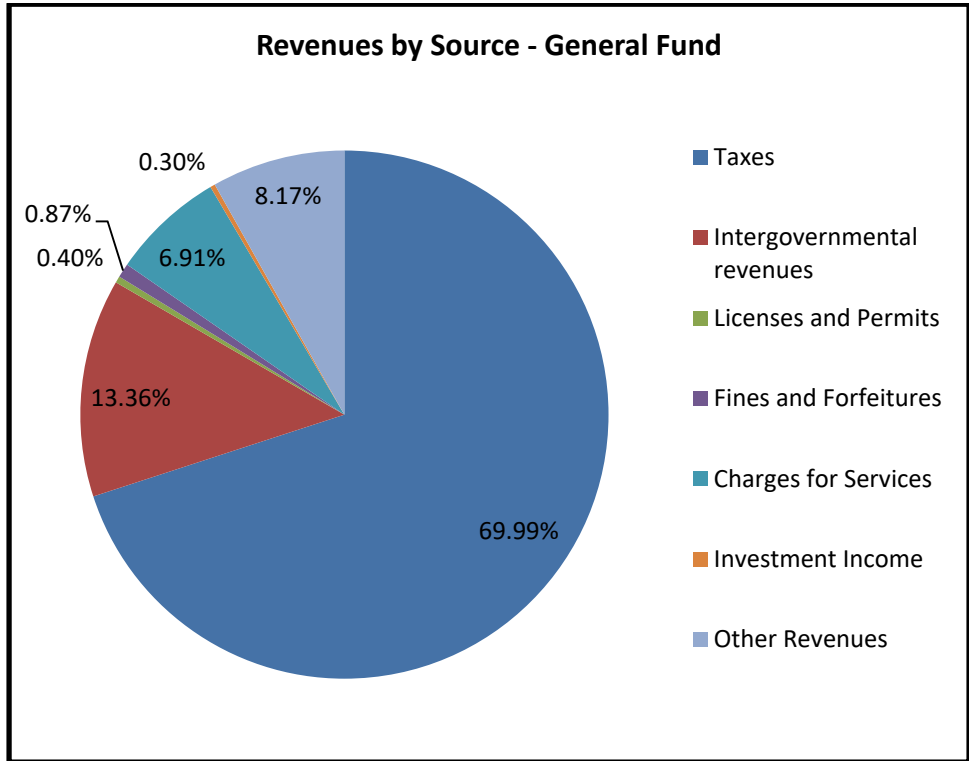


**Financial Analysis of the Government’s Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds utilize the modified accrual basis of accounting, and the balances of the spendable resources (unrestricted fund balance) in each fund are shown at year end. At December 31, 2016 the City’s two major Governmental funds reported combined unrestricted fund balances of \$587,266. These funds

are discussed below.

*General Fund.* The General Fund is the chief operating fund of the City of Burlington. It accounts for all of the general services provided by the City. At the end of 2016, the fund balance of the General Fund totaled \$586,793, which roughly equates to 23.8% of fund revenues for the year. This was a -\$223,469 (-27.8%) decrease from 2015. Management is evaluating the revenues and expenditures of the General Fund during the instigation of a new budget process during 2017. The following two tables illustrate General Fund revenues and expenditures during 2016.



*Tourism Promotion Fund.* This fund is utilized to account for the costs and revenues associated with promoting tourism, advertising the community, and attracting tourist and visitor business to the City. A lodger's tax and various user charges and fees associated with tourism are collected in this fund. The City operates various tourist attractions and events including an Old Town museum with seasonal western shows. During 2016, fund

expenditures exceeded revenues by \$74,527 (18.9%). Management instituted new budgeting procedures in the Tourism Promotion Fund during 2017 to more closely match revenues and expenditures in this fund.

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

Total net position of the proprietary funds was \$13,407,034 of which \$8,329,667 was invested in capital assets and \$4,425,839 were unrestricted. The total net position of the proprietary funds increased by \$1,644,354 during 2016. Other significant factors concerning the finances of the proprietary funds can be found in the discussion of the City's business-type activities.

## **Capital Asset and Debt Administration**

### Capital Assets

At December 31, 2016 the City had invested in a range of capital assets totaling \$18,461,166 (net of accumulated depreciation) including land, buildings and improvements, vehicles, office equipment, utility systems, park equipment, and a general aviation airport. Note 4 of the financial statements provides a summary of changes in capital assets during the year. During 2016, the City made improvements to its vehicles, equipment, and water system totaling \$567,547. Disposals of vehicles totaling \$16,900 also occurred during the year. Depreciation expenses of \$843,637 on total assets were recorded.

#### **Governmental Activities**

	<b>Balance 1/1/2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2016</b>
<b>Capital assets not being depreciated</b>				
Land	\$ 337,017	\$ -	\$ -	\$ 337,017
Old City Donations	101,406	-	-	101,406
<b>Total capital assets not being depreciated</b>	<u>438,423</u>	<u>-</u>	<u>-</u>	<u>438,423</u>
<b>Capital assets being depreciated</b>				
Infrastructure	1,229,057	-	-	1,229,057
Buildings	4,327,428	-	-	4,327,428
Improvements other than buildings	1,532,788	-	-	1,532,788
Equipment	1,732,056	17,975	-	1,750,031
Vehicles	640,412	61,893	(5,000)	697,305
<b>Total capital assets being depreciated</b>	<u>9,461,741</u>	<u>79,868</u>	<u>(5,000)</u>	<u>9,536,609</u>
<b>Accumulated depreciation</b>				
Infrastructure	(370,136)	(32,813)	-	(402,949)
Buildings	(1,612,004)	(90,241)	-	(1,702,245)
Improvements other than buildings	(919,202)	(43,880)	-	(963,082)
Equipment	(1,120,534)	(83,525)	-	(1,204,059)
Vehicles	(462,849)	(37,770)	5,000	(495,619)
<b>Total accumulated depreciation</b>	<u>(4,484,725)</u>	<u>(288,229)</u>	<u>5,000</u>	<u>(4,767,954)</u>
<b>Net Capital Assets</b>	<u><b>\$ 5,415,439</b></u>	<u><b>\$ (208,361)</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 5,207,078</b></u>

### Business-type Activities

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
<b>Capital assets not being depreciated</b>				
Land	\$ 584,615	\$ -	\$ -	\$ 584,615
Construction in Progress	-	433,820	-	433,820
Water rights	2,918,032	-	-	2,918,032
<b>Total capital assets not being depreciated</b>	<b>3,502,647</b>	<b>433,820</b>	<b>-</b>	<b>3,936,467</b>
<b>Capital assets being depreciated</b>				
System	10,263,839	-	-	10,263,839
Buildings	1,074,756	-	-	1,074,756
Other improvements	5,086,786	47,259	-	5,134,045
Equipment	1,087,674	-	-	1,087,674
Vehicles	516,802	6,600	(11,900)	511,502
<b>Total capital assets being depreciated</b>	<b>18,029,857</b>	<b>53,859</b>	<b>(11,900)</b>	<b>18,071,816</b>
<b>Accumulated depreciation</b>				
System	(4,955,469)	(238,582)	-	(5,194,051)
Buildings	(318,563)	(25,697)	-	(344,260)
Other improvements	(1,951,201)	(213,870)	-	(2,165,071)
Equipment	(642,071)	(65,892)	-	(707,963)
Vehicles	(424,399)	(28,267)	11,900	(440,766)
<b>Total accumulated depreciation</b>	<b>(8,291,703)</b>	<b>(572,308)</b>	<b>11,900</b>	<b>(8,852,111)</b>
<b>Net Capital Assets</b>	<b>\$ 13,240,801</b>	<b>\$ (84,629)</b>	<b>\$ -</b>	<b>\$ 13,156,172</b>

### Debt Administration

Changes in the business – type activity long term debt follows:

	Balance 12/31/2015	Advances	Repayments	Balance 12/31/2016	Current Portion
<b><u>Business-type Activities</u></b>					
<u>2014 Series A Revenue Bonds Payable</u>					
Bonds Payable - Water	\$ 3,300,000	\$ -	\$ 115,000	\$ 3,185,000	\$ 115,000
Bond Premiums - Water	13,267	-	462	12,805	462
<u>2014 Series B Revenue Bonds Payable</u>					
Bonds Payable - Water	500,054	-	(55,091)	555,145	(55,091)
Bond Premiums - Water	5,653	-	91	5,562	91
Bonds Payable - Sewer	1,369,946	-	85,091	1,284,855	85,091
<u>2016 CWRPDA Note Payable</u>	-	2,250,000	330,900	1,919,100	4,584
<b>Total Noncurrent Liabilities</b>	<b>\$ 5,188,920</b>	<b>\$ 2,250,000</b>	<b>\$ 476,453</b>	<b>\$ 6,962,467</b>	<b>\$ 150,137</b>

	Balance 12/31/2015	Advances	Repayments	Balance 12/31/2016	Current Portion
<b><u>2014 Bonds Payable</u></b>					
Series A Bond Insurance	\$ 55,507	\$ -	\$ 1,934	\$ 53,573	\$ 1,934
Series B Bond Insurance	31,929	-	(512)	32,441	512
<b>Total Bond Insurance Asset</b>	<b>\$ 87,436</b>	<b>\$ -</b>	<b>\$ 1,422</b>	<b>\$ 86,014</b>	<b>\$ 2,446</b>

## **Economic Factors and Next Year's Budget**

Management is optimistic that new direction emphasizing improved budget development and tracking processes will move the City quickly toward improved fund balances for the governmental funds and enhanced net income for the Airport. It is anticipated that the other enterprise funds will continue to operate profitably with adequate reserves for improvements as needed.

## **Requests for Information**

This financial report is designed to provide the City of Burlington's residents, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the funds it receives and assets it maintains. If you have questions about this report, or should you desire additional financial information, contact the City Treasurer, 415 15<sup>th</sup> St., Burlington, CO 80807 or call City Hall at (719) 346-8652.

# Holscher, Mayberry & Company, LLC

## Certified Public Accountants

Member of the American Institute of Certified Public Accountants  
Governmental Audit Quality Center  
and Private Company Practice Section

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City Council  
City of Burlington  
Burlington, Colorado

### INDEPENDENT AUDITORS' REPORT

#### **Report on the Financial Statements**

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, Colorado, as of and for the year ended December 31, 2016, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### ***Opinion***

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

**Report on Summarized Comparative Information**

We have previously audited the City of Burlington's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 20, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Emphasis of Matters**

As discussed in Note 11 to the financial statements, the 2015 financial statements have been restated to reflect the changes stated in Note 11. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information – Management Discussion and Analysis*

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1 – M9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining and budgetary comparison statements and schedules listed as other supplementary information pages 32-39 are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Local Highway Finance Report* pages 40-41 are presented for purposes of legal and debt compliance and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Englewood, Colorado  
July 18, 2017

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## **BASIC FINANCIAL STATEMENTS**

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CITY OF BURLINGTON

**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2016**

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments			
Cash	\$ 1,136,584	\$ 3,079,591	\$ 4,216,175
Restricted Cash and Investments	485,663	918,432	1,404,095
Receivables			
Property Tax Receivable	378,456	-	378,456
Intergovernmental Receivables	234,983	-	234,983
Utility Receivable	-	1,082,437	1,082,437
Cash with Fiscal Agent	11,885	2,124,061	2,135,946
Other Receivables	45,082	1,000	46,082
Inventory	10,410	410,120	420,530
Prepaid Expenses	10,628	-	10,628
Total Current Assets	<u>2,313,691</u>	<u>7,615,641</u>	<u>9,929,332</u>
<b>Noncurrent Assets</b>			
Capital Assets not being Depreciated	438,423	3,936,467	4,374,890
Capital Assets being Depreciated	9,536,609	18,071,818	27,608,427
Accumulated Depreciation	(4,767,954)	(8,840,211)	(13,608,165)
Other Noncurrent Assets	-	86,014	86,014
Total Noncurrent Assets	<u>5,207,078</u>	<u>13,254,088</u>	<u>18,461,166</u>
<b>TOTAL ASSETS</b>	<u>7,520,769</u>	<u>20,869,729</u>	<u>28,390,498</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 7,520,769</u>	<u>\$ 20,869,729</u>	<u>\$ 28,390,498</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 1,130,989	\$ 328,080	\$ 1,459,069
Accrued Liabilities	22,952	26,124	49,076
Accrued Salaries and Benefits	34,302	12,891	47,193
Deposits and Escrow	2,759	85,254	88,013
Accrued Interest Payable	-	33,018	33,018
Total Current Liabilities	<u>1,191,002</u>	<u>485,367</u>	<u>1,676,369</u>
<b>Noncurrent Liabilities</b>			
Due within one year	-	151,236	151,236
Due in more than one year	-	6,826,092	6,826,092
Total Noncurrent Liabilities	<u>-</u>	<u>6,977,328</u>	<u>6,977,328</u>
<b>TOTAL LIABILITIES</b>	<u>1,191,002</u>	<u>7,462,695</u>	<u>8,653,697</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>			
Deferred Property Taxes	378,456	-	378,456
Other Deferred Inflows	9,704	-	9,704
TOTAL DEFERRED INFLOWS	<u>388,160</u>	<u>-</u>	<u>388,160</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,207,078	8,329,667	13,536,745
Restricted Net Position	429,736	651,528	1,081,264
Unrestricted Net Position	304,793	4,425,839	4,730,632
TOTAL NET POSITION	<u>5,941,607</u>	<u>13,407,034</u>	<u>19,348,641</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 7,520,769</u>	<u>\$ 20,869,729</u>	<u>\$ 28,390,498</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
<b>FUNCTIONS/PROGRAMS</b>				
Government Activities				
Current:				
General Government	\$ 985,849	\$ 116,243	\$ 38,105	\$ -
Public Safety	733,137	21,645	-	-
Public Works	445,756	2,580	296,556	-
Culture and Recreation	1,460,369	182,793	41,777	-
<b>TOTAL GOVERNMENT ACTIVITIES</b>	<b>3,625,111</b>	<b>323,261</b>	<b>376,438</b>	<b>-</b>
Business-type Activities				
Current:				
Electric	3,298,732	4,730,685	-	60,378
Water & Sewer	1,010,321	1,404,045	-	339,100
Solid Waste	451,808	449,511	-	-
Airport	511,911	217,536	-	2,429
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>5,272,772</b>	<b>6,801,777</b>	<b>-</b>	<b>401,907</b>
<b>TOTAL GOVERNMENT</b>	<b>\$ 8,897,883</b>	<b>\$ 7,125,038</b>	<b>\$ 376,438</b>	<b>\$ 401,907</b>
<b>GENERAL REVENUES</b>				
Property Taxes				
Specific Ownership Taxes				
Sales and Use Taxes				
Franchise Taxes				
Other Taxes				
Interest Income				
Gain (Loss) on Disposal of Capital Assets				
Insurance Proceeds				
Other Revenues				
<b>TRANSFERS</b>				
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>				
<b>CHANGE IN NET POSITION</b>				
NET POSITION - Beginning				
Prior Period Restatement				
NET POSITION - Beginning (as Restated)				
NET POSITION - Ending				

The accompanying notes are an integral part of the financial statements.

NET (EXPENSE) REVENUE AND  
CHANGES IN NET POSITION

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL
\$ (831,501)	\$ -	\$ (831,501)
(711,492)	-	(711,492)
(146,620)	-	(146,620)
<u>(1,235,799)</u>	<u>-</u>	<u>(1,235,799)</u>
<u>(2,925,412)</u>	<u>-</u>	<u>(2,925,412)</u>
-	1,492,331	1,492,331
-	732,824	732,824
-	(2,297)	(2,297)
-	(291,946)	(291,946)
<u>-</u>	<u>1,930,912</u>	<u>1,930,912</u>
<u>(2,925,412)</u>	<u>1,930,912</u>	<u>(994,500)</u>
341,642	-	341,642
40,918	-	40,918
1,200,482	-	1,200,482
89,598	-	89,598
239,866	-	239,866
7,512	3,675	11,187
26,529	-	26,529
146,732	4,977	151,709
107,368	-	107,368
<u>295,210</u>	<u>(295,210)</u>	<u>-</u>
<u>2,495,857</u>	<u>(286,558)</u>	<u>2,209,299</u>
<u>(429,555)</u>	<u>1,644,354</u>	<u>1,214,799</u>
6,371,162	11,691,643	18,062,805
-	71,037	71,037
<u>6,371,162</u>	<u>11,762,680</u>	<u>18,133,842</u>
<u>\$ 5,941,607</u>	<u>\$ 13,407,034</u>	<u>\$ 19,348,641</u>

CITY OF BURLINGTON

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

DECEMBER 31, 2016

With Comparative Totals for December 31, 2015

	<u>SPEC REV FD</u>				
	General	Tourism	Other	Total	
	Fund	Fund	Funds	2016	2015
<b>ASSETS AND DEFERRED OUTFLOWS</b>					
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Investments					
Cash	\$ 1,133,542	\$ 3,042	\$ -	\$ 1,136,584	\$ 1,742,560
Restricted Cash and Investments	338,400	-	147,263	485,663	218,728
Receivables					
Property Tax Receivable	378,456	-	-	378,456	343,339
Intergovernmental Receivables	234,983	-	-	234,983	249,061
Utility Receivable	-	-	-	-	601
Cash with Fiscal Agent	11,885	-	-	11,885	4,829
Other Receivables	45,082	-	-	45,082	38,407
Inventory	10,410	-	-	10,410	25,834
Prepaid Expenses	10,628	-	-	10,628	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 2,163,386</u>	<u>\$ 3,042</u>	<u>\$ 147,263</u>	<u>\$ 2,313,691</u>	<u>\$ 2,623,359</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>					
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 1,130,989	\$ -	\$ -	\$ 1,130,989	\$ 1,254,164
Accrued Liabilities	22,952	-	-	22,952	60,368
Accrued Salaries and Benefits	31,733	2,569	-	34,302	-
Deposits and Escrow	2,759	-	-	2,759	1,470
TOTAL LIABILITIES	<u>1,188,433</u>	<u>2,569</u>	<u>-</u>	<u>1,191,002</u>	<u>1,316,002</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>					
Deferred Property Taxes	378,456	-	-	378,456	343,339
Other Deferred Inflows	9,704	-	-	9,704	8,295
TOTAL DEFERRED INFLOWS	<u>388,160</u>	<u>-</u>	<u>-</u>	<u>388,160</u>	<u>351,634</u>
<b>FUND BALANCE</b>					
Nonspendable Fund Balance	21,038	-	-	21,038	25,834
Restricted Fund Balance	282,000	473	147,263	429,736	145,461
Committed Fund Balance	56,400	-	-	56,400	-
Unassigned Fund Balance	227,355	-	-	227,355	784,428
TOTAL FUND BALANCE	<u>586,793</u>	<u>473</u>	<u>147,263</u>	<u>734,529</u>	<u>955,723</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 2,163,386</u>	<u>\$ 3,042</u>	<u>\$ 147,263</u>	<u>\$ 2,313,691</u>	<u>\$ 2,623,359</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF BURLINGTON**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES NET POSITION  
DECEMBER 31, 2016**

<b>Fund Balance - Governmental Funds</b>		\$	734,529
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	\$	438,423	
Capital assets, being depreciated		9,536,609	
Accumulated depreciation		<u>(4,767,954)</u>	<u>5,207,078</u>
<b>Total Net Position - Governmental Activities</b>		\$	<u>5,941,607</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**With Comparative Totals for the Year Ended December 31, 2015**

	<b>SPEC REV FUNDS</b>				
	<b>General</b>	<b>Tourism Promotion</b>	<b>Other</b>	<b>TOTAL</b>	
	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>	<b>2016</b>	<b>2015</b>
<b>REVENUES</b>					
Taxes	\$ 1,724,012	\$ 188,493	\$ -	\$ 1,912,505	\$ 2,018,755
Intergovernmental Revenues	329,172	-	41,777	370,949	372,395
Licenses and Permits	9,883	-	-	9,883	7,602
Fines and Forfeits	21,350	-	-	21,350	11,788
Charges for Services	170,327	121,702	-	292,029	358,404
Investment Earnings	7,451	-	61	7,512	3,707
Other Revenues	201,193	84,925	-	286,118	87,461
<b>TOTAL REVENUES</b>	<b>2,463,388</b>	<b>395,120</b>	<b>41,838</b>	<b>2,900,346</b>	<b>2,860,112</b>
<b>EXPENDITURES</b>					
Current:					
General Government	935,322	18,479	-	953,801	767,196
Public Safety	702,130	-	-	702,130	675,485
Public Works	391,795	-	-	391,795	470,962
Parks, Recreation and Other	826,362	451,168	36	1,277,566	1,127,999
Capital Outlay	91,458	-	-	91,458	197,146
<b>TOTAL EXPENDITURES</b>	<b>2,947,067</b>	<b>469,647</b>	<b>36</b>	<b>3,416,750</b>	<b>3,238,788</b>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<b>(483,679)</b>	<b>(74,527)</b>	<b>41,802</b>	<b>(516,404)</b>	<b>(378,676)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (In)	260,210	75,000	-	335,210	580,610
Transfers (Out)	-	-	(40,000)	(40,000)	(25,569)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>260,210</b>	<b>75,000</b>	<b>(40,000)</b>	<b>295,210</b>	<b>555,041</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(223,469)</b>	<b>473</b>	<b>1,802</b>	<b>(221,194)</b>	<b>176,365</b>
<b>FUND BALANCE, BEGINNING</b>	<b>810,262</b>	<b>-</b>	<b>145,461</b>	<b>955,723</b>	<b>779,358</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 586,793</b>	<b>\$ 473</b>	<b>\$ 147,263</b>	<b>\$ 734,529</b>	<b>\$ 955,723</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF BURLINGTON**

**RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Change in Fund Balance - Governmental Funds</b>		\$	(221,194)
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases	79,868		
Depreciation Expense	<u>(288,229)</u>		<u>(208,361)</u>
<b>Change in Net Position - Governmental Activities</b>		\$	<u>(429,555)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**DECEMBER 31, 2016**

**With Comparative Totals for December 31, 2015**

	Business-type Activities			
	Electric	Water & Sewer	Solid Waste	Airport
	Fund	Fund	Fund	Fund
<b>ASSETS AND DEFERRED OUTFLOWS</b>				
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments				
Cash	\$ 2,740,987	\$ 601,809	\$ 23,782	\$ (286,987)
Restricted Cash and Investments	-	651,528	-	266,904
Receivables				
Utility Receivable	781,076	224,515	76,846	-
Cash with Fiscal Agent	-	2,124,061	-	-
Other Receivables	-	-	-	1,000
Inventory	235,235	165,972	-	8,913
Total Current Assets	<u>3,757,298</u>	<u>3,767,885</u>	<u>100,628</u>	<u>(10,170)</u>
<b>Noncurrent Assets</b>				
Capital Assets not being depreciated	66,850	3,302,113	-	567,504
Capital Assets being depreciated	5,552,328	5,734,601	-	6,784,889
Accumulated Depreciation	(3,287,751)	(2,678,339)	-	(2,874,121)
Other Noncurrent Assets	-	86,014	-	-
Total Noncurrent Assets	<u>2,331,427</u>	<u>6,444,389</u>	<u>-</u>	<u>4,478,272</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 6,088,725</u>	<u>\$ 10,212,274</u>	<u>\$ 100,628</u>	<u>\$ 4,468,102</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 250,415	\$ 42,503	\$ 33,924	\$ 1,238
Accrued Liabilities	26,124	-	-	-
Accrued Salaries and Benefits	7,797	5,094	-	-
Deposits and Escrow	65,454	19,800	-	-
Accrued Interest Payable	-	33,018	-	-
Total Current Liabilities	<u>349,790</u>	<u>100,415</u>	<u>33,924</u>	<u>1,238</u>
<b>Noncurrent Liabilities</b>				
Due within one year	1,099	150,137	-	-
Due in more than one year	8,794	6,817,298	-	-
Total Noncurrent Liabilities	<u>9,893</u>	<u>6,967,435</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>359,683</u>	<u>7,067,850</u>	<u>33,924</u>	<u>1,238</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>				
<b>NET POSITION</b>				
Net Investment in Capital Assets	2,331,427	1,519,968	-	4,478,272
Restricted Net Position	-	651,528	-	-
Unrestricted Net Position	3,397,615	972,928	66,704	(11,408)
TOTAL NET POSITION	<u>5,729,042</u>	<u>3,144,424</u>	<u>66,704</u>	<u>4,466,864</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 6,088,725</u>	<u>\$ 10,212,274</u>	<u>\$ 100,628</u>	<u>\$ 4,468,102</u>

The accompanying notes are an integral part of these financial statements.

<b>Total</b>	
<b>2016</b>	<b>2015</b>
\$ 3,079,591	\$ 2,166,719
918,432	721,811
1,082,437	1,022,926
2,124,061	-
1,000	-
<u>410,120</u>	<u>330,821</u>
<u>7,615,641</u>	<u>4,242,277</u>
3,936,467	3,502,648
18,071,818	18,029,858
(8,840,211)	(8,291,703)
86,014	87,436
<u>13,254,088</u>	<u>13,328,239</u>
<u>\$ 20,869,729</u>	<u>\$ 17,570,516</u>

\$ 328,080	\$ 573,130
26,124	26,124
12,891	-
85,254	56,955
<u>33,018</u>	<u>33,743</u>
<u>485,367</u>	<u>689,952</u>
151,236	145,000
<u>6,826,092</u>	<u>5,043,921</u>
<u>6,977,328</u>	<u>5,188,921</u>
<u>7,462,695</u>	<u>5,878,873</u>

8,329,667	8,033,382
651,528	577,346
<u>4,425,839</u>	<u>3,080,915</u>
<u>13,407,034</u>	<u>11,691,643</u>
<u>\$ 20,869,729</u>	<u>\$ 17,570,516</u>

## CITY OF BURLINGTON

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION****PROPRIETARY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	<b>Business-type Activities</b>			
	<b>Electric</b>	<b>Water &amp; Sewer</b>	<b>Solid Waste</b>	<b>Airport</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>
<b>Operating Revenues</b>				
Utility Charges	\$ 4,517,352	\$ 1,397,596	\$ 449,511	\$ -
Airport Charges	-	-	-	204,536
Other Charges for Services	213,333	6,449	-	13,000
Total Revenues	<u>4,730,685</u>	<u>1,404,045</u>	<u>449,511</u>	<u>217,536</u>
<b>Operating Expenses</b>				
Airport	-	-	-	219,761
Solid Waste Collection	-	-	417,693	-
Electric Production	2,714,989	-	-	-
Electric Distribution	265,136	-	-	-
Water Treatment and Distribution	-	566,842	-	-
Sewer Collection and Treatment	-	97,851	-	-
Administration	168,636	-	34,115	-
Depreciation Expense	149,971	133,026	-	277,411
Other Capital Outlay	-	-	-	14,739
Total Expenditures	<u>3,298,732</u>	<u>797,719</u>	<u>451,808</u>	<u>511,911</u>
Operating Income (Loss)	<u>1,431,953</u>	<u>606,326</u>	<u>(2,297)</u>	<u>(294,375)</u>
<b>Other Income (Expense)</b>				
Investment Earnings	1,309	2,266	-	100
Other Revenue	-	-	-	4,977
Interest Expense	-	(202,602)	-	-
Other Expense	-	(10,000)	-	-
Total Other Income (Expense)	<u>1,309</u>	<u>(210,336)</u>	<u>-</u>	<u>5,077</u>
Net Income (Loss) before Transfers	1,433,262	395,990	(2,297)	(289,298)
<b>Transfers</b>				
Transfers In/(Out)	<u>(282,315)</u>	<u>(70,154)</u>	<u>-</u>	<u>57,259</u>
Net Income (Loss)	1,150,947	325,836	(2,297)	(232,039)
<b>Contributed Capital</b>				
Plant Investment Fees	60,378	8,200	-	-
Intergovernmental Revenue	<u>-</u>	<u>330,900</u>	<u>-</u>	<u>2,429</u>
Change in Net Position	<u>1,211,325</u>	<u>664,936</u>	<u>(2,297)</u>	<u>(229,610)</u>
Net Position, Beginning	4,517,717	2,479,488	69,001	4,625,437
Prior Period Restatement	-	-	-	71,037
Net Position, Beginning (As Restated)	<u>4,517,717</u>	<u>2,479,488</u>	<u>69,001</u>	<u>4,696,474</u>
Net Position, Ending	<u>\$ 5,729,042</u>	<u>\$ 3,144,424</u>	<u>\$ 66,704</u>	<u>\$ 4,466,864</u>

The accompanying notes are an integral part of these financial statements.

<b>Total</b>	
<b>2016</b>	<b>2015</b>
\$ 6,364,459	\$ 6,229,558
204,536	260,614
<u>232,782</u>	<u>282,430</u>
<u>6,801,777</u>	<u>6,772,602</u>
219,761	326,050
417,693	411,450
2,714,989	2,648,737
265,136	766,014
566,842	750,901
97,851	127,451
202,751	191,242
560,408	572,612
<u>14,739</u>	<u>92,696</u>
<u>5,060,170</u>	<u>5,887,153</u>
<u>1,741,607</u>	<u>885,449</u>
3,675	2,756
4,977	-
(202,602)	(204,815)
<u>(10,000)</u>	<u>-</u>
<u>(203,950)</u>	<u>(202,059)</u>
1,537,657	683,390
<u>(295,210)</u>	<u>(555,041)</u>
1,242,447	128,349
68,578	297,895
<u>333,329</u>	<u>132,625</u>
<u>1,644,354</u>	<u>558,869</u>
11,691,643	11,132,774
<u>71,037</u>	<u>-</u>
<u>11,762,680</u>	<u>11,132,774</u>
<u>\$ 13,407,034</u>	<u>\$ 11,691,643</u>

CITY OF BURLINGTON

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
With Comparative Totals for the Year Ended December 31, 2015**

	Business-type Activities			
	Electric	Water & Sewer	Solid Waste	Airport
	Fund	Fund	Fund	Fund
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 4,723,311	\$ 1,382,454	\$ 447,264	\$ 315,781
Cash Paid to Suppliers	(2,854,735)	(585,849)	(451,244)	(355,589)
Cash Paid to Employees	(327,314)	(213,866)	-	(35,969)
Net Cash Provided by Operating Activities	<u>1,541,262</u>	<u>582,739</u>	<u>(3,980)</u>	<u>(75,777)</u>
Cash Flows From Capital and Related Financing Activities:				
Tap Fees Received	60,378	8,200	-	-
Loan Proceeds	-	2,250,000	-	-
Debt Principal Payments	-	(145,553)	-	-
Grant Proceeds	-	-	-	2,429
Interest Payments	-	(201,905)	-	-
Proceeds of Capital Asset Sales	(5,568)	(6,332)	-	-
Acquisition of Capital Assets	(65,883)	(362,639)	-	(47,259)
Cash Flows Used by Capital and Related Financing Activities	<u>(11,073)</u>	<u>1,541,771</u>	<u>-</u>	<u>(44,830)</u>
Cash Flows (Uses) From Noncapital Financing Activities:				
Cash from Other Funds	(282,315)	(70,154)	-	57,259
Other Revenues (Expense)	-	(10,000)	-	4,977
Tax Revenue	-	(2,124,061)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(282,315)</u>	<u>(2,204,215)</u>	<u>-</u>	<u>62,236</u>
Cash Flows (Uses) From Investing Activities:				
Interest Received	1,309	2,266	-	100
Net Increase (Decrease) in Cash	1,249,183	(77,439)	(3,980)	(58,271)
Cash - Beginning	1,491,804	1,330,776	27,762	38,188
Cash - Ending	<u>\$ 2,740,987</u>	<u>\$ 1,253,337</u>	<u>\$ 23,782</u>	<u>\$ (20,083)</u>
Cash	\$ 2,740,987	\$ 601,809	\$ 23,782	\$ (286,987)
Restricted Cash and Investments	-	651,528	-	266,904
Total	<u>\$ 2,740,987</u>	<u>\$ 1,253,337</u>	<u>\$ 23,782</u>	<u>\$ (20,083)</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss)	\$ 1,431,953	\$ 606,326	\$ (2,297)	\$ (294,375)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	149,971	133,026	-	277,411
Changes in Assets and Liabilities Related to Operations				
(Increase) Decrease in:				
Utility Receivable	(34,373)	(22,891)	(2,247)	-
Cash with Fiscal Agent - HIDE	-	(2,124,061)	-	-
Other Receivables	-	-	-	98,245
Inventory	(73,599)	(16,166)	-	10,466
(Increase) Decrease in:				
Accounts Payable	22,621	(128,917)	564	(167,524)
Accrued Liabilities	-	-	-	-
Accrued Salaries and Benefits	7,797	5,094	-	-
Deposits and Escrow	26,999	1,300	-	-
Accrued Compensated Absences	9,893	4,967	-	-
Total Adjustments	<u>109,309</u>	<u>(23,587)</u>	<u>(1,683)</u>	<u>218,598</u>
Net Cash Used for Operating Activities	<u>\$ 1,541,262</u>	<u>\$ 582,739</u>	<u>\$ (3,980)</u>	<u>\$ (75,777)</u>

The accompanying notes are an integral part of these financial statements

<b>Total</b>	
<b>2016</b>	<b>2015</b>
\$ 6,868,810	\$ 6,720,253
(4,247,417)	(4,444,680)
<u>(577,149)</u>	<u>(696,701)</u>
<u>2,044,244</u>	<u>1,578,872</u>
68,578	155,529
2,250,000	-
(145,553)	-
2,429	132,625
(201,905)	(204,815)
(11,900)	(129,308)
<u>(475,781)</u>	<u>(215,678)</u>
<u>1,485,868</u>	<u>(261,647)</u>
(295,210)	(527,041)
(5,023)	-
<u>(2,124,061)</u>	<u>-</u>
<u>(2,424,294)</u>	<u>(527,041)</u>
<u>3,675</u>	<u>2,756</u>
1,109,493	792,940
<u>2,888,530</u>	<u>2,095,590</u>
<u>\$ 3,998,023</u>	<u>\$ 2,888,530</u>
\$ 3,079,591	\$ 2,166,719
918,432	721,811
<u>\$ 3,998,023</u>	<u>\$ 2,888,530</u>
<u>\$ 1,741,607</u>	<u>\$ 885,449</u>
560,408	572,612
(59,511)	(67,079)
(2,124,061)	-
98,245	9,000
(79,299)	67
(273,256)	153,858
-	19,235
12,891	-
28,299	5,730
14,860	-
<u>302,637</u>	<u>693,423</u>
<u>\$ 2,044,244</u>	<u>\$ 1,578,872</u>

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**HISTORY AND FUNCTION OF ORGANIZATION**

The City of Burlington, Colorado was incorporated January 31, 1974, under the provisions of Chapter 139, Article 90 of the Colorado Revised Statutes as a Home Rule City.

The City is a political subdivision of the State of Colorado which is governed by an elected mayor and elected six-member City Council. The accounting policies of the City of Burlington, Colorado conform to generally accepted accounting principles (GAAP) as applicable to governments. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant principles.

**REPORTING ENTITY**

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consist of (a) the primary government, (b) other organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon these criteria, there are no additional agencies or entities which should be included in the financial statements of the City.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include:

- 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and
- 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements.

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, sales and use taxes, franchise fees, state shared revenues, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)**

In the fund financial statements, the City reports the following major governmental funds:

**General Fund**

The General Fund uses the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Certain service fees and non-tax revenues are recognized when received or billed. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal sources of revenues are property and sales taxes. Principal expenditures are for police protection, public works, parks and recreations and City administration.

**Tourism Promotion Fund**

The Tourism Promotion Fund accounts for funds the activities of the Town's "Old Town" attraction and accounts for the Town's lodging taxes.

The City also reports the following Nonmajor fund:

**Special Revenue Funds:**

This fund account for revenues derived from specific taxes or other designated revenues that are legally restricted to expenditures for specific purposes. The City's special revenue fund is as follows:

**Conservation Trust Fund**

The Conservation Trust Fund accounts for funds received through the State of Colorado Lottery/ Conservation Trust Fund program. This fund is required through state statute to be spent on parks and recreation.

**Proprietary Funds**

The City also reports the following major proprietary funds:

**Electric, Water and Sewer, and Airport Funds**

The Electric and Water & Sewer account for activities of the City's distribution and collection operations. The Airport Fund accounts for the sale of fuel and expenses of operating the airport.

**PROPERTY TAXES**

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the City on a monthly basis.

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PROPERTY TAXES (Continued)**

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding unavailable revenue are recorded at December 31. As the tax is collected in the succeeding year, the unavailable revenue is recognized as revenue and the receivable is reduced.

**ACCUMULATED UNPAID LEAVE (COMPENSATED ABSENCES)**

Employees are allowed 10-15 vacation days each year depending on years of employment. There is no accumulation of vacation. In case of emergency, City Council may authorize payment of up to 1/2 of vacation. Sick leave is accrued at the rate of 10 days per year with accumulation of up to 90 days. No payment is made for unused sick leave.

**BUDGETS AND BUDGETARY ACCOUNTING**

Budgets were adopted for all funds. Budgets are prepared on the same basis of accounting as that used for accounting purposes. In the budget versus actual statements, the actual results of operations are presented on the budgetary basis of accounting for proper comparison to the budget.

Budgets are adopted based on the requirements of state statutes. The following timetable is used:

- 1) Submission of the proposed budget to the City Council by October 15 of each year.
- 2) Certification of mill levies to the County Commissioners by December 15 of each year.
- 3) Final adoption of the budget and appropriations by December 31 of each year.

The City does not utilize encumbrance accounting and all appropriations lapse at year end.

**ACCOUNTS RECEIVABLE**

Based upon a review of the existing accounts receivable, no allowance for doubtful accounts is needed for any fund.

**INVENTORY**

All inventories are valued at cost using the first-in/first-out (FIFO) method in the proprietary funds. Inventories of governmental funds are recorded as expenditures when purchased.

**PREPAID ITEMS**

Payments to vendors for services that will benefit periods beyond the year-end are recorded as prepaid items.

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property and equipment of the City is depreciated using the straight line method over the following estimated useful lives.

Infrastructure	40 years
Improvements	10 - 50 years
Buildings	10 - 50 years
Equipment	5 - 50 years
Vehicles	7 - 20 years

The City has elected to not retroactively report infrastructure.

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows related to taxes levied in 2016 to be collected in 2017.

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**NET POSITION/FUND BALANCES**

In the government-wide financial statements and for the proprietary fund statements, net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balances are reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Trustees, are reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts. The City currently has no committed funds.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The City currently has no assigned fund balances.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned.

**NET POSITION/FUND EQUITY FLOW ASSUMPTIONS**

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

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CASH FLOW STATEMENT**

For purposes of the statement of cash flows, cash equivalents are defined as all bank account balances and investments with maturities of ninety days or less.

**COMPARATIVE DATA**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

All funds must have budgets to be allowed expenditures. Budgets for all funds except proprietary funds are adopted on a basis consistent with generally accepted accounting principles. The proprietary funds are prepared on the accrual basis of accounting excluding depreciation expense. All annual appropriations lapse at year end.

By August 25 the County Assessor forwards certification of assessed valuation to the City. On or before October 1, departments must submit to the budget officer an estimate of their expenditure requirements and their estimated revenue for the ensuing budget year. The budget officer shall prepare and submit to the City Council a proposed budget by October 15. Upon receipt of the proposed budget, the City Council shall publish a notice showing the proposed budget is open for inspection by the public and the date the City will consider adoption of such proposed budget.

By December 15, the City Council certifies to County Commissioners the mill levy against the assessed valuation.

Final adoption and an ordinance or resolution making appropriations is due by December 31 and submitted to division of local government within 30 days.

Expenditures may not legally exceed budgeted appropriations at the fund level.

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 3: CASH AND INVESTMENTS**

**DEPOSITS**

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations.

Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2016, all of the City's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

Deposits at December 31, 2016 were as follows:

	<u>Bank Balance</u>	<u>Book Balance</u>
FDIC Insured	\$ 962,942	\$ 962,942
Collateralized under PDPA (Not held in City's name)	4,869,117	4,657,444
Petty Cash	<u>-</u>	<u>1,000</u>
Total Cash and Investments	<u>\$ 5,832,059</u>	<u>\$ 5,621,386</u>

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 3: CASH AND INVESTMENTS (Continued)**

**INVESTMENTS**

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The City does not have an investment policy that would further limit its investment choices.

For the year ended December 31, 2016, the City did not hold any investments as described above

Concentration of Credit Risk

The City places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in the statutes. The City's investment portfolio contains no investments that exceed that limitation.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2016, the City's did not hold any investments exposed to Custodial Credit Risk.

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 3: CASH AND INVESTMENTS (Continued)**

**RESTRICTED CASH**

The City has restricted cash and set aside equity as follows:

<u>Restricted Cash</u>		
Restricted for Library	\$	15,000
Restricted for Parks & Rec Capital		147,263
Restricted for TABOR Emergency Reserve		<u>267,000</u>
Presented as Restricted Fund Balance		429,263
Restricted for Parmer Park		1,093
Restricted for Library		<u>55,307</u>
Presented as Committed Fund Balance		56,400
Restricted O & M and Debt Service Reserve (Restricted Net Position)		651,528
Restricted for Airport Runway Replacement (Unrestricted Net Position)		<u>266,904</u>
Total Restricted Cash	\$	<u>1,404,095</u>

**NOTE 4: CAPITAL ASSETS**

A summary of the City's governmental capital asset transactions for the year are as follows:

	<u>Balance</u> <u>1/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2016</u>
<b>Capital assets not being depreciated</b>				
Land	\$ 337,017	\$ -	\$ -	\$ 337,017
Old City Donations	<u>101,406</u>	-	-	<u>101,406</u>
<b>Total capital assets not being depreciated</b>	<u>438,423</u>	-	-	<u>438,423</u>
<b>Capital assets being depreciated</b>				
Infrastructure	1,229,057	-	-	1,229,057
Buildings	4,327,428	-	-	4,327,428
Improvements other than buildings	1,532,788	-	-	1,532,788
Equipment	1,732,056	17,975	-	1,750,031
Vehicles	<u>640,412</u>	<u>61,893</u>	<u>(5,000)</u>	<u>697,305</u>
<b>Total capital assets being depreciated</b>	<u>9,461,741</u>	<u>79,868</u>	<u>(5,000)</u>	<u>9,536,609</u>
<b>Accumulated depreciation</b>				
Infrastructure	(370,136)	(32,813)	-	(402,949)
Buildings	(1,612,004)	(90,241)	-	(1,702,245)
Improvements other than buildings	(919,202)	(43,880)	-	(963,082)
Equipment	(1,120,534)	(83,525)	-	(1,204,059)
Vehicles	<u>(462,849)</u>	<u>(37,770)</u>	<u>5,000</u>	<u>(495,619)</u>
<b>Total accumulated depreciation</b>	<u>(4,484,725)</u>	<u>(288,229)</u>	<u>5,000</u>	<u>(4,767,954)</u>
<b>Net Capital Assets</b>	<u>\$ 5,415,439</u>	<u>\$ (208,361)</u>	<u>\$ -</u>	<u>\$ 5,207,078</u>

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 4: CAPITAL ASSETS** (Continued)

Depreciation has been allocated to the various governmental functions as follows:

General Government	\$ 31,205
Public Safety	31,007
Public Works	50,206
Culture and Recreation	175,811
<b>Total Depreciation</b>	<b><u>\$ 288,229</u></b>

A summary of the City's business-type capital asset transactions for the year are as follows:

	<b>Balance 1/1/2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2016</b>
<b>Capital assets not being depreciated</b>				
Land	\$ 584,615	\$ -	\$ -	\$ 584,615
Construction in Progress	-	433,820	-	433,820
Water rights	2,918,032	-	-	2,918,032
<b>Total capital assets not being depreciated</b>	<b><u>3,502,647</u></b>	<b><u>433,820</u></b>	<b><u>-</u></b>	<b><u>3,936,467</u></b>
<b>Capital assets being depreciated</b>				
System	10,263,839	-	-	10,263,839
Buildings	1,074,756	-	-	1,074,756
Other improvements	5,086,786	47,259	-	5,134,045
Equipment	1,087,674	-	-	1,087,674
Vehicles	516,802	6,600	(11,900)	511,502
<b>Total capital assets being depreciated</b>	<b><u>18,029,857</u></b>	<b><u>53,859</u></b>	<b><u>(11,900)</u></b>	<b><u>18,071,816</u></b>
<b>Accumulated depreciation</b>				
System	(4,955,469)	(238,582)	-	(5,194,051)
Buildings	(318,563)	(25,697)	-	(344,260)
Other improvements	(1,951,201)	(213,870)	-	(2,165,071)
Equipment	(642,071)	(65,892)	-	(707,963)
Vehicles	(424,399)	(28,267)	11,900	(440,766)
<b>Total accumulated depreciation</b>	<b><u>(8,291,703)</u></b>	<b><u>(572,308)</u></b>	<b><u>11,900</u></b>	<b><u>(8,852,111)</u></b>
<b>Net Capital Assets</b>	<b><u>\$ 13,240,801</u></b>	<b><u>\$ (84,629)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 13,156,172</u></b>

Depreciation has been allocated to the various business-type activities as follows:

Electric	\$ 155,539
Water	71,870
Sewer	67,488
Airport	277,411
<b>Total Depreciation</b>	<b><u>\$ 572,308</u></b>

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 5: LONG-TERM DEBT**

**BUSINESS-TYPE ACTIVITIES**

Changes in business-type activity long-term debt are as follows:

	Balance 12/31/2015	Advances	Repayments	Balance 12/31/2016	Current Portion	Accrued Interest	Interest Expense
<b><u>Business-type Activities</u></b>							
<b><u>2014 Series A Revenue Bonds Payable</u></b>							
Bonds Payable - Water	\$ 3,300,000	\$ -	\$ 115,000	\$ 3,185,000	\$ 115,000	\$ 20,925	\$ 128,428
Bond Premiums - Water	13,267	-	462	12,805	462	-	(462)
<b><u>2014 Series B Revenue Bonds Payable</u></b>							
Bonds Payable - Water	500,054	-	(55,091)	555,145	(55,091)	9,951	59,960
Bond Premiums - Water	5,653	-	91	5,562	91	-	(91)
Bonds Payable - Sewer	1,369,946	-	85,091	1,284,855	85,091	2,141	13,345
<b><u>2016 CWRPDA Note Payable</u></b>	<b>-</b>	<b>2,250,000</b>	<b>330,900</b>	<b>1,919,100</b>	<b>4,584</b>	<b>-</b>	<b>-</b>
<b>Total Noncurrent Liabilities</b>	<b>\$ 5,188,920</b>	<b>\$ 2,250,000</b>	<b>\$ 476,453</b>	<b>\$ 6,962,467</b>	<b>\$ 150,137</b>	<b>\$ 33,017</b>	<b>\$ 201,180</b>

In May 2014, the City issued \$5,250,000 of revenue bonds in the Water & Sewer Fund at rates varying from 2.00%-4.35% (4.21% yield) for a term of 21 years for water rights and facilities of the system as well as a mandatory refinancing of the City's existing 2010 Colorado Water and Resource and Power Development Authority loan utilized by the sewer operation. Interest payments are due on May 1 and November 1 of each year and principal payments are due on November 1 of each year. Following is a payment schedule. Bonds maturing on and after November 1, 2020 are beginning November 1, 2019. The bond requires the maintenance of a reserve account in the amount of \$385,533 and contains a revenue pledge. The bonds also contain a requirement that net revenues as defined exceed 120% of the maximum annual debt service of the outstanding and parity bonds which occurs in the 2020 fiscal year in the amount of \$464,597, or a required net revenue of \$557,516. The City has set aside \$651,528 to meet the reserve requirement and the CWRPDA reserve requirement described below as well as for future rate stabilization.

As the 2014 bonds carry an average interest rate greater than the requirements of the 2010 CWRPDA loan, it was determined that the sewer operation would be charged principal and interest based on the 2010 amortization schedule with the Water operation charged for any remaining amount and all adjustments run through the Series B scheduled payments.

Scheduled payments on the bonds are as follows:

Year	Principal	Interest	Total
2017	\$ 185,000	\$ 198,108	\$ 383,108
2018	195,000	192,558	387,558
2019	200,000	186,708	386,708
2020	210,000	180,708	390,708
2021	210,000	173,883	383,883
2022-2026	1,235,000	699,890	1,936,090
2027-2031	1,505,000	428,137	1,933,330
2032-2034	1,065,000	93,961	1,544,101
Total	<b>\$ 5,025,000</b>	<b>\$ 2,320,486</b>	<b>\$ 7,345,486</b>

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 5: LONG-TERM DEBT** (Continued)

**BUSINESS-TYPE ACTIVITIES** (Continued)

In November 2016, the City entered into a \$2,250,000 loan agreement through the Colorado Water Resource and Power Development Authority (“CWRPDA”) in the Water & Sewer Fund at a rate of 1% for a term of 30 years for facilities of the water system. Principal and interest payments are due on May 1 and November 1 of each year. CWRPDA forgave \$330,900 of principal during the fiscal year. The loan requires the maintenance of an operations and maintenance reserve account in the amount of three months of budgeted operations, or \$222,626 as of December 31, 2016. The loan also contains a requirement that net revenues as defined exceed 110% of the maximum annual debt service of the outstanding and parity loans bonds which occurs in the 2020 fiscal year. The City has set aside funds to meet the debt service and operations and maintenance reserve requirements as described above.

Scheduled payments on the loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 4,584	\$ 1,599	\$ 6,183
2018	56,097	19,005	75,102
2019	56,659	18,443	75,102
2020	57,227	17,875	75,102
2021	57,801	17,301	75,102
2022-2026	297,815	77,696	375,511
2027-2031	313,044	62,467	375,511
2032-2036	329,053	46,457	375,510
2037-2041	345,882	29,629	375,510
2042-2046	363,571	11,941	375,510
2047	37,367	189	375,511
Total	<u>\$ 1,919,100</u>	<u>\$ 302,602</u>	<u>\$ 1,433,123</u>

In addition, the City has recorded the following non-current assets related to the above debt issuances:

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>	<u>Accrued</u>	<u>Interest</u>
	<u>12/31/2015</u>	<u>Advances</u>	<u>Repayments</u>	<u>12/31/2016</u>	<u>Portion</u>	<u>Interest</u>	<u>Expense</u>
<b><u>2014 Bonds Payable</u></b>							
Series A Bond Insurance	\$ 55,507	\$ -	\$ 1,934	\$ 53,573	\$ 1,934	\$ -	\$ 1,934
Series B Bond Insurance	31,929	-	(512)	32,441	512	-	(512)
Total Bond Insurance Asset	<u>\$ 87,436</u>	<u>\$ -</u>	<u>\$ 1,422</u>	<u>\$ 86,014</u>	<u>\$ 2,446</u>	<u>\$ -</u>	<u>\$ 1,422</u>

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 5: LONG-TERM DEBT** (Continued)

**BUSINESS-TYPE ACTIVITIES** (Continued)

Coverage for the rate maintenance agreement is as follows:

Gross Charges for Services	\$ 1,329,972
Other Charges	58,226
Plant Investment Fees	<u>212,196</u>
Gross Revenue	1,600,394
Water Treatment and Distribution	782,861
Sewer Collection and Treatment	127,451
Administration	2,854
Transfers Out	<u>79,635</u>
Operations and Maintenance Expenses	<u>992,801</u>
Net Revenues	607,593
Maximum Annual Debt Service - FY2025	385,533
Rate Maintenance Coverage	<u>120%</u>
Required Rate Maintenance Net Revenue	<u>462,640</u>
Excess Coverage (Deficiency)	<u>\$ 144,953</u>

The City also entered into an additional \$250,000 loan agreement with CWRPDA in April of 2017.

**NOTE 6: PENSION PLANS**

**INTERNAL REVENUE CODE SECTION 457 PLAN**

The City has established an Internal Revenue Code Section 457 Plan for the benefit of employees. A 457 plan allows an employee to contribute pretax dollars towards retirement. All amounts contributed are fully vested. The City has contributed, \$69,847, or 5% of employee payroll, in form of an employee match for the current fiscal year.

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 7: INTERNAL ACTIVITY**

During 2016, the City made the following routine inter-fund transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 382,469	\$ 122,259
Conservation Trust Fund	-	40,000
Electric Fund	-	282,315
Water and Sewer Fund	-	70,154
Airport Fund	57,259	-
Old Town Fund	75,000	-
Net Transfers	<u>\$ 514,728</u>	<u>\$ 514,728</u>

**NOTE 8: FUND BALANCE/NET POSITION RESERVES/RESTRICTIONS**

**TAX SPENDING AND DEBT LIMITATIONS**

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado, all local governments, and special districts.

The City's financial activity for the year ended December 31, 2016 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 1992, revenue in excess of the City's "spending limit" must be refunded unless voters approve the retaining of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases and new debt.

At a November 1997 election, the electors of the City authorized the City to collect, retain and expend the full amount of the revenues from all sources. This election authorized the spending of such revenues in each year without limitation under Article X, Section 20 of the Colorado Constitution.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. The City's management believes it is in compliance with the TABOR amendment.

The Article requires an emergency reserve be set aside for 2016 in the amount of 3% or more of its fiscal year spending. At December 31, 2016, the City has reserved/restricted the following for emergencies:

General Fund	<u>\$ 267,000</u>
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**OTHER COMMITMENTS AND RESTRICTIONS**

The City has committed or restricted other funds as summarized in Note 3.

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 9: COMMITMENTS AND CONTINGENCIES**

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of the City, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2016.

**NOTE 10: RISK MANAGEMENT**

The City of Burlington, Colorado carries insurance coverage for all foreseeable risks of loss. These include, but are not necessarily limited to, worker's compensation, property and liability, bond, and errors and omissions.

The City of Burlington, Colorado carries property, liability and bond coverage through Colorado Intergovernmental Risk Sharing Agency (CIRSA). Premiums are based on prior claims, as adjusted through various worker classifications. Risk of loss is transferred to CIRSA.

The City workers' compensation insurance through Pinnacol Assurance. Risk of loss is transferred to Pinnacol.

The City has not materially changed its coverage from previous years. Based on the lack of previous loss occurrences, the City has not recorded any liability for unpaid claims at December 31, 2016.

**NOTE 11: PRIOR PERIOD RESTATEMENT**

As part of the December 31, 2016 fiscal year audit, it was determined that certain prior year balances required restatement. These adjustments consisted of the understatement of airport fund receivables related to state and federal funding, as well as expenditures related to these reimbursements.

These restatements are as follows:

	<u>Airport</u>
Beginning Equity	<u>\$ 4,625,437</u>
Record 2015 Airport Payable	(28,209)
Record 2015 Airport Receivable	<u>99,246</u>
Net Restatements	<u>71,037</u>
Beginning Equity (As Restated)	<u>\$ 4,696,474</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF BURLINGTON

**BUDGETARY COMPARISON SCHEDULE**

**General Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

**With Comparative Totals for the Year Ended December 31, 2015**

	<b>2016</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>	<b>2015 Actual</b>
<b>REVENUES</b>					
<b>Taxes</b>					
Property Taxes	\$ 343,439	\$ 343,439	\$ 341,642	\$ (1,797)	\$ 322,541
Specific Ownership Taxes	42,000	42,000	40,917	(1,083)	44,456
Sales and Use Taxes	1,141,000	1,141,000	1,200,482	59,482	1,309,286
Franchise Taxes	100,000	100,000	89,598	(10,402)	97,894
Other Taxes	275,500	275,500	51,373	(224,127)	244,578
Total Tax Revenue	<u>1,901,939</u>	<u>1,901,939</u>	<u>1,724,012</u>	<u>(177,927)</u>	<u>2,018,755</u>
<b>Intergovernmental Revenues</b>					
Cigarette Taxes	10,000	10,000	11,224	1,224	8,756
Highway Users	125,000	125,000	126,962	1,962	128,748
Road and Bridge	190,000	190,000	169,594	(20,406)	169,747
Clerk/Motor Vehicle Fees	14,000	14,000	13,863	(137)	13,702
Mineral Lease	-	-	2,037	2,037	2,479
Severance Tax	3,700	3,700	1,493	(2,207)	5,817
State Grants	13,000	13,000	4,000	(9,000)	4,553
Total Intergovernmental Revenue	<u>355,700</u>	<u>355,700</u>	<u>329,173</u>	<u>(26,527)</u>	<u>333,802</u>
<b>Licenses and Permits</b>					
Liquor Licenses	2,000	2,000	6,008	4,008	4,981
Building Permits	1,000	1,000	2,580	1,580	1,400
Animal Licenses	-	-	295	295	728
Other Licenses	500	500	1,000	500	492
Total Licenses and Permits	<u>3,500</u>	<u>3,500</u>	<u>9,883</u>	<u>6,383</u>	<u>7,601</u>
<b>Fines and Forfeits</b>					
	<u>15,000</u>	<u>15,000</u>	<u>21,350</u>	<u>6,350</u>	<u>11,788</u>
<b>Internal Charges</b>					
<b>Charges for Services</b>					
Recreation/Comm Ctr/Library Charges	166,000	166,000	93,813	(72,187)	169,175
Rents	64,000	64,000	33,584	(30,416)	64,823
Internal Charges	34,125	34,125	34,125	-	28,538
Other Charges for Services	95,000	95,000	8,805	(86,195)	95,868
Total Charges for Services	<u>359,125</u>	<u>359,125</u>	<u>170,327</u>	<u>(188,798)</u>	<u>358,404</u>
<b>Investment Earnings</b>					
	<u>2,000</u>	<u>2,000</u>	<u>7,451</u>	<u>5,451</u>	<u>3,651</u>
<b>Other Revenues</b>					
Donations	200	200	4,043	3,843	7,567
Insurance Proceeds/Recoveries	76,000	76,000	146,732	70,732	57,569
Sale of Capital Assets	13,000	13,000	26,529	13,529	-
Other Miscellaneous Revenue	35,000	35,000	23,888	(11,112)	22,325
Total Other Revenue	<u>124,200</u>	<u>124,200</u>	<u>201,192</u>	<u>76,992</u>	<u>87,461</u>
<b>TOTAL REVENUES</b>	<u>2,761,464</u>	<u>2,761,464</u>	<u>2,463,388</u>	<u>(298,076)</u>	<u>2,821,462</u>

See accompanying Independent Auditors' Report.

(Continued)

CITY OF BURLINGTON

**BUDGETARY COMPARISON SCHEDULE**

**General Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

**With Comparative Totals for the Year Ended December 31, 2015**

	<b>2016</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>	<b>2015 Actual</b>
(Continued)					
<b>EXPENDITURES</b>					
<b>General Government</b>					
Personnel Services	338,767	338,767	425,777	87,010	355,808
Contract labor	34,500	34,500	12,635	(21,865)	9,600
Fuel and Automotive	9,500	9,500	8,370	1,130	5,494
Insurance	125,000	125,000	148,780	(23,780)	137,319
Professional Fees	38,300	38,300	128,013	(89,713)	41,008
Repairs and Maintenance	13,760	13,760	2,498	11,262	15,583
Supplies	56,700	56,700	49,507	7,193	39,744
Telephone and Utilities	46,200	46,200	39,863	6,337	44,853
Travel and Training	25,500	25,500	15,963	9,537	24,217
Other Expenses	89,300	89,300	103,915	(14,615)	93,570
Total General Government	<u>777,527</u>	<u>777,527</u>	<u>935,321</u>	<u>(27,504)</u>	<u>767,196</u>
<b>Public Safety</b>					
Personnel Services	649,353	649,353	547,577	101,776	529,161
Fuel and Automotive	8,000	8,000	6,036	1,964	6,826
Professional Fees	72,000	72,000	72,711	(711)	62,174
Repairs and Maintenance	3,000	3,000	3,360	(360)	5,312
Supplies	20,100	20,100	22,474	(2,374)	19,664
Telephone and Utilities	17,500	17,500	17,697	(197)	27,872
Travel and Training	26,000	26,000	16,707	9,293	15,086
Other Expenses	14,700	14,700	15,569	(869)	9,390
Total Public Safety	<u>810,653</u>	<u>810,653</u>	<u>702,131</u>	<u>108,522</u>	<u>675,485</u>
<b>Public Works</b>					
Personnel Services	268,872	268,872	293,519	(24,647)	258,979
Fuel and Automotive	30,000	30,000	20,639	9,361	39,698
Repairs and Maintenance	600,000	600,000	70,328	529,672	164,584
Supplies	50	50	135	(85)	100
Telephone and Utilities	7,250	7,250	6,880	370	7,140
Travel and Training	150	150	35	115	34
Other Expenses	500	500	259	241	427
Total Public Works/Comm Devel	<u>906,822</u>	<u>906,822</u>	<u>391,795</u>	<u>515,027</u>	<u>470,962</u>
<b>Parks, Recreation and Other</b>					
Personnel Services	721,611	721,611	600,694	(120,917)	675,886
Contract labor	9,600	9,600	2,400	(7,200)	9,600
Fuel and Automotive	19,000	19,000	9,494	(9,506)	15,558
Professional Fees	80,000	80,000	16,052	(63,948)	82,324
Repairs and Maintenance	90,000	90,000	30,884	59,116	69,763
Supplies	145,250	145,250	77,764	67,486	142,361
Telephone and Utilities	92,500	92,500	80,228	12,272	114,191
Travel and Training	3,550	3,550	552	2,998	534
Other Expenses	19,100	19,100	8,294	10,806	17,695
Total Parks, Recreation & Other	<u>1,180,611</u>	<u>1,180,611</u>	<u>826,362</u>	<u>(48,893)</u>	<u>1,127,912</u>

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON

**BUDGETARY COMPARISON SCHEDULE**

**General Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

**With Comparative Totals for the Year Ended December 31, 2015**

	<b>2016</b>				<b>2015</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>	
(Continued)					
<b>Capital Outlay</b>					
General Government Capital Outlay	10,000	10,000	9,630	370	15,000
Public Safety Capital Outlay	75,000	75,000	63,081	11,919	48,498
Public Works Capital Outlay	160,000	160,000	3,755	156,245	118,770
Parks, Recreation and Other Capital Outlay	34,900	34,900	14,992	19,908	14,878
Total Capital Outlay	<u>279,900</u>	<u>279,900</u>	<u>91,458</u>	<u>188,442</u>	<u>197,146</u>
<b>Debt Service</b>					
Principal	28,000	28,000	-	28,000	-
<b>Contingency Reserve</b>					
TOTAL EXPENDITURES	<u>3,983,513</u>	<u>3,983,513</u>	<u>2,947,067</u>	<u>763,594</u>	<u>3,238,701</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	(1,222,049)	(1,222,049)	(483,679)	465,518	(417,239)
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt Proceeds	160,000	160,000	-	(160,000)	-
Transfers In	(394,998)	(394,998)	260,210	134,788	580,611
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>\$ (1,457,047)</u>	<u>\$ (1,457,047)</u>	(223,469)	<u>\$ 440,306</u>	163,372
<b>Budget to GAAP Basis Reconciliation</b>					
<b>FUND BALANCE, BEGINNING</b>			<u>810,262</u>		<u>646,890</u>
<b>FUND BALANCE, ENDING</b>			<u>\$ 586,793</u>		<u>\$ 810,262</u>

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON

**BUDGETARY COMPARISON SCHEDULE**

**Tourism Promotion Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>2016</b>		
	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>REVENUES</b>			
<b>Taxes</b>			
Other Taxes	\$ 175,000	\$ 188,493	\$ 13,493
<b>Charges for Services</b>			
Recreation/Comm Ctr/Library Charges	75,300	88,981	13,681
Rents	4,000	32,721	28,721
Total Charges for Services	<u>79,300</u>	<u>121,702</u>	<u>42,402</u>
<b>Other Revenues</b>			
Donations	100	1,445	1,345
Other Miscellaneous Revenue	-	83,480	83,480
Total Other Revenue	<u>100</u>	<u>84,925</u>	<u>84,825</u>
TOTAL REVENUES	<u>254,400</u>	<u>395,120</u>	<u>140,720</u>
<b>EXPENDITURES</b>			
Repairs and Maintenance	-	11,742	(11,742)
Other Expenses	-	6,737	(6,737)
Total General Government	<u>-</u>	<u>18,479</u>	<u>(18,479)</u>
<b>Parks, Recreation and Other</b>			
Personnel Services	142,959	186,606	(43,647)
Fuel and Automotive	2,500	1,170	1,330
Repairs and Maintenance	45,000	60,369	(15,369)
Supplies	27,950	72,181	(44,231)
Telephone and Utilities	30,000	53,559	(23,559)
Travel and Training	150	379	(229)
Other Expenses	<u>83,500</u>	<u>76,904</u>	<u>6,596</u>
Total Parks, Recreation & Other	<u>332,059</u>	<u>451,168</u>	<u>(119,109)</u>
Parks, Recreation and Other Capital Outlay	<u>15,000</u>	<u>-</u>	<u>15,000</u>
TOTAL EXPENDITURES	<u>347,059</u>	<u>469,647</u>	<u>(122,588)</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<u>(92,659)</u>	<u>(74,527)</u>	<u>18,132</u>
Transfers In	<u>-</u>	<u>75,000</u>	<u>75,000</u>
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>\$ (92,659)</u>	<u>473</u>	<u>\$ 93,132</u>
<b>FUND BALANCE, BEGINNING</b>		<u>-</u>	
<b>FUND BALANCE, ENDING</b>		<u>\$ 473</u>	

See accompanying Independent Auditors' Report.

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**OTHER SUPPLEMENTARY INFORMATION**

CITY OF BURLINGTON

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2016**  
 With Comparative Totals for December 31, 2015

	<u>SPEC REV FUND</u>		
	<u>Conservation Trust</u>	<u>Total</u>	
	<u>Fund</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments			
Restricted Cash and Investments	147,263	147,263	145,461
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 147,263</u>	<u>\$ 147,263</u>	<u>\$ 145,461</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
<b>FUND BALANCE</b>			
Restricted Fund Balance	147,263	147,263	145,461
TOTAL FUND BALANCE	<u>147,263</u>	<u>147,263</u>	<u>145,461</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 147,263</u>	<u>\$ 147,263</u>	<u>\$ 145,461</u>

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**With Comparative Totals for the Year Ended December 31, 2015**

	<u>SPEC REV FUND</u>		
	<u>Conservation</u>		<u>Total</u>
	<u>Trust</u>	<u>Fund</u>	
	<u>2016</u>	<u>2015</u>	
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 41,777	41,777	38,593
Investment Earnings	61	61	56
<b>TOTAL REVENUES</b>	<u>41,838</u>	<u>41,838</u>	<u>38,649</u>
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	-
Parks, Recreation and Other	36	36	87
<b>TOTAL EXPENDITURES</b>	<u>36</u>	<u>36</u>	<u>87</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<u>41,802</u>	<u>41,802</u>	<u>38,562</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (Out)	(40,000)	(40,000)	(25,569)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(40,000)</u>	<u>(40,000)</u>	<u>(25,569)</u>
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>	1,802	1,802	12,993
<b>FUND BALANCE, BEGINNING</b>	<u>145,461</u>	<u>145,461</u>	<u>132,468</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 147,263</u>	<u>\$ 147,263</u>	<u>\$ 145,461</u>

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON

**BUDGETARY COMPARISON SCHEDULE**

**Conservation Trust Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

**With Comparative Totals for the Year Ended December 31, 2015**

	2016			2015 Actual
	Original & Final Budget	Actual	Variance With Final Budget	
<b>REVENUES</b>				
<b>Intergovernmental Revenues</b>				
Cons Trust Fund Revenue	\$ 40,000	\$ 41,777	\$ 1,777	\$ 38,593
<b>Investment Earnings</b>	100	61	(39)	56
<b>TOTAL REVENUES</b>	<u>40,100</u>	<u>41,838</u>	<u>1,738</u>	<u>38,649</u>
<b>EXPENDITURES</b>				
<b>Parks, Recreation and Other</b>				
Other Expenses	100	36	64	87
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	40,000	41,802	1,802	38,562
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (Out)	(40,000)	(40,000)	-	(25,569)
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>\$ -</u>	1,802	<u>\$ 1,802</u>	12,993
<b>Budget to GAAP Basis Reconciliation</b>				
<b>FUND BALANCE, BEGINNING</b>		145,461		132,468
<b>FUND BALANCE, ENDING</b>		<u>\$ 147,263</u>		<u>\$ 145,461</u>

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL**

**Electric Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

**With Comparative Totals for the Year Ended December 31, 2015**

	2016		Variance with Final Budget	2015
	Final Budget	Actual		Actual
<b>Operating Revenues</b>				
Utility Charges	\$ 4,700,000	\$ 4,517,352	\$ (182,648)	\$ 4,456,356
Other Charges for Services	125,500	213,333	87,833	219,701
Total Revenues	<u>4,825,500</u>	<u>4,730,685</u>	<u>(94,815)</u>	<u>4,676,057</u>
<b>Operating Expenses</b>				
Electric Production	3,048,650	2,714,989	333,661	2,648,737
Electric Distribution	1,615,072	265,136	1,349,936	766,014
Administration	236,600	168,636	67,964	159,601
Other Capital Outlay	75,000	65,882	9,118	52,337
Total Expenditures	<u>4,975,322</u>	<u>3,214,643</u>	<u>1,760,679</u>	<u>3,626,689</u>
Operating Income (Loss)	(149,822)	1,516,042	1,665,864	1,049,368
<b>Other Income (Expense)</b>				
Investment Earnings	500	1,309	809	791
Net Income (Loss) before Transfers	(149,322)	1,517,351	1,666,673	1,050,159
<b>Transfers</b>				
Transfers In/(Out)	(277,355)	(282,315)	(4,960)	(489,248)
Net Income (Loss), Budget Basis	(426,677)	1,235,036	1,661,713	560,911
<b>Contributed Capital</b>				
Plant Investment Fees	35,000	60,378	25,378	85,699
Change in Net Position (Budget Basis)	<u>\$ (391,677)</u>	1,295,414	<u>\$ 1,687,091</u>	646,610
<b>Budget to GAAP Reconciliation</b>				
Depreciation Expense		(149,971)		(154,650)
Capital Outlay		65,882		(10,421)
Change in Net Position - GAAP Basis		1,211,325		481,539
Net Position, Beginning		<u>4,517,717</u>		<u>4,036,178</u>
Net Position, Ending		<u>\$ 5,729,042</u>		<u>\$ 4,517,717</u>

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**BUDGET AND ACTUAL**

**Water & Sewer Fund**

FOR THE YEAR ENDED DECEMBER 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	2016		Variance with Final Budget	2015
	Final Budget	Actual		Actual
<b>Operating Revenues</b>				
Utility Charges	\$ 1,300,500	\$ 1,397,596	\$ 97,096	\$ 1,329,971
Other Charges for Services	2,000	6,449	4,449	51,729
Total Revenues	<u>1,302,500</u>	<u>1,404,045</u>	<u>101,545</u>	<u>1,381,700</u>
<b>Operating Expenses</b>				
Water Treatment and Distribution	782,152	566,842	215,310	750,901
Sewer Collection and Treatment	133,700	97,851	35,849	127,451
Administration	-	-	-	2,854
Other Capital Outlay	545,000	362,638	182,362	48,599
Total Expenditures	<u>1,460,852</u>	<u>1,027,331</u>	<u>433,521</u>	<u>929,805</u>
Operating Income (Loss)	<u>(158,352)</u>	<u>376,714</u>	<u>535,066</u>	<u>451,895</u>
<b>Other Income (Expense)</b>				
Investment Earnings	1,000	2,266	1,266	1,944
Debt Service	(145,000)	(679,055)	(534,055)	(285,137)
Other Expense	-	(10,000)	(10,000)	-
Total Other Income (Expense)	<u>(144,000)</u>	<u>(686,789)</u>	<u>(542,789)</u>	<u>(283,193)</u>
Net Income (Loss) before Transfers	(302,352)	(310,075)	(7,723)	168,702
<b>Transfers</b>				
Transfers In/(Out)	<u>(87,643)</u>	<u>(70,154)</u>	<u>17,489</u>	<u>(79,635)</u>
Net Income (Loss), Budget Basis	(389,995)	(380,229)	9,766	89,067
<b>Contributed Capital</b>				
Plant Investment Fees	40,000	8,200	(31,800)	212,196
Intergovernmental Revenue	<u>250,000</u>	<u>330,900</u>	<u>80,900</u>	<u>-</u>
Total Contributed Capital	<u>290,000</u>	<u>339,100</u>	<u>49,100</u>	<u>212,196</u>
Change in Net Position (Budget Basis)	<u>\$ (99,995)</u>	<u>(41,129)</u>	<u>\$ 58,866</u>	<u>301,263</u>
<b>Budget to GAAP Reconciliation</b>				
Principal Paid		476,453		80,322
Depreciation Expense		(133,026)		(140,350)
Capital Outlay		<u>362,638</u>		<u>16,639</u>
Change in Net Position - GAAP Basis		664,936		257,874
Net Position, Beginning		<u>2,479,488</u>		<u>2,221,614</u>
Net Position, Ending		<u>\$ 3,144,424</u>		<u>\$ 2,479,488</u>

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**BUDGET AND ACTUAL**

**Solid Waste Fund**

FOR THE YEAR ENDED DECEMBER 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	2016		Variance with Final Budget	2015
	Final Budget	Actual		Actual
<b>Operating Revenues</b>				
Utility Charges	\$ 470,000	\$ 449,511	\$ (20,489)	\$ 443,231
<b>Operating Expenses</b>				
Solid Waste Collection	430,000	417,693	12,307	411,450
Administration	34,125	34,115	10	28,787
Total Expenditures	464,125	451,808	12,317	440,237
Change in Net Position (Budget Basis)	\$ 5,875	(2,297)	\$ (8,172)	2,994
<b>Change in Net Position - GAAP Basis</b>		(2,297)		2,994
<b>Net Position, Beginning</b>		69,001		66,007
<b>Net Position, Ending</b>		\$ 66,704		\$ 69,001

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**BUDGET AND ACTUAL**

**Airport Fund**

FOR THE YEAR ENDED DECEMBER 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	2016		Variance with Final Budget	2015
	Final Budget	Actual		Actual
<b>Operating Revenues</b>				
Airport Charges	\$ 244,200	\$ 204,536	\$ (39,664)	\$ 260,614
Other Charges for Services	12,000	13,000	1,000	11,000
Total Revenues	<u>256,200</u>	<u>217,536</u>	<u>(38,664)</u>	<u>271,614</u>
<b>Operating Expenses</b>				
Airport	250,700	219,761	30,939	326,050
Other Capital Outlay	150,000	61,998	88,002	207,438
Total Expenditures	<u>400,700</u>	<u>281,759</u>	<u>118,941</u>	<u>533,488</u>
Operating Income (Loss)	<u>(144,500)</u>	<u>(64,223)</u>	<u>80,277</u>	<u>(261,874)</u>
<b>Other Income (Expense)</b>				
Investment Earnings	20	100	80	21
Other Revenue	-	4,977	4,977	-
Total Other Income (Expense)	<u>20</u>	<u>5,077</u>	<u>5,057</u>	<u>21</u>
Net Income (Loss) before Transfers	(144,480)	(59,146)	85,334	(261,853)
<b>Transfers</b>				
Transfers In/(Out)	<u>10,000</u>	<u>57,259</u>	<u>47,259</u>	<u>13,842</u>
Net Income (Loss), Budget Basis	(134,480)	(1,887)	132,593	(248,011)
<b>Contributed Capital</b>				
Intergovernmental Revenue	<u>150,000</u>	<u>2,429</u>	<u>(147,571)</u>	<u>132,625</u>
Change in Net Position (Budget Basis)	<u>\$ 15,520</u>	<u>542</u>	<u>\$ (14,978)</u>	<u>(115,386)</u>
<b>Budget to GAAP Reconciliation</b>				
Depreciation Expense		(277,411)		(277,612)
Capital Outlay		<u>47,259</u>		<u>209,460</u>
Change in Net Position - GAAP Basis		<u>(229,610)</u>		<u>(183,538)</u>
Net Position, Beginning		4,625,437		4,808,975
Prior Period Restatement		71,037		-
Net Position, Beginning (As Restated)		<u>4,696,474</u>		<u>4,808,975</u>
Net Position, Ending		<u>\$ 4,466,864</u>		<u>\$ 4,625,437</u>

See accompanying Independent Auditors' Report.

## **STATE COMPLIANCE**

The public report burden for this information collection is estimated to average 380 hours annually.

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: City of Burlington
		YEAR ENDING : December 2016
This Information From The Records Of Town of Hudson	Prepared By: Phone:	Lorraine Trotter, Prof'l Mgmt Solutions 303-910-9197

**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	294,294
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	6,880
2. General fund appropriations	420,957	b. Snow and ice removal	62,917
3. Other local imposts (from page 2)	0	c. Other	
4. Miscellaneous local receipts (from page 2)	19,215	d. Total (a. through c.)	69,797
5. Transfers from toll facilities		4. General administration & miscellaneous	31,459
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	185,447
a. Bonds - Original Issues		6. Total (1 through 5)	580,996
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest & Costs of Issuance	
7. Total (1 through 6)	440,172	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	140,824	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	580,996	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	580,996

**IV. LOCAL HIGHWAY DEBT STATUS**  
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	580,996	580,996	(0)	0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado
	YEAR ENDING (mm/yy): December 2016

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	19,215
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	0	h. Other	
c. Total (a. + b.)	0	i. Total (a. through h.)	19,215
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	126,962	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	13,862	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	13,862	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	140,824	3. Total (1. + 2.g)	
			(Carry forward to page 1)

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: