

**CITY OF BURLINGTON  
BURLINGTON, COLORADO**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2018**

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## FINANCIAL SECTION

## CITY OF BURLINGTON, COLORADO

### Management Discussion and Analysis For the Year Ended December 31, 2018

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, 2018. Please read it in conjunction with the financial statements.

#### **Financial Highlights**

- The City's Net Position increased by \$1,061,445 (4.7%) during 2018.
- The City's assets exceeded its liabilities and deferred inflows of financial resources at December 31, 2018 by \$23,838,598 (Net Position).
- At December 31, 2018, the City's governmental funds reported combined ending fund balances of \$411,716. This marked an increase of \$111,536 (37.2%) over the prior year.
- The \$111,536 increase in the governmental funds' combined ending fund balances was enabled by transfers of \$714,263 from the City's business-type funds.
- The aggregate Net Position of the City's business-type funds increased by \$1,185,354 (6.8%) during 2018 despite a decrease of -\$323,420 in the Airport Fund.
- The City received \$621,395 in grants from the Colorado Department of Local Affairs and the Colorado Water Resources & Power Development Authority to assist in compliance with regulations pertaining to nitrates in the City's water. The City completed its project to construct a water blending station during 2018.
- During 2018, the City received a grant of \$130,797 from the Federal Aviation Administration for an airport Master Plan.

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

This Discussion and Analysis report 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, administration, 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*.

*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 \$23,838,598 at the close of 2018.

### CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 961,473	\$ 808,143	\$ 6,370,756	\$ 7,520,501	\$ 7,332,229	\$ 8,328,644
Capital assets, net	4,821,172	5,097,215	19,011,628	17,515,887	23,832,800	22,613,102
Total assets	\$ 5,782,645	\$ 5,905,358	\$ 25,382,384	\$ 25,036,388	\$ 31,165,029	\$ 30,941,746
Deferred outflow s of resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current liabilities	107,198	104,571	793,095	1,401,649	900,293	1,506,220
Noncurrent Liabilities	42,630	83,229	5,923,970	6,154,059	5,966,600	6,237,288
Total liabilities	\$ 149,828	\$ 187,800	\$ 6,717,065	\$ 7,555,708	\$ 6,866,893	\$ 7,743,508
Deferred inflow s of resources	\$ 442,559	\$ 403,392	\$ 16,979	\$ 17,694	\$ 459,538	\$ 421,086
Net position:						
Net investment in capital assets	\$ 4,778,542	\$ 5,013,986	\$ 13,025,905	\$ 11,722,991	\$ 17,804,447	\$ 16,736,977
Restricted	360,150	286,811	1,168,050	1,114,220	1,528,200	1,401,031
Unrestricted	51,566	13,369	4,454,385	4,625,775	4,505,951	4,639,144
Total net position	\$ 5,190,258	\$ 5,314,166	\$ 18,648,340	\$ 17,462,986	\$ 23,838,598	\$ 22,777,152

Almost three-quarters (74.7%) of the City’s total net position at December 31, 2018 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 6.4% (\$1,528,200) of the City’s total net position at the end of 2018 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 \$4,505,951 of the City’s total net position at the end of 2018 represents 18.9% 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.

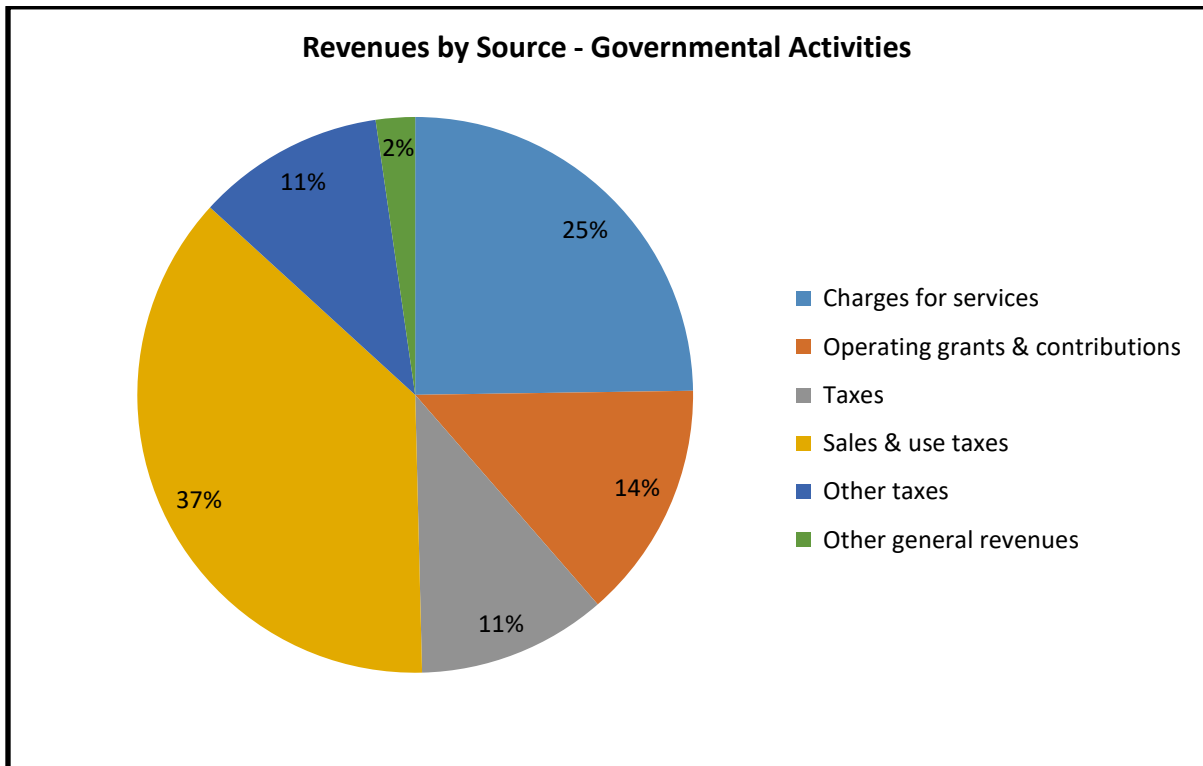
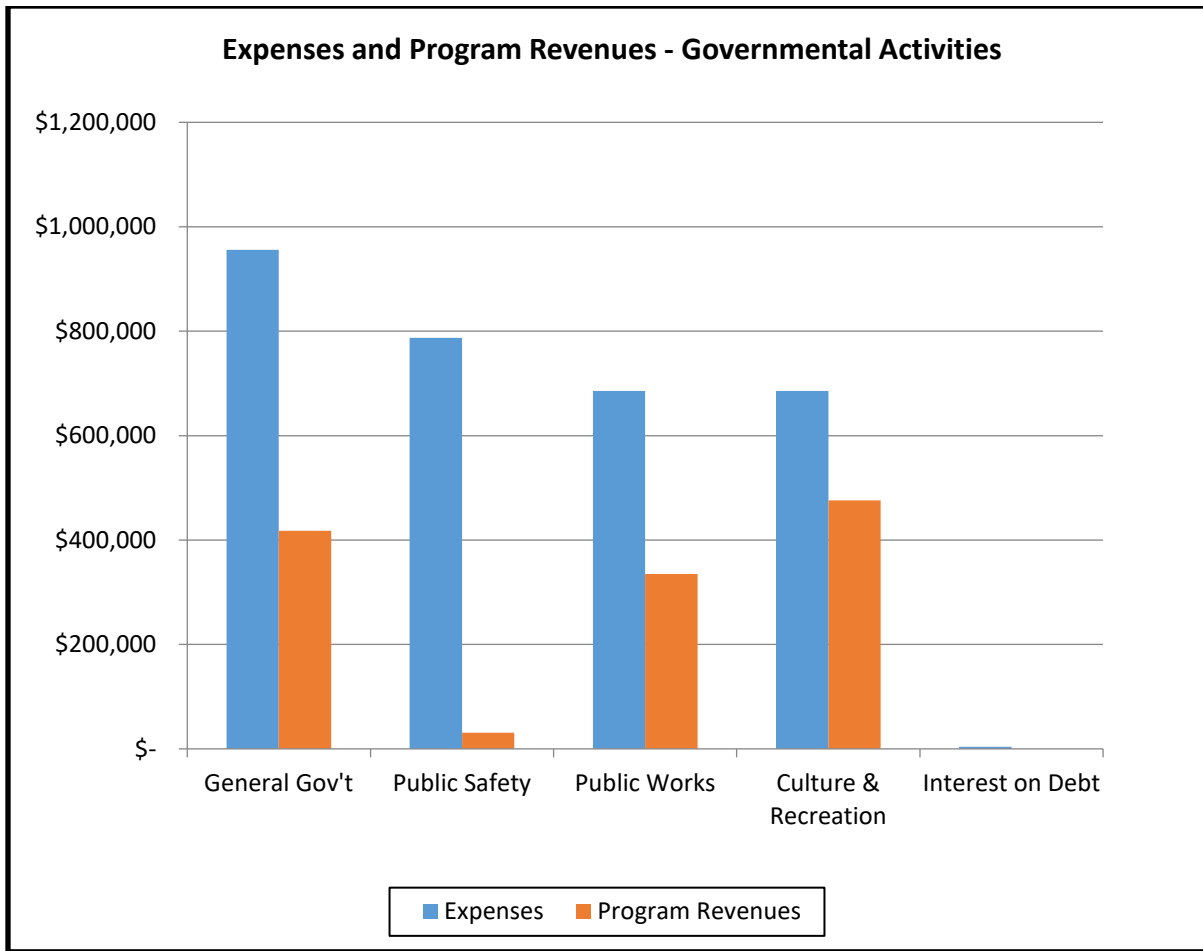
## CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Program revenues:						
Charges for services	\$ 808,187	\$ 465,907	\$ 6,762,028	\$ 6,679,043	\$ 7,570,215	\$ 7,144,950
Operating grants & contributions	451,331	433,681	-	-	451,331	433,681
Capital grants & contributions	-	-	768,192	2,617,299	768,192	2,617,299
General revenues:						
Property taxes	359,385	360,905	-	-	359,385	360,905
Sales & use taxes	1,213,261	1,132,549	-	-	1,213,261	1,132,549
Other taxes	356,914	298,461	-	-	356,914	298,461
Gain (loss) on sale of capital assets	23,995	26,574	-	14,257	23,995	40,831
Other general revenues	50,446	18,213	50,656	31,581	101,102	49,794
Total revenues	<u>\$ 3,263,519</u>	<u>\$ 2,736,290</u>	<u>\$ 7,580,876</u>	<u>\$ 9,342,180</u>	<u>\$10,844,395</u>	<u>\$12,078,470</u>
Program expenses:						
General government	\$ 955,818	\$ 742,972	\$ -	\$ -	\$ 955,818	\$ 742,972
Public safety	787,233	774,427	-	-	787,233	774,427
Public works	685,545	390,577	-	-	685,545	390,577
Parks and Recreation	1,668,933	1,455,755	-	-	1,668,933	1,455,755
Electric utility	-	-	3,248,438	3,269,727	3,248,438	3,269,727
Water and Sewer utility	-	-	1,214,798	969,283	1,214,798	969,283
Solid waste utility	-	-	505,591	448,120	505,591	448,120
Airport	-	-	712,432	599,098	712,432	599,098
Noncapitalized capital outlay	-	-	-	-	-	-
Interest on long-term debt	4,161	-	-	-	4,161	-
Total expenses	<u>\$ 4,101,690</u>	<u>\$ 3,363,731</u>	<u>\$ 5,681,259</u>	<u>\$ 5,286,228</u>	<u>\$ 9,782,949</u>	<u>\$ 8,649,959</u>
Transfers In/(Out)	\$ 714,263	\$ -	\$ (714,263)	\$ -	\$ -	\$ -
Increase/(decrease) in net position	\$ (123,908)	\$ (627,441)	\$ 1,185,354	\$ 4,055,952	\$ 1,061,446	\$ 3,428,511
Net Position, Beginning	5,314,166	5,941,607	17,462,986	13,407,034	22,777,152	19,348,641
Net Position, Ending	<u>\$ 5,190,258</u>	<u>\$ 5,314,166</u>	<u>\$18,648,340</u>	<u>\$17,462,986</u>	<u>\$23,838,598</u>	<u>\$22,777,152</u>

The Governmental Activities' expenses outpaced revenues by \$838,171 (25.7%) in 2018. After receiving \$714,263 in transfers from the enterprise funds, the Governmental Activities' decreased net position was \$123,908 (-2.3%) in 2018. Some elements of the shortfall in revenues compared to expenses are as follows:

- Salaries and wages increased by \$173,919 (10.2%) to help attract and retain good employees.
- Chip seal street improvements totaling \$279,415 were completed during 2018.
- Lease purchase payments of \$44,760 were made on three police vehicles acquired in 2017.

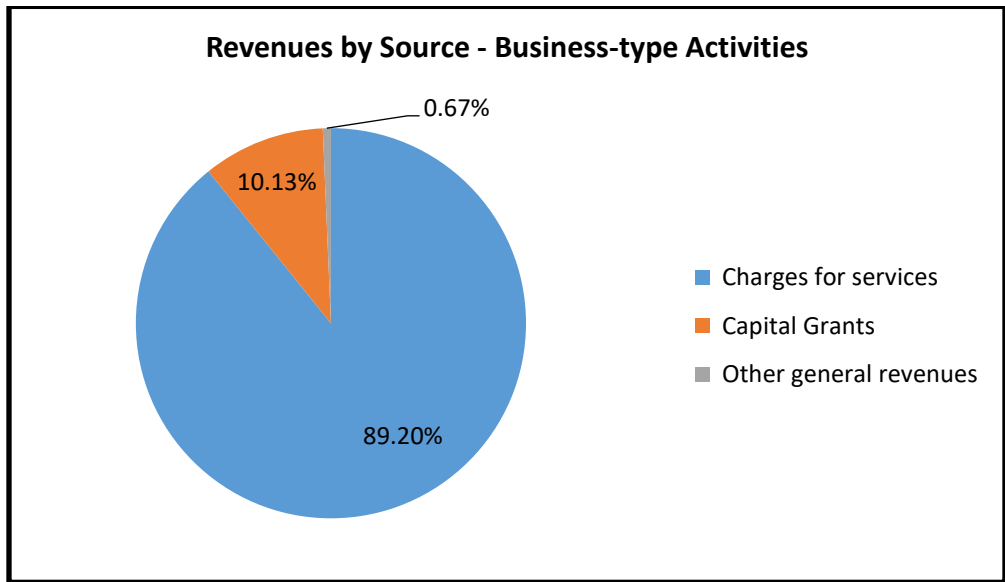
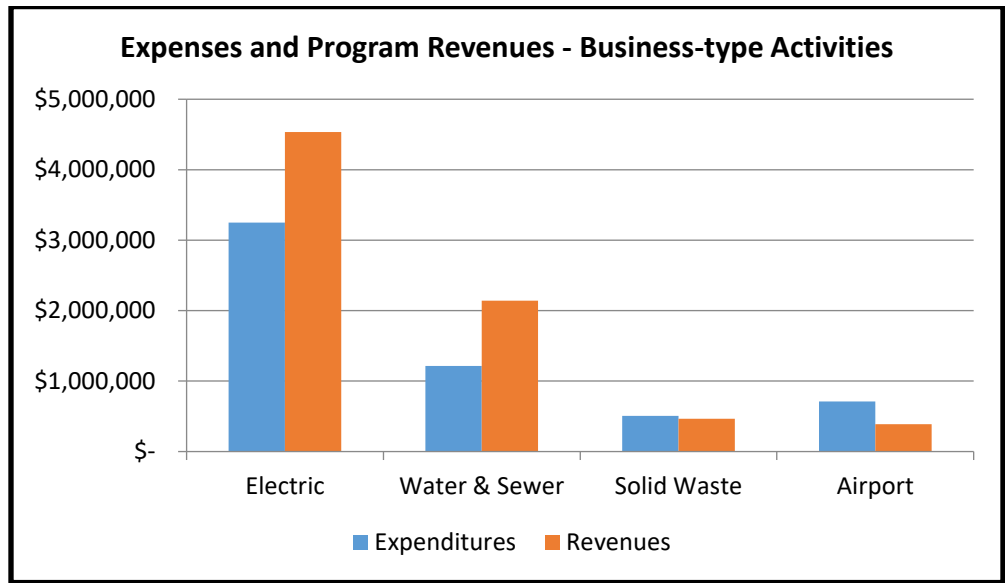
The following two charts illustrate the Governmental Activities revenues and expenses. As in most municipalities, the expenses of governmental activities are not fully supported through program revenues but are largely financed through taxes.



Business-type activities increased the City’s net position by \$1,185,354 (6.8%) during 2018. The City’s Electric utility and its Water & Sewer utility increased their net positions by \$712,088 (10.3%) and \$836,135 (13.3%) respectively, while the Solid Waste utility posted a decline in net position of -\$39,449 (-59.8%). The Airport

Fund experienced a decrease in net position of -\$323,420 (-7.7%). The Water & Sewer utility's increase was primarily due to capital grants received from the Colorado Department of Local Affairs and the Colorado Water Resources & Power Development Authority. Most (84.5%) of the decrease in the net position of the Airport Fund was due to depreciation of facilities of \$273,406.

The following two charts illustrate the Business-type Activities revenues and expenses for 2018.

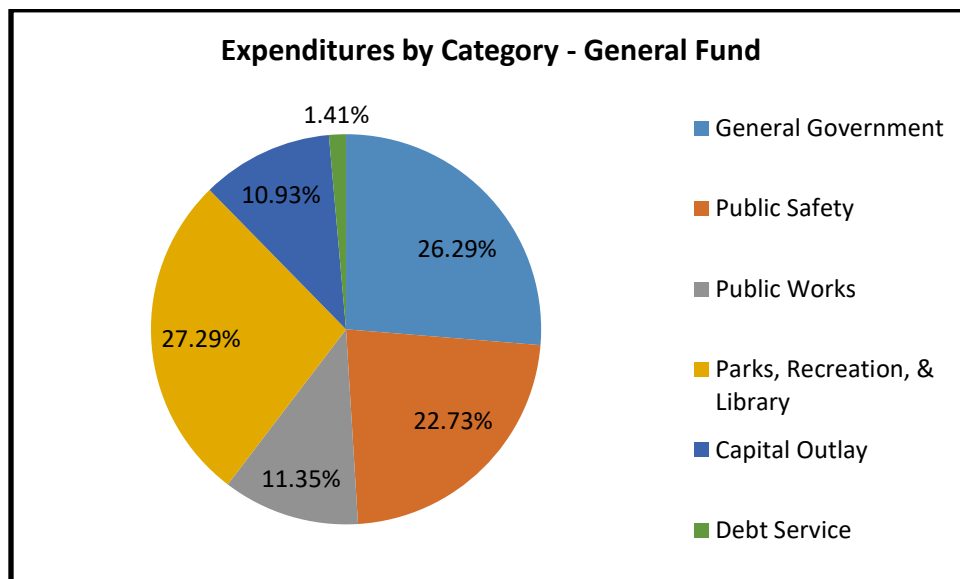
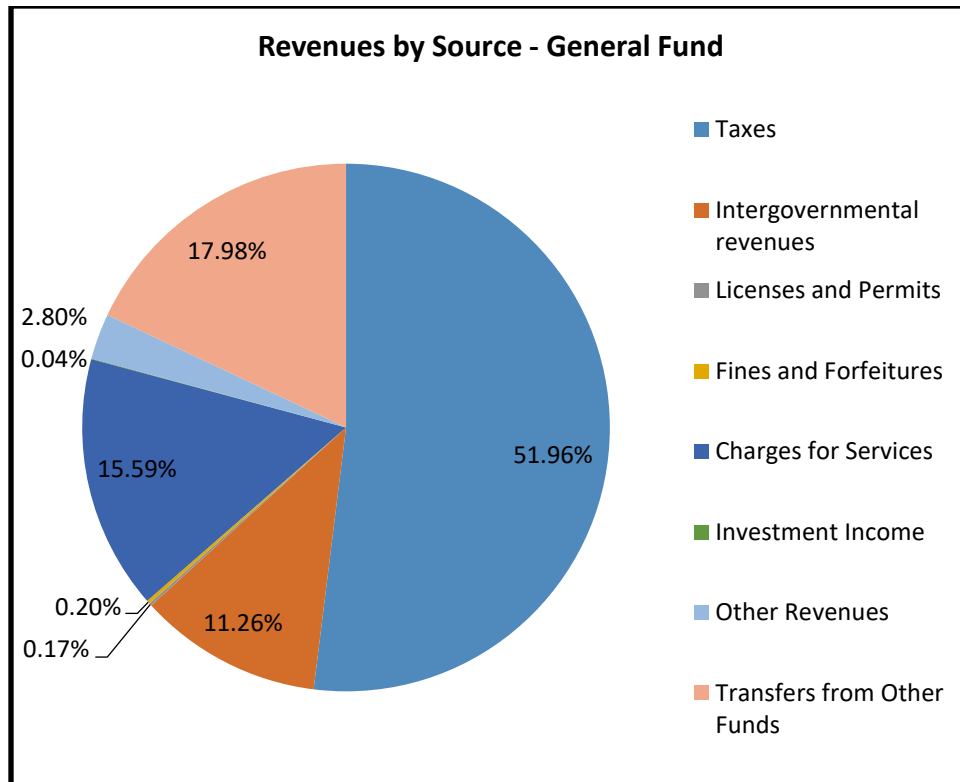


**Financial Analysis of the City's Funds**

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, 2018 the City's Governmental funds reported combined unrestricted fund balances of \$411,716. 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 2018, the fund balance of the General Fund totaled \$329,245,

which roughly equates to 12.2% of fund revenues for the year. This was a \$130,075 (65.3%) increase from 2017 due to transfers of \$592,000 from the Electric and Water & Sewer Funds. Management will continue to evaluate the revenues and expenditures of the General Fund during the annual budget process. The following two tables illustrate General Fund revenues and expenditures during 2018, including the transfers from other funds.



*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 2018, fund expenditures exceeded revenues by \$177,641 (33.6%). Management will continue to evaluate the revenues and expenditures of the Tourism Promotion Fund during the annual budget process.

## 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 \$18,648,340 of which \$13,025,902 was invested in capital assets and \$4,545,388 were unrestricted. The total net position of the proprietary funds increased by \$1,185,354 during 2018. Other significant factors concerning the finances of the proprietary funds can be found in the discussion of the City's business-type activities above.

## Capital Asset and Debt Administration

### Capital Assets.

At December 31, 2018 the City had invested in a range of capital assets totaling \$23,754,068 (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 2018, the City made additions to its vehicles, equipment, electric, and water system totaling \$2,127,606. Disposals of vehicles and equipment totaling \$47,980 also occurred during the year. Depreciation expenses of \$902,788 on total assets were recorded.

### Governmental Activities Capital Asset Summary

	Balance <u>1/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2018</u>
<b>Capital assets not being depreciated</b>				
Land	\$ 337,017	\$ -	\$ -	\$ 337,017
Old Town Donations	101,406	-	-	101,406
Construction in Progress	-	8,409	-	8,409
<b>Total capital assets not being depreciated</b>	<b>\$ 438,423</b>	<b>\$ 8,409</b>	<b>\$ -</b>	<b>\$ 446,832</b>
<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	1,792,779	8,722	(8,000)	1,793,501
Vehicles	725,811	-	(39,980)	685,831
<b>Total capital assets being depreciated</b>	<b>\$ 9,607,863</b>	<b>\$ 8,722</b>	<b>\$ (47,980)</b>	<b>\$ 9,568,605</b>
<b>Accumulated depreciation</b>				
Infrastructure	(435,900)	(32,951)	-	(468,851)
Buildings	(1,792,486)	(90,241)	-	(1,882,727)
Improvements other than buildings	(1,008,864)	(44,337)	-	(1,053,201)
Equipment	(1,283,033)	(71,878)	8,000	(1,346,911)
Vehicles	(428,788)	(51,774)	37,987	(442,575)
<b>Total accumulated depreciation</b>	<b>\$ (4,949,071)</b>	<b>\$ (291,181)</b>	<b>\$ 45,987</b>	<b>\$ (5,194,265)</b>
<b>Net capital assets</b>	<b>\$ 5,097,215</b>	<b>\$ (274,050)</b>	<b>\$ (1,993)</b>	<b>\$ 4,821,172</b>

## Business-type Capital Asset Summary

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
<b>Capital assets not being depreciated</b>				
Land	\$ 584,615	\$ -	\$ -	\$ 584,615
Construction in progress	\$ 5,238,436	\$ 1,431,199	(4,657,933)	2,011,702
Water rights	2,918,032	-	-	2,918,032
<b>Total capital assets not being depreciated</b>	<b>\$ 8,741,083</b>	<b>\$ 1,431,199</b>	<b>\$ (4,657,933)</b>	<b>\$ 5,514,349</b>
<b>Capital assets being depreciated</b>				
System	10,263,839	5,317,211	-	15,581,050
Buildings	1,074,756	-	-	1,074,756
Improvements other than buildings	5,134,046	-	-	5,134,046
Equipment	1,042,805	-	-	1,042,805
Vehicles	493,273	20,000	-	513,273
<b>Total capital assets being depreciated</b>	<b>\$ 18,008,719</b>	<b>\$ 5,337,211</b>	<b>\$ -</b>	<b>\$ 23,345,930</b>
<b>Accumulated depreciation</b>				
System	(5,426,522)	(298,806)	-	(5,725,328)
Buildings	(369,957)	(25,697)	-	(395,654)
Improvements other than buildings	(2,380,122)	(215,051)	-	(2,595,173)
Equipment	(692,231)	(60,258)	-	(752,489)
Vehicles	(446,944)	(11,795)	-	(458,739)
<b>Total accumulated depreciation</b>	<b>\$ (9,315,776)</b>	<b>\$ (611,607)</b>	<b>\$ -</b>	<b>\$ (9,927,383)</b>
<b>Net capital assets</b>	<b>\$ 17,434,026</b>	<b>\$ 6,156,803</b>	<b>\$ (4,657,933)</b>	<b>\$ 18,932,896</b>

### Debt Administration

The following changes in long-term debt occurred during 2018. Note 5 of the financial statements provides additional information regarding the City's long-term debt.

	Balance 12/31/2017	Advances	Repayments/ Forgiveness	Balance 12/31/2018	Current Portion
<b>Governmental Activities</b>					
<u>2017 Capital Lease Obligations</u>	\$ 83,229	\$ -	\$ 40,599	\$ 42,630	\$ 42,630
Total Noncurrent Liabilities	\$ 83,229	\$ -	\$ 40,599	\$ 42,630	\$ 42,630
<b>Business-type Activities</b>					
<u>2014 Series A Revenues Bonds Payable</u>					
Bonds Payable - Water	\$ 3,070,000	\$ -	\$ 125,000	\$ 2,945,000	\$ 125,000
Bond Premiums - Water	12,343	-	503	11,840	503
<u>2014 Series B Revenues Bonds Payable</u>					
Bonds Payable - Water	571,089	-	(16,806)	587,895	(12,676)
Bond Premiums - Water	5,351	-	212	5,139	227
Bonds Payable - Sewer	1,198,911	-	86,806	1,112,105	87,676
<u>2016 CWRPDA Note Payable</u>	1,050,684	-	30,786	1,019,898	31,095
<u>2017 CWRPDA Note Payable</u>	249,403	-	7,308	242,095	7,381
Total Noncurrent Liabilities	\$ 6,157,781	\$ -	\$ 233,809	\$ 5,923,972	\$ 239,206
<b>2014 Bond Insurance Payable</b>					
Series A Bond Insurance	\$ 51,639	\$ -	\$ 1,934	\$ 49,705	\$ 2,103
Series B Bond Insurance	30,222	-	1,195	29,027	1,281
Total Bond Insurance Asset	\$ 81,861	\$ -	\$ 3,129	\$ 78,732	\$ 3,384

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

Management intends that its new direction emphasizing improved budget development and tracking processes will move the City toward improved fund balances for the governmental funds and enhanced net income for the Airport and Solid Waste funds. 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 Clerk/Treasurer at 415 15<sup>th</sup> St., Burlington, CO 80807 or call City Hall at (719) 346-8652.

# 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, 2018, 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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 6, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***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 – M10 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 34-37 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.

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

In accordance with Government Auditing Standards, we have also issued our report dated June 5, 2019 on our consideration of the City of Burlington's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Burlington's internal control over financial reporting and compliance.

***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 38-39 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.

*Mayberry + Company, LLC*

Englewood, Colorado  
June 5, 2019

## **BASIC FINANCIAL STATEMENTS**

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CITY OF BURLINGTON

**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2018**

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments			
Cash	\$ (24,221)	\$ 3,574,832	\$ 3,550,611
Restricted Cash and Investments	292,610	1,118,050	1,410,660
Receivables			
Property Tax Receivable	361,301	-	361,301
Intergovernmental Receivables	50,000	-	50,000
Utility Receivable	-	1,000,727	1,000,727
Cash with Fiscal Agent	25,229	-	25,229
Accounts Receivable	11,698	44,243	55,941
Other Receivables	323,886	56,527	380,413
Internal Balances	(122,277)	122,277	-
Inventory	39,491	454,100	493,591
Prepaid Expenses	3,756	-	3,756
Total Current Assets	<u>961,473</u>	<u>6,370,756</u>	<u>7,332,229</u>
<b>Noncurrent Assets</b>			
Capital Assets not being Depreciated	446,832	5,514,349	5,961,181
Capital Assets being Depreciated	9,568,605	23,345,930	32,914,535
Accumulated Depreciation	(5,194,265)	(9,927,383)	(15,121,648)
Other Noncurrent Assets	-	78,732	78,732
Total Noncurrent Assets	<u>4,821,172</u>	<u>19,011,628</u>	<u>23,832,800</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 5,782,645</u>	<u>\$ 25,382,384</u>	<u>\$ 31,165,029</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 60,172	\$ 670,017	\$ 730,189
Accrued Liabilities	3,091	-	3,091
Accrued Salaries and Benefits	40,015	11,353	51,368
Deposits and Escrow	3,920	78,504	82,424
Accrued Interest Payable	-	33,221	33,221
Total Current Liabilities	<u>107,198</u>	<u>793,095</u>	<u>900,293</u>
<b>Noncurrent Liabilities</b>			
Due within one year	40,599	233,809	274,408
Due in more than one year	2,031	5,690,161	5,692,192
Total Noncurrent Liabilities	<u>42,630</u>	<u>5,923,970</u>	<u>5,966,600</u>
TOTAL LIABILITIES	<u>149,828</u>	<u>6,717,065</u>	<u>6,866,893</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>			
Deferred Property Taxes	361,301	-	361,301
Deferred Grants	50,000	-	50,000
Other Deferred Inflows	31,258	16,979	48,237
TOTAL DEFERRED INFLOWS	<u>442,559</u>	<u>16,979</u>	<u>459,538</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,778,542	13,025,902	17,804,444
Restricted Net Position	360,150	1,168,050	1,528,200
Unrestricted Net Position	51,566	4,454,388	4,505,954
TOTAL NET POSITION	<u>5,190,258</u>	<u>18,648,340</u>	<u>23,838,598</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 5,782,645</u>	<u>\$ 25,382,384</u>	<u>\$ 31,165,029</u>

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

CITY OF BURLINGTON

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
<b>FUNCTIONS/PROGRAMS</b>				
Government Activities				
Current:				
General Government	\$ 955,818	\$ 408,389	\$ 22,569	\$ -
Public Safety	787,233	7,508	10,087	-
Public Works	685,545	895	333,986	-
Culture and Recreation	1,668,933	391,395	84,689	-
Interest on Debt	4,161	-	-	-
<b>TOTAL GOVERNMENT ACTIVITIES</b>	<u>4,101,690</u>	<u>808,187</u>	<u>451,331</u>	<u>-</u>
Business-type Activities				
Current:				
Electric	3,248,438	4,534,492	-	1,000
Water & Sewer	1,214,798	1,503,376	-	636,395
Solid Waste	505,591	466,072	-	-
Airport	712,432	258,088	-	130,797
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>5,681,259</u>	<u>6,762,028</u>	<u>-</u>	<u>768,192</u>
<b>TOTAL GOVERNMENT</b>	<u>\$ 9,782,949</u>	<u>\$ 7,570,215</u>	<u>\$ 451,331</u>	<u>\$ 768,192</u>
<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				
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 ACTIVITES	TOTAL
\$ (524,860)	\$ -	\$ (524,860)
(769,638)	-	(769,638)
(350,664)	-	(350,664)
(1,192,849)	-	(1,192,849)
<u>(4,161)</u>	<u>-</u>	<u>(4,161)</u>
<u>(2,842,172)</u>	<u>-</u>	<u>(2,842,172)</u>
-	1,287,054	1,287,054
-	924,973	924,973
-	(39,519)	(39,519)
-	<u>(323,547)</u>	<u>(323,547)</u>
-	<u>1,848,961</u>	<u>1,848,961</u>
<u>(2,842,172)</u>	<u>1,848,961</u>	<u>(993,211)</u>
359,385	-	359,385
39,786	-	39,786
1,213,261	-	1,213,261
91,658	-	91,658
225,470	-	225,470
1,424	22,955	24,379
23,995	-	23,995
-	27,701	27,701
49,022	-	49,022
<u>714,263</u>	<u>(714,263)</u>	<u>-</u>
<u>2,718,264</u>	<u>(663,607)</u>	<u>2,054,657</u>
<u>(123,908)</u>	<u>1,185,354</u>	<u>1,061,446</u>
<u>5,314,166</u>	<u>17,462,986</u>	<u>22,777,152</u>
<u>\$ 5,190,258</u>	<u>\$ 18,648,340</u>	<u>\$ 23,838,598</u>

CITY OF BURLINGTON

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

DECEMBER 31, 2018

With Comparative Totals for December 31, 2017

	<u>SPEC REV FD</u>		
	<u>General</u>	<u>Conservation</u>	<u>Tourism</u>
	<u>Fund</u>	<u>Trust</u>	<u>Promotion</u>
		<u>Fund</u>	<u>Fund</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments			
Cash	\$ (22,743)	\$ (1,478)	\$ -
Restricted Cash and Investments	65,482	227,128	-
Receivables			
Property Tax Receivable	361,301	-	-
Intergovernmental Receivables	-	-	50,000
Cash with Fiscal Agent	25,229	-	-
Accounts Receivable	-	-	11,698
Other Receivables	323,886	-	-
Inventory	39,491	-	-
Prepaid Expenses	3,756	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 796,402</u>	<u>\$ 225,650</u>	<u>\$ 61,698</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 34,863	\$ -	\$ 25,309
Accrued Liabilities	-	-	3,091
Accrued Salaries and Benefits	35,815	-	4,200
Internal Balances	-	-	122,277
Deposits and Escrow	3,920	-	-
TOTAL LIABILITIES	<u>74,598</u>	<u>-</u>	<u>154,877</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>			
Deferred Property Taxes	361,301	-	-
Deferred Grants	-	-	50,000
Other Deferred Inflows	31,258	-	-
TOTAL DEFERRED INFLOWS	<u>392,559</u>	<u>-</u>	<u>50,000</u>
<b>FUND BALANCE</b>			
Nonspendable Fund Balance	43,247	-	-
Restricted Fund Balance	134,500	225,650	-
Committed Fund Balance	50,482	-	-
Unassigned Fund Balance	101,016	-	(143,179)
TOTAL FUND BALANCE	<u>329,245</u>	<u>225,650</u>	<u>(143,179)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 796,402</u>	<u>\$ 225,650</u>	<u>\$ 61,698</u>

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

**Total**

<u>2018</u>	<u>2017</u>
\$ (24,221)	\$ 1,033
292,610	300,060
361,301	360,561
50,000	-
25,229	10,531
11,698	52,525
323,886	208,614
39,491	34,378
3,756	1,231
<u>\$ 1,083,750</u>	<u>\$ 968,933</u>

\$ 60,172	\$ 68,309
3,091	(727)
40,015	28,633
122,277	160,790
3,920	8,356
<u>229,475</u>	<u>265,361</u>

361,301	360,561
50,000	-
31,258	42,831
<u>442,559</u>	<u>403,392</u>

43,247	35,609
360,150	286,811
50,482	56,234
(42,163)	(78,474)
<u>411,716</u>	<u>300,180</u>
<u>\$ 1,083,750</u>	<u>\$ 968,933</u>

**CITY OF BURLINGTON**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES NET POSITION  
DECEMBER 31, 2018**

<b>Fund Balance - Governmental Funds</b>			\$ 411,716
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	\$ 446,832		
Capital assets, being depreciated	9,568,605		
Accumulated depreciation	<u>(5,194,265)</u>	4,821,172	
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Capital leases payable			<u>(42,630)</u>
<b>Total Net Position - Governmental Activities</b>			<u><u>\$ 5,190,258</u></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, 2018

With Comparative Totals for the Year Ended December 31, 2017

	SPEC REV FUNDS			TOTAL	
	General	Conservation	Tourism	2018	2017
	Fund	Trust	Promotion		
<b>REVENUES</b>					
Taxes	\$ 1,710,816	\$ -	\$ 218,744	\$ 1,929,560	\$ 1,791,913
Intergovernmental Revenues	370,642	36,786	-	407,428	403,042
Licenses and Permits	5,481	-	-	5,481	9,574
Fines and Forfeits	6,683	-	-	6,683	21,008
Charges for Services	513,105	-	282,919	796,024	445,262
Investment Earnings	1,372	53	-	1,425	5,586
Other Revenues	92,147	-	26,764	118,911	59,890
<b>TOTAL REVENUES</b>	<b>2,700,246</b>	<b>36,839</b>	<b>528,427</b>	<b>3,265,512</b>	<b>2,736,275</b>
<b>EXPENDITURES</b>					
Current:					
General Government	831,308	-	83,595	914,903	704,504
Public Safety	718,642	-	-	718,642	732,467
Public Works	358,783	-	-	358,783	336,278
Parks, Recreation and Other	863,042	-	614,064	1,477,106	1,278,909
Capital Outlay	345,636	-	8,409	354,045	201,695
Debt Service	44,760	-	-	44,760	44,761
<b>TOTAL EXPENDITURES</b>	<b>3,162,171</b>	<b>-</b>	<b>706,068</b>	<b>3,868,239</b>	<b>3,298,614</b>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<b>(461,925)</b>	<b>36,839</b>	<b>(177,641)</b>	<b>(602,727)</b>	<b>(562,339)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt Proceeds	-	-	-	-	127,990
Transfers (In)	592,000	-	122,263	714,263	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>592,000</b>	<b>-</b>	<b>122,263</b>	<b>714,263</b>	<b>127,990</b>
<b>CHANGE IN FUND BALANCE</b>	<b>130,075</b>	<b>36,839</b>	<b>(55,378)</b>	<b>111,536</b>	<b>(434,349)</b>
<b>FUND BALANCE, BEGINNING</b>	<b>199,170</b>	<b>188,811</b>	<b>(87,801)</b>	<b>300,180</b>	<b>734,529</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 329,245</b>	<b>\$ 225,650</b>	<b>\$ (143,179)</b>	<b>\$ 411,716</b>	<b>\$ 300,180</b>

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

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**CITY OF BURLINGTON**

**RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>Change in Fund Balance - Governmental Funds</b>			\$ 111,536
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases	\$	17,131	
Depreciation Expense		(291,181)	
Gain (Loss) on Asset Disposals		<u>(1,993)</u>	(276,043)
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level			
Principal payments on capital leases		<u>40,599</u>	<u>40,599</u>
<b>Change in Net Position - Governmental Activities</b>			<u><u>\$ (123,908)</u></u>

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

## CITY OF BURLINGTON

**STATEMENT OF NET POSITION****PROPRIETARY FUNDS**

DECEMBER 31, 2018

With Comparative Totals for December 31, 2017

	Business-type Activities			
	Electric Fund	Water & Sewer Fund	Solid Waste Fund	Airport Fund
<b>ASSETS AND DEFERRED OUTFLOWS</b>				
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments				
Cash	\$ 3,013,900	\$ 871,450	\$ 22,349	\$ (332,867)
Restricted Cash and Investments	-	785,183	-	332,867
Receivables				
Intergovernmental Receivables	-	-	-	-
Utility Receivable	732,410	225,211	43,106	-
Cash with Fiscal Agent	-	-	-	-
Accounts Receivable	-	-	44,213	30
Other Receivables	-	-	-	56,527
Internal Balances	209,191	-	-	-
Inventory	268,532	156,409	-	29,159
Prepaid Expenses	-	-	-	-
Total Current Assets	<u>4,224,033</u>	<u>2,038,253</u>	<u>109,668</u>	<u>85,716</u>
<b>Noncurrent Assets</b>				
Capital Assets not being depreciated	2,013,701	2,933,144	-	567,504
Capital Assets being depreciated	5,543,178	11,086,811	-	6,715,941
Accumulated Depreciation	(3,577,106)	(3,016,355)	-	(3,333,922)
Other Noncurrent Assets	-	78,732	-	-
Total Noncurrent Assets	<u>3,979,773</u>	<u>11,082,332</u>	<u>-</u>	<u>3,949,523</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 8,203,806</u>	<u>\$ 13,120,585</u>	<u>\$ 109,668</u>	<u>\$ 4,035,239</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 479,139	\$ 18,131	\$ 83,116	\$ 89,631
Accrued Salaries and Benefits	5,158	4,768	-	1,427
Retainage Payable	-	-	-	-
Deposits and Escrow	78,504	-	-	-
Internal Balances	-	-	-	86,914
Accrued Interest Payable	-	33,221	-	-
Total Current Liabilities	<u>562,801</u>	<u>56,120</u>	<u>83,116</u>	<u>177,972</u>
<b>Noncurrent Liabilities</b>				
Due within one year	-	233,809	-	-
Due in more than one year	4,728	5,683,064	-	2,369
Total Noncurrent Liabilities	<u>4,728</u>	<u>5,916,873</u>	<u>-</u>	<u>2,369</u>
TOTAL LIABILITIES	<u>567,529</u>	<u>5,972,993</u>	<u>83,116</u>	<u>180,341</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>				
Other Deferred Inflows	-	16,979	-	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	3,979,773	5,096,606	-	3,949,523
Restricted Net Position	-	835,183	-	332,867
Unrestricted Net Position	3,656,504	1,198,824	26,552	(427,492)
TOTAL NET POSITION	<u>7,636,277</u>	<u>7,130,613</u>	<u>26,552</u>	<u>3,854,898</u>
TOTAL NET POSITION	<u>\$ 8,203,806</u>	<u>\$ 13,120,585</u>	<u>\$ 109,668</u>	<u>\$ 4,035,239</u>

The accompanying notes are an integral part of these financial statements

		<b>Total</b>	
		<b>2018</b>	<b>2017</b>
\$	3,574,832	\$	3,964,829
	1,118,050		1,016,220
	-		653,984
	1,000,727		973,685
	-		429,051
	44,243		40,528
	56,527		-
	209,191		512,760
	454,100		277,897
	-		3,517
	<u>6,457,670</u>		<u>7,872,471</u>
	5,514,349		8,741,084
	23,345,930		18,008,719
	(9,927,383)		(9,315,776)
	<u>78,732</u>		<u>81,860</u>
	<u>19,011,628</u>		<u>17,515,887</u>
\$	<u>25,469,298</u>	\$	<u>25,388,358</u>
\$	670,017	\$	927,161
	11,353		11,516
	-		335,657
	78,504		93,055
	86,914		351,970
	<u>33,221</u>		<u>34,260</u>
	<u>880,009</u>		<u>1,753,619</u>
	233,809		233,809
	<u>5,690,161</u>		<u>5,920,250</u>
	<u>5,923,970</u>		<u>6,154,059</u>
	<u>6,803,979</u>		<u>7,907,678</u>
	16,979		17,694
	13,025,902		11,274,090
	1,168,050		703,260
	<u>4,454,388</u>		<u>5,485,636</u>
	<u>18,648,340</u>		<u>17,462,986</u>
\$	<u>25,469,298</u>	\$	<u>25,388,358</u>

## CITY OF BURLINGTON

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

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	Business-type Activities			
	Electric Fund	Water & Sewer Fund	Solid Waste Fund	Airport Fund
<b>Operating Revenues</b>				
Utility Charges	\$ 4,420,298	\$ 1,501,735	\$ 347,957	\$ -
Airport Charges	-	-	-	245,597
Other Charges for Services	114,194	1,641	118,115	12,491
Total Revenues	<u>4,534,492</u>	<u>1,503,376</u>	<u>466,072</u>	<u>258,088</u>
<b>Operating Expenses</b>				
Airport	-	-	-	438,953
Solid Waste Collection	-	-	505,591	-
Electric Production	2,632,339	-	-	-
Electric Distribution	186,986	-	-	-
Water Treatment and Distribution	-	482,902	-	-
Sewer Collection and Treatment	-	218,194	-	-
Administration	239,940	77,936	-	73
Depreciation Expense	141,074	197,127	-	273,406
Other Capital Outlay	48,099	31,800	-	-
Total Expenditures	<u>3,248,438</u>	<u>1,007,959</u>	<u>505,591</u>	<u>712,432</u>
Operating Income (Loss)	<u>1,286,054</u>	<u>495,417</u>	<u>(39,519)</u>	<u>(454,344)</u>
<b>Other Income (Expense)</b>				
Investment Earnings	12,893	9,865	70	127
Other Revenue	27,701	-	-	-
Interest Expense	-	(206,839)	-	-
Gain (Loss) on Sale of Assets	-	-	-	-
Total Other Income (Expense)	<u>40,594</u>	<u>(196,974)</u>	<u>70</u>	<u>127</u>
Net Income (Loss) before Transfers	1,326,648	298,443	(39,449)	(454,217)
<b>Transfers</b>				
Transfers In/(Out)	<u>(615,560)</u>	<u>(98,703)</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	711,088	199,740	(39,449)	(454,217)
<b>Contributed Capital</b>				
Plant Investment Fees	1,000	15,000	-	-
Intergovernmental Revenue	-	621,395	-	130,797
Total Contributed Capital	<u>1,000</u>	<u>636,395</u>	<u>-</u>	<u>130,797</u>
<b>Change in Net Position</b>	712,088	836,135	(39,449)	(323,420)
<b>Net Position, Beginning</b>	<u>6,924,189</u>	<u>6,294,478</u>	<u>66,001</u>	<u>4,178,318</u>
<b>Net Position, Ending</b>	<u>\$ 7,636,277</u>	<u>\$ 7,130,613</u>	<u>\$ 26,552</u>	<u>\$ 3,854,898</u>

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

<b>Total</b>	
<b>2018</b>	<b>2017</b>
\$ 6,269,990	\$ 6,179,308
245,597	235,833
<u>246,441</u>	<u>263,902</u>
<u>6,762,028</u>	<u>6,679,043</u>
438,953	316,301
505,591	448,120
2,632,339	2,468,381
186,986	308,902
482,902	491,546
218,194	114,975
317,949	168,623
611,607	571,117
<u>79,899</u>	<u>194,348</u>
<u>5,474,420</u>	<u>5,082,313</u>
<u>1,287,608</u>	<u>1,596,730</u>
22,955	14,257
27,701	13,953
(206,839)	(203,915)
<u>-</u>	<u>17,628</u>
<u>(156,183)</u>	<u>(158,077)</u>
1,131,425	1,438,653
<u>(714,263)</u>	<u>-</u>
417,162	1,438,653
16,000	22,794
<u>752,192</u>	<u>2,594,505</u>
<u>768,192</u>	<u>2,617,299</u>
1,185,354	4,055,952
<u>17,462,986</u>	<u>13,407,034</u>
<u>\$ 18,648,340</u>	<u>\$ 17,462,986</u>

CITY OF BURLINGTON

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	Business-type Activities			
	Electric	Water & Sewer	Solid Waste	Airport
	Fund	Fund	Fund	Fund
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 4,524,278	\$ 1,477,145	\$ 456,523	\$ 201,531
Cash Paid to Suppliers	(2,984,998)	(1,104,896)	(459,170)	(308,624)
Cash Paid to Employees	(191,425)	(185,826)	-	(51,735)
Net Cash Provided by Operating Activities	<u>1,347,855</u>	<u>186,423</u>	<u>(2,647)</u>	<u>(158,828)</u>
Cash Flows From Capital and Related Financing Activities:				
Tap Fees Received	1,000	15,000	-	-
Escrow Drawn	-	679,051	-	-
Debt Principal Payments	-	(483,093)	-	-
Grant Proceeds	-	1,275,378	-	130,797
Interest Payments	-	(207,877)	-	-
Proceeds of Capital Asset Sales	-	-	-	-
Acquisition of Capital Assets	(1,431,198)	(994,934)	-	(20,000)
Cash Flows Used by Capital and Related Financing Activities	<u>(1,430,198)</u>	<u>283,525</u>	<u>-</u>	<u>110,797</u>
Cash Flows (Uses) From Noncapital Financing Activities:				
Cash from Other Funds	(311,991)	(98,703)	-	(265,056)
Other Revenues (Expense)	27,701	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(284,290)</u>	<u>(98,703)</u>	<u>-</u>	<u>(265,056)</u>
Cash Flows (Uses) From Investing Activities:				
Interest Received	12,893	9,865	70	127
Net Increase (Decrease) in Cash	(353,740)	381,110	(2,577)	(312,960)
Cash - Beginning	3,367,640	1,275,523	24,926	312,960
Cash - Ending	<u>\$ 3,013,900</u>	<u>\$ 1,656,633</u>	<u>\$ 22,349</u>	<u>\$ -</u>
Cash	\$ 3,013,900	\$ 871,450	\$ 22,349	\$ (332,867)
Restricted Cash and Investments	-	785,183	-	332,867
Total	<u>\$ 3,013,900</u>	<u>\$ 1,656,633</u>	<u>\$ 22,349</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss)	\$ 1,286,054	\$ 495,417	\$ (39,519)	\$ (454,344)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	141,074	197,127	-	273,406
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Utility Receivable	(15,512)	(5,666)	(5,864)	-
Accounts Receivable	-	-	(3,685)	(30)
Other Receivables	-	-	-	(56,527)
Inventory	(179,332)	18,319	-	(15,191)
Prepaid Expenses	1,407	3,129	-	2,111
(Increase) Decrease in:				
Accounts Payable	110,987	(504,207)	46,421	89,656
Accrued Liabilities	-	-	-	-
Accrued Salaries and Benefits	(1,710)	1,157	-	389
Deposits and Escrow	5,298	(19,850)	-	-
Accrued Compensated Absences	(411)	1,712	-	1,702
Other Deferred Inflows	-	(715)	-	-
Total Adjustments	<u>61,801</u>	<u>(308,994)</u>	<u>36,872</u>	<u>295,516</u>
Net Cash Used for Operating Activities	<u>\$ 1,347,855</u>	<u>\$ 186,423</u>	<u>\$ (2,647)</u>	<u>\$ (158,828)</u>

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

<b>Total</b>	
<b>2018</b>	<b>2017</b>
\$ 6,659,477	\$ 6,755,395
(4,857,688)	(3,682,555)
<u>(428,986)</u>	<u>(552,031)</u>
<u>1,372,803</u>	<u>2,520,809</u>
16,000	22,794
679,051	1,945,010
(483,093)	(1,054,013)
1,406,175	1,940,521
(207,877)	(202,673)
-	(77,924)
<u>(2,446,132)</u>	<u>(3,978,918)</u>
<u>(1,035,876)</u>	<u>(1,405,203)</u>
(675,750)	(160,790)
<u>27,701</u>	<u>13,953</u>
<u>(648,049)</u>	<u>(146,837)</u>
22,955	14,257
(288,167)	983,026
<u>4,981,049</u>	<u>3,998,023</u>
<u>\$ 4,692,882</u>	<u>\$ 4,981,049</u>
\$ 3,574,832	\$ 3,964,829
<u>1,118,050</u>	<u>1,016,220</u>
<u>\$ 4,692,882</u>	<u>\$ 4,981,049</u>
\$ 1,287,608	\$ 1,596,730
611,607	571,117
(27,042)	108,752
(3,715)	(40,528)
(56,527)	1,000
(176,204)	132,224
6,647	636
(257,143)	172,137
-	(26,124)
(164)	(1,375)
(14,552)	7,802
3,003	(888)
<u>(715)</u>	<u>(674)</u>
<u>85,195</u>	<u>924,079</u>
<u>\$ 1,372,803</u>	<u>\$ 2,520,809</u>

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**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, 2018**

**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.

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.

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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

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

**Special Revenue Funds:**

These funds 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 funds are as follows:

**Tourism Promotion Fund**

The Tourism Promotion Fund accounts for all activities intended to promote local tourism, including the City's "Old Town" attraction and accounts for the City's lodging taxes.

**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, Solid Waste and Airport Funds**

The Electric and Water & Sewer account for activities of the City's distribution and collection operations. The Solid Waste fund accounts for activities of the City's trash collection and 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.

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.

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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

**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.

**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 2018 to be collected in 2019.

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**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.

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, 2018**

**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.

Expenditures exceeded appropriations in the Tourism and Promotion, Solid Waste and Airport Funds, which may be a violation of Colorado statutes.

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

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**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, 2018, 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, 2018 were as follows:

	<u>Bank Balance</u>	<u>Book Balance</u>
FDIC Insured	\$ 905,037	\$ 901,168
Collateralized under PDPA (Not in Entity's Name)	4,111,364	4,059,070
Petty Cash	-	1,033
Total Cash and Investments	<u>\$ 5,016,401</u>	<u>\$ 4,961,271</u>

**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

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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

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

For the year ended December 31, 2018, 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, 2018, the City's did not hold any investments exposed to Custodial Credit Risk.

**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	<u>227,128</u>	
Included in Restricted Fund Balance		242,128
Restricted for Parmer Park	835	
Restricted for Library	<u>49,647</u>	
Included in Committed Fund Balance		50,482
Restricted O & M and Debt Service Reserve (Restricted Net Position)		785,183
Restricted for Airport Runway Replacement (Unrestricted Net Position)		<u>332,867</u>
Total Restricted Cash		<u>\$ 1,410,660</u>

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**NOTE 4: CAPITAL ASSETS**

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

	<u>Balance</u> <u>12/31/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2018</u>
<b>Capital assets not being depreciated</b>				
Land	\$ 337,017	\$ -	\$ -	\$ 337,017
Old City Donations	101,406	-	-	101,406
Construction in Progress	-	8,409	-	8,409
<b>Total capital assets not being depreciated</b>	<u>438,423</u>	<u>8,409</u>	<u>-</u>	<u>446,832</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	1,792,779	8,722	(8,000)	1,793,501
Vehicles	725,811	-	(39,980)	685,831
<b>Total capital assets being depreciated</b>	<u>9,607,863</u>	<u>8,722</u>	<u>(47,980)</u>	<u>9,568,605</u>
<b>Accumulated depreciation</b>				
Infrastructure	(435,900)	(32,951)	-	(468,851)
Buildings	(1,792,486)	(90,241)	-	(1,882,727)
Improvements other than buildings	(1,008,864)	(44,337)	-	(1,053,201)
Equipment	(1,283,033)	(71,878)	8,000	(1,346,911)
Vehicles	(428,788)	(51,774)	37,987	(442,575)
<b>Total accumulated depreciation</b>	<u>(4,949,071)</u>	<u>(291,181)</u>	<u>45,987</u>	<u>(5,194,265)</u>
<b>Net Capital Assets</b>	<u>\$ 5,097,215</u>	<u>\$ (274,050)</u>	<u>\$ (1,993)</u>	<u>\$ 4,821,172</u>

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

General Government	\$ 33,361
Public Safety	48,864
Public Works	47,010
Culture and Recreation	161,946
<b>Total Depreciation</b>	<u>\$ 291,181</u>

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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

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

	<u>Balance</u> <u>12/31/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2018</u>
<b>Capital assets not being depreciated</b>				
Land	\$ 584,615	\$ -	\$ -	\$ 584,615
Water rights	2,918,032	-	-	2,918,032
Construction in Progress	5,238,436	1,431,199	(4,657,933)	2,011,702
<b>Total capital assets not being depreciated</b>	<u>8,741,083</u>	<u>1,431,199</u>	<u>(4,657,933)</u>	<u>5,514,349</u>
<b>Capital assets being depreciated</b>				
System	10,263,839	5,317,211	-	15,581,050
Buildings	1,074,756	-	-	1,074,756
Other improvements	5,134,046	-	-	5,134,046
Equipment	1,042,805	-	-	1,042,805
Vehicles	493,273	20,000	-	513,273
<b>Total capital assets being depreciated</b>	<u>18,008,719</u>	<u>5,337,211</u>	<u>-</u>	<u>23,345,930</u>
<b>Accumulated depreciation</b>				
System	(5,426,522)	(298,806)	-	(5,725,328)
Buildings	(369,957)	(25,697)	-	(395,654)
Other improvements	(2,380,122)	(215,051)	-	(2,595,173)
Equipment	(692,231)	(60,258)	-	(752,489)
Vehicles	(446,944)	(11,795)	-	(458,739)
<b>Total accumulated depreciation</b>	<u>(9,315,776)</u>	<u>(611,607)</u>	<u>-</u>	<u>(9,927,383)</u>
<b>Net Capital Assets</b>	<u>\$ 17,434,026</u>	<u>\$ 6,156,803</u>	<u>\$ (4,657,933)</u>	<u>\$ 18,932,896</u>

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

Electric	\$ 141,074
Water	128,328
Sewer	68,799
Airport	273,406
<b>Total Depreciation</b>	<u>\$ 611,607</u>

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**NOTE 5: LONG-TERM DEBT**

**BUSINESS-TYPE ACTIVITIES**

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

	<u>Balance</u> <u>12/31/2017</u>	<u>Advances</u>	<u>Repayments/ Forgiveness</u>	<u>Balance</u> <u>12/31/2018</u>	<u>Current Portion</u>	<u>Accrued Interest</u>	<u>Interest Expense</u>
<b><u>Business-type Activities</u></b>							
<b><u>2014 Series A Revenue Bonds Payable</u></b>							
Bonds Payable - Water	\$ 3,070,000	\$ -	\$ 125,000	\$ 2,945,000	\$ 125,000	\$ 20,350	\$ 121,528
<b><u>2014 Series B Revenue Bonds Payable</u></b>							
Bonds Payable - Water	571,089	-	(16,806)	587,895	(12,676)	9,744	58,476
Bonds Payable - Sewer	1,198,911	-	86,805	1,112,106	87,676	1,998	11,629
Accrued Compensated Absences	13,972	3,004		16,976			
<u>2016 CWRPDA Note Payable</u>	1,050,684	-	30,786	1,019,898	31,095	1,700	10,379
<u>2017 CWRPDA Note Payable</u>	249,403	-	7,308	242,095	7,381	403	2,464
<b>Total Noncurrent Liabilities</b>	<b>\$ 6,154,059</b>	<b>\$ 3,004</b>	<b>\$ 233,093</b>	<b>\$ 5,923,970</b>	<b>\$ 238,476</b>	<b>\$ 34,195</b>	<b>\$ 204,476</b>
<b><u>2014 Bonds Payable</u></b>							
Bond Premiums - Water	\$ 5,351	\$ -	\$ 212	\$ 5,139	\$ 227	\$ -	\$ (212)
Bond Premiums - Water	12,343	-	503	11,840	503	-	(503)
	<u>\$ 17,694</u>	<u>\$ -</u>	<u>\$ 715</u>	<u>\$ 16,979</u>	<u>\$ 730</u>	<u>\$ -</u>	<u>\$ (715)</u>

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 \$785,183 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.

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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

**BUSINESS-TYPE ACTIVITIES** (Continued)

Scheduled payments on the bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 200,000	\$ 186,708	\$ 386,708
2020	210,000	180,708	390,708
2021	210,000	173,883	383,883
2022	220,000	166,533	386,533
2024-2028	1,280,000	651,065	1,936,090
2029-2033	1,570,000	364,732	1,933,330
2034-2035	725,000	47,633	1,544,101
Total	<u>\$ 4,645,000</u>	<u>\$ 2,122,378</u>	<u>\$ 6,962,378</u>

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 2017. The loan requires the maintenance of an operations and maintenance reserve account in the amount of three months of budgeted operations, or \$109,998 as of December 31, 2018. 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 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 31,095	\$ 10,121	\$ 41,216
2020	31,406	9,810	41,216
2021	31,721	9,495	41,216
2022	32,039	9,177	41,216
2023	32,360	8,856	41,216
2024-2028	166,733	39,347	206,080
2029-2033	175,261	30,819	206,080
2034-2038	184,222	21,858	206,080
2039-2043	193,644	12,436	206,080
2044-2047	141,417	2,846	144,263
Total	<u>\$ 1,019,898</u>	<u>\$ 154,765</u>	<u>\$ 1,174,663</u>

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

	<u>Balance</u> <u>12/31/2017</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/2018</u>	<u>Current</u> <u>Portion</u>	<u>Accrued</u> <u>Interest</u>	<u>Interest</u> <u>Expense</u>
<b><u>2014 Bonds Payable</u></b>							
Series A Bond Insurance	\$ 51,639	\$ -	\$ 1,934	\$ 49,705	\$ 2,103	\$ -	\$ 1,934
Series B Bond Insurance	30,222	-	1,195	29,027	1,281	-	1,195
Total Bond Insurance Asset	<u>\$ 81,861</u>	<u>\$ -</u>	<u>\$ 3,129</u>	<u>\$ 78,732</u>	<u>\$ 3,384</u>	<u>\$ -</u>	<u>\$ 3,129</u>

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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

**BUSINESS-TYPE ACTIVITIES (Continued)**

In April 2017, the City entered into a \$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. The loan requires the maintenance of an operations and maintenance reserve account in the amount of three months of budgeted operations, or \$109,998 as of December 31, 2018. 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 2025 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 are as follows:

Year	Principal	Interest	Total
2019	\$ 7,381	\$ 2,403	\$ 9,784
2020	7,455	2,329	9,784
2021	7,530	2,254	9,784
2022	7,605	2,178	9,783
2023	7,681	2,102	9,783
2024-2028	39,577	9,339	48,916
2029-2033	41,602	7,316	48,918
2034-2038	43,729	5,188	48,917
2039-2043	45,965	2,952	48,917
2044-2047	33,570	674	34,244
Total	<u>\$ 242,095</u>	<u>\$ 36,735</u>	<u>\$ 278,830</u>

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>

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

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

**GOVERNMENTAL ACTIVITIES**

The following is a summary of governmental activity long term debt.

<u>Governmental Activities</u>	<u>Balance</u> <u>12/31/2017</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/2018</u>	<u>Current</u> <u>Portion</u>	<u>Accrued</u> <u>Interest</u>	<u>Interest</u> <u>Expense</u>
2017 Capital Lease Obligations	\$ 83,229	\$ -	\$ 40,599	\$ 42,630	\$ 42,630	\$ 64	\$ 4,100

**Capital Leases Payable**

In 2017, the City entered into a capital lease agreement for the purchase of three police vehicles. The lease was for \$127,990 and requires three annual payments of \$44,761. The lease bears interest at 5.0%. All payments related to this lease will be made by the General Fund and are included along with monthly maintenance charges in equipment rentals in the financial statements. The City has capitalized assets with a remaining basis of \$109,602 related to the lease.

The following is a schedule of the future minimum lease payments required under the capital lease for the vehicle purchase, and the present value of the remaining payments as of December 31, 2018:

<u>Year</u>	<u>Minimum Annual</u> <u>Payment</u>
2019	\$ 44,761
Imputed Interest	(2,131)
Present Value Future Min.	
Lease Payments	\$ 42,630

**NOTE 6: INTERFUND ACTIVITY**

The City has recorded the following balances owed between funds:

	<u>Net Due to (from)</u> <u>Other Funds</u>
Electric Fund	\$ 209,191
Tourism Promotional Fund	(122,277)
Airport Fund	(86,914)
	\$ (209,191)

**NOTE 7: PENSION PLANS**

**INTERNAL REVENUE CODE SECTION 457 PLAN**

The City has established and 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, \$79,115, or 4% of employee payroll, in the form of an employee match for the current fiscal year.

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**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, 2018 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 2018 in the amount of 3% or more of its fiscal year spending. At December 31, 2018, the City has reserved/restricted the following for emergencies:

General Fund	<u>\$ 119,500</u>
Water and Sewer Fund	<u>\$ 50,000</u>

**OTHER COMMITMENTS AND RESTRICTIONS**

The City has committed or restricted other funds as summarized in Note 3. The following table represents fund balance that has been committed for 2019 expenditures:

Committed for Subsequent Year's Expenditures:	
General Fund	\$ 233,263
Tourism and Promotion Fund	76
Airport	139,015

**DEFICIT NET POSITION/FUND BALANCE**

The City has an unrestricted net position deficit in the Airport Fund in the amount of \$(427,492). The City has a deficit unassigned fund balance in the Tourism Promotion Fund of \$(143,179).

**CITY OF BURLINGTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

**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, 2018.

**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, 2018.

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**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF BURLINGTON

**BUDGETARY COMPARISON SCHEDULE****General Fund**

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018				
	Original	Final	Actual	Variance	2017
	Budget	Budget		With Final	Actual
<b>REVENUES</b>					
<b>Taxes</b>					
Property Taxes	\$ 361,561	\$ 361,561	\$ 359,385	\$ (2,176)	\$ 360,905
Specific Ownership Taxes	46,000	46,000	39,785	(6,215)	43,569
Sales and Use Taxes	1,184,200	1,184,200	1,213,261	29,061	1,132,549
Franchise Taxes	87,500	87,500	91,658	4,158	55,225
Other Taxes	6,550	6,550	6,727	177	5,779
Total Tax Revenue	1,685,811	1,685,811	1,710,816	25,005	1,598,027
<b>Intergovernmental Revenues</b>					
Cigarette Taxes	10,500	10,500	7,207	(3,293)	8,183
Highway Users	127,917	127,917	156,121	28,204	128,746
Road and Bridge	193,500	193,500	177,865	(15,635)	186,684
Clerk/Motor Vehicle Fees	11,000	11,000	13,398	2,398	13,571
Severance Tax	4,000	4,000	1,964	(2,036)	829
State Grants	12,000	12,000	14,087	2,087	18,526
Other Intergovernmental	-	-	-	-	5,000
Total Intergovernmental Revenue	358,917	358,917	370,642	11,725	361,539
<b>Licenses and Permits</b>					
Liquor Licenses	4,500	4,500	3,251	(1,249)	5,188
Building Permits	1,000	1,000	895	(105)	600
Animal Licenses	600	600	825	225	700
Business Licenses	-	-	-	-	2,586
Other Licenses	1,000	1,000	510	(490)	500
Total Licenses and Permits	7,100	7,100	5,481	(1,619)	9,574
<b>Fines and Forfeits</b>	20,000	20,000	6,683	(13,317)	21,008
<b>Charges for Services</b>					
Recreation/Comm Ctr/Library Charges	88,400	88,400	125,336	36,936	85,426
Rents	51,600	51,600	22,286	(29,314)	30,330
Other Charges for Services	368,368	368,368	365,482	(2,886)	108,032
Total Charges for Services	508,368	508,368	513,104	4,736	223,788
<b>Investment Earnings</b>	5,200	5,200	1,372	(3,828)	5,519
<b>Other Revenues</b>					
Reimbursements and Refunds	-	-	18,949	18,949	4,663
Donations	22,450	22,450	17,139	(5,311)	16,940
Sale of Capital Assets	3,500	3,500	25,988	22,488	26,574
Other Miscellaneous Revenue	4,000	4,000	30,071	26,071	(1,987)
Total Other Revenue	29,950	29,950	92,147	62,197	46,190
<b>TOTAL REVENUES</b>	<b>2,615,346</b>	<b>2,615,346</b>	<b>2,700,245</b>	<b>84,899</b>	<b>2,265,645</b>

See accompanying Independent Auditors' Report.

(Continued)

CITY OF BURLINGTON

**BUDGETARY COMPARISON SCHEDULE**

**General Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	<b>2018</b>				
	<b>Original</b>	<b>Final</b>		<b>Variance</b>	<b>2017</b>
	<b>Budget</b>	<b>Budget</b>	<b>Actual</b>	<b>With Final</b>	<b>Actual</b>
				<b>Budget</b>	
(Continued)					
<b>EXPENDITURES</b>					
<b>General Government</b>					
Personnel Services	465,172	465,172	455,777	9,395	301,008
Insurance	130,000	130,000	143,324	(13,324)	105,184
Professional Fees	66,000	66,000	95,593	(29,593)	125,659
Repairs and Maintenance	3,000	3,000	2,462	538	17,033
Supplies	16,119	16,119	13,459	2,660	22,262
Telephone and Utilities	24,806	24,806	17,681	7,125	23,532
Travel and Training	21,980	21,980	3,076	18,904	2,113
Other Expenses	117,647	117,647	99,936	17,711	74,703
Total General Government	<u>844,724</u>	<u>844,724</u>	<u>831,308</u>	<u>13,416</u>	<u>671,494</u>
<b>Public Safety</b>					
Personnel Services	585,240	585,240	535,125	50,115	541,068
Equipment Rentals	-	-	-	-	1,554
Fuel and Automotive	15,000	15,000	12,322	2,678	13,564
Professional Fees	93,000	93,000	86,037	6,963	86,760
Repairs and Maintenance	6,000	6,000	8,153	(2,153)	7,295
Supplies	20,139	20,139	20,699	(560)	3,317
Telephone and Utilities	28,500	28,500	26,111	2,389	31,705
Travel and Training	10,500	10,500	1,364	9,136	11,324
Other Expenses	24,635	24,635	28,831	(4,196)	35,880
Total Public Safety	<u>783,014</u>	<u>783,014</u>	<u>718,642</u>	<u>64,372</u>	<u>732,467</u>
<b>Public Works</b>					
Personnel Services	273,494	273,494	270,736	2,758	305,383
Fuel and Automotive	5,000	5,000	8,309	(3,309)	3,535
Professional Fees	7,810	7,810	19,712	(11,902)	3,553
Repairs and Maintenance	45,000	45,000	50,616	(5,616)	15,984
Supplies	1,150	1,150	1,751	(601)	457
Telephone and Utilities	7,000	7,000	5,786	1,214	6,794
Travel and Training	500	500	26	474	11
Other Expenses	1,636	1,636	1,847	(211)	561
Total Public Works/Comm Devel	<u>341,590</u>	<u>341,590</u>	<u>358,783</u>	<u>(17,193)</u>	<u>336,278</u>
<b>Parks, Recreation and Other</b>					
Personnel Services	646,005	646,005	617,476	28,529	557,736
Fuel and Automotive	5,000	5,000	4,975	25	4,234
Professional Fees	14,051	14,051	8,228	5,823	678
Repairs and Maintenance	39,200	39,200	24,765	14,435	41,395
Supplies	62,995	62,995	49,246	13,749	43,364
Telephone and Utilities	94,950	94,950	67,517	27,433	81,993
Travel and Training	1,050	1,050	1,364	(314)	1,596
Other Expenses	69,875	69,875	89,471	(19,596)	63,568
Total Parks, Recreation & Other	<u>933,126</u>	<u>933,126</u>	<u>863,042</u>	<u>70,084</u>	<u>794,564</u>

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON

**BUDGETARY COMPARISON SCHEDULE**

**General Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	<b>2018</b>				<b>2017</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	11,500	11,500	7,554	3,946	13,630
Public Safety Capital Outlay	98,601	98,601	19,727	78,874	142,110
Public Works Capital Outlay	284,125	284,125	279,752	4,373	2,000
Parks, Recreation and Other Capital Outlay	45,200	45,200	38,603	6,597	43,955
Total Capital Outlay	<u>439,426</u>	<u>439,426</u>	<u>345,636</u>	<u>93,790</u>	<u>201,695</u>
<b>Debt Service</b>					
Principal	-	-	40,599	(40,599)	44,761
Interest	-	-	4,161	(4,161)	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>44,760</u>	<u>(44,760)</u>	<u>44,761</u>
TOTAL EXPENDITURES	<u>3,341,880</u>	<u>3,341,880</u>	<u>3,162,171</u>	<u>179,709</u>	<u>2,781,259</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	(726,534)	(726,534)	(461,926)	264,608	(515,614)
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt Proceeds	-	-	-	-	127,990
Transfers In	(350,355)	(350,355)	592,000	942,355	-
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>\$ (1,076,889)</u>	<u>\$ (1,076,889)</u>	130,074	<u>\$ 1,206,963</u>	(387,624)
<b>Budget to GAAP Basis Reconciliation</b>					
<b>FUND BALANCE, BEGINNING</b>			<u>199,169</u>		<u>586,793</u>
<b>FUND BALANCE, ENDING</b>			<u>\$ 329,244</u>		<u>\$ 199,169</u>

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON

**BUDGETARY COMPARISON SCHEDULE**

**Tourism Promotion Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	2018		Variance With Final Budget	2017 Actual
	Final Budget	Actual		
<b>REVENUES</b>				
<b>Taxes</b>				
Other Taxes	\$ 215,000	\$ 218,744	\$ 3,744	193,886
<b>Intergovernmental Revenues</b>				
Other Intergovernmental	50,000	-	(50,000)	-
<b>Charges for Services</b>				
Recreation/Comm Ctr/Library Charges	206,380	266,059	59,679	217,289
Rents	21,600	16,859	(4,741)	4,160
Other Charges for Services	100	-	(100)	25
Total Charges for Services	228,080	282,918	54,838	221,474
<b>Investment Earnings</b>				
	-	-	-	22
<b>Other Revenues</b>				
Donations	5,000	26,765	21,765	13,699
Total Other Revenue	5,000	26,765	21,765	13,699
<b>TOTAL REVENUES</b>	<b>498,080</b>	<b>528,427</b>	<b>30,347</b>	<b>429,081</b>
<b>EXPENDITURES</b>				
Personnel Services	-	-	-	(2,569)
Professional Fees	9,600	9,180	420	15,477
Repairs and Maintenance	72,100	67,337	4,763	3,951
Telephone and Utilities	2,000	6,038	(4,038)	9,541
Other Expenses	2,000	1,040	960	6,610
Total General Government	85,700	83,595	2,105	33,010
<b>Parks, Recreation and Other</b>				
Personnel Services	243,351	248,770	(5,419)	209,001
Fuel and Automotive	500	855	(355)	526
Professional Fees	37,152	60,063	(22,911)	30,422
Repairs and Maintenance	26,800	29,509	(2,709)	42,616
Supplies	11,900	15,228	(3,328)	11,255
Telephone and Utilities	52,000	48,798	3,202	42,732
Travel and Training	4,000	4,807	(807)	4,425
Other Expenses	243,335	206,034	37,301	143,368
Total Parks, Recreation & Other	619,038	614,064	4,974	484,345
Parks, Recreation and Other Capital Outlay	-	8,409	(8,409)	-
<b>TOTAL EXPENDITURES</b>	<b>704,738</b>	<b>706,068</b>	<b>(1,330)</b>	<b>517,355</b>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>				
	(206,658)	(177,641)	29,017	(88,274)
Transfers In	-	122,263	122,263	-
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<b>\$ (206,658)</b>	<b>(55,378)</b>	<b>\$ 151,280</b>	<b>(88,274)</b>
<b>FUND BALANCE, BEGINNING</b>		<b>(87,801)</b>		<b>473</b>
<b>FUND BALANCE, ENDING</b>		<b>\$ (143,179)</b>		<b>\$ (87,801)</b>

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON

**BUDGETARY COMPARISON SCHEDULE**

**Conservation Trust Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	2018		Variance With Final Budget	2017
	Original & Final Budget	Actual		Actual
<b>REVENUES</b>				
<b>Intergovernmental Revenues</b>				
Cons Trust Fund Revenue	\$ 40,000	\$ 36,786	\$ (3,214)	\$ 41,503
<b>Investment Earnings</b>	(34,940)	53	34,993	45
TOTAL REVENUES	5,060	36,839	31,779	41,548
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	5,060	36,839	31,779	41,548
<b>Budget to GAAP Basis Reconciliation</b>				
<b>FUND BALANCE, BEGINNING</b>		188,811		147,263
<b>FUND BALANCE, ENDING</b>		\$ 225,650		\$ 188,811

See accompanying Independent Auditors' Report.

**OTHER SUPPLEMENTARY INFORMATION**

CITY OF BURLINGTON

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

**Electric Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	2018		Variance with Final Budget	2017
	Final Budget	Actual		Actual
<b>Operating Revenues</b>				
Utility Charges	\$ 4,635,000	\$ 4,420,298	\$ (214,702)	\$ 4,347,968
Other Charges for Services	82,500	114,194	31,694	91,546
Total Revenues	<u>4,717,500</u>	<u>4,534,492</u>	<u>(183,008)</u>	<u>4,439,514</u>
<b>Operating Expenses</b>				
Electric Production	2,647,721	2,632,339	15,382	2,468,381
Electric Distribution	1,475,422	186,986	1,288,436	308,902
Administration	248,480	239,940	8,540	152,591
Other Capital Outlay	-	48,099	(48,099)	182,422
Total Expenditures	<u>4,371,623</u>	<u>3,107,364</u>	<u>1,264,259</u>	<u>3,112,296</u>
Operating Income (Loss)	345,877	1,427,128	1,081,251	1,327,218
<b>Other Income (Expense)</b>				
Investment Earnings	2,000	12,893	10,893	8,107
Other Revenue	10,000	27,701	17,701	13,953
Total Other Income (Expense)	<u>12,000</u>	<u>40,594</u>	<u>28,594</u>	<u>22,060</u>
Net Income (Loss) before Transfers	357,877	1,467,722	1,109,845	1,349,278
<b>Transfers</b>				
Transfers In/(Out)	<u>(615,560)</u>	<u>(615,560)</u>	-	-
Net Income (Loss), Budget Basis	(257,683)	852,162	1,109,845	1,349,278
<b>Contributed Capital</b>				
Plant Investment Fees	2,500	1,000	(1,500)	3,300
Change in Net Position (Budget Basis)	<u>\$ (255,183)</u>	<u>853,162</u>	<u>\$ 1,108,345</u>	<u>1,352,578</u>
<b>Budget to GAAP Reconciliation</b>				
Depreciation Expense		(141,074)		(157,431)
Change in Net Position - GAAP Basis		712,088		1,195,147
Net Position, Beginning		<u>6,924,189</u>		<u>5,729,042</u>
Net Position, Ending		<u>\$ 7,636,277</u>		<u>\$ 6,924,189</u>

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON

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

**BUDGET AND ACTUAL**

**Water & Sewer Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	2018		Variance with Final Budget	2017 Actual
	Final Budget	Actual		
<b>Operating Revenues</b>				
Utility Charges	\$ 1,477,300	\$ 1,501,735	\$ 24,435	\$ 1,489,804
Other Charges for Services	3,500	1,641	(1,859)	9,556
Total Revenues	<u>1,480,800</u>	<u>1,503,376</u>	<u>22,576</u>	<u>1,499,360</u>
<b>Operating Expenses</b>				
Water Treatment and Distribution	374,757	482,902	(108,145)	491,546
Sewer Collection and Treatment	220,560	218,194	2,366	114,975
Administration	97,777	77,936	19,841	16,032
Other Capital Outlay	<u>1,552,696</u>	<u>691,077</u>	<u>861,619</u>	<u>4,325,889</u>
Total Expenditures	<u>2,245,790</u>	<u>1,470,109</u>	<u>775,681</u>	<u>4,948,442</u>
Operating Income (Loss)	<u>(764,990)</u>	<u>33,267</u>	<u>798,257</u>	<u>(3,449,082)</u>
<b>Other Income (Expense)</b>				
Investment Earnings	4,000	9,865	5,865	5,978
Debt Service	<u>(462,660)</u>	<u>(439,932)</u>	<u>22,728</u>	<u>(392,028)</u>
Total Other Income (Expense)	<u>(458,660)</u>	<u>(430,067)</u>	<u>28,593</u>	<u>(386,050)</u>
Net Income (Loss) before Transfers	<u>(1,223,650)</u>	<u>(396,800)</u>	<u>826,850</u>	<u>(3,835,132)</u>
<b>Transfers</b>				
Transfers In/(Out)	<u>(25,402)</u>	<u>(98,703)</u>	<u>(73,301)</u>	<u>-</u>
Net Income (Loss), Budget Basis	<u>(1,249,052)</u>	<u>(495,503)</u>	<u>753,549</u>	<u>(3,835,132)</u>
<b>Contributed Capital</b>				
Plant Investment Fees	7,000	15,000	8,000	19,494
Intergovernmental Revenue	<u>-</u>	<u>621,395</u>	<u>621,395</u>	<u>2,594,505</u>
Total Contributed Capital	<u>7,000</u>	<u>636,395</u>	<u>629,395</u>	<u>2,613,999</u>
Change in Net Position (Budget Basis)	<u>\$ (1,242,052)</u>	<u>140,892</u>	<u>\$ 1,382,944</u>	<u>(1,221,133)</u>
<b>Budget to GAAP Reconciliation</b>				
Principal Paid		233,093		188,113
Depreciation Expense		(197,127)		(140,889)
Capital Outlay		<u>659,277</u>		<u>4,323,963</u>
Change in Net Position - GAAP Basis		836,135		3,150,054
Net Position, Beginning		<u>6,294,478</u>		<u>3,144,424</u>
Net Position, Ending		<u>\$ 7,130,613</u>		<u>\$ 6,294,478</u>

See accompanying Independent Auditors' Report.

**CITY OF BURLINGTON**

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

**BUDGET AND ACTUAL**

**Solid Waste Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	2018		Variance with Final Budget	2017 Actual
	Final Budget	Actual		
<b>Operating Revenues</b>				
Utility Charges	\$ 342,000	\$ 347,957	\$ 5,957	\$ 341,536
Other Charges for Services	106,000	118,115	12,115	105,829
Total Revenues	<u>448,000</u>	<u>466,072</u>	<u>18,072</u>	<u>447,365</u>
<b>Operating Expenses</b>				
Solid Waste Collection	<u>425,099</u>	<u>505,591</u>	<u>(80,492)</u>	<u>448,120</u>
Operating Income (Loss)	22,901	(39,519)	(62,420)	(755)
Investment Earnings	<u>75</u>	<u>70</u>	<u>(5)</u>	<u>52</u>
Change in Net Position (Budget Basis)	<u>\$ 22,976</u>	<u>(39,449)</u>	<u>\$ (62,425)</u>	<u>(703)</u>
<b>Net Position, Beginning</b>		<u>66,001</u>		<u>66,704</u>
<b>Net Position, Ending</b>		<u>\$ 26,552</u>		<u>\$ 66,001</u>

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON

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

**Airport Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	2018		Variance with Final Budget	2017	
	Final Budget	Actual		Budget	Actual
<b>Operating Revenues</b>					
Airport Charges	\$ 218,150	\$ 245,597	\$ 27,447	\$ 235,833	
Other Charges for Services	96,000	12,491	(83,509)	56,971	
Total Revenues	<u>314,150</u>	<u>258,088</u>	<u>(56,062)</u>	<u>292,804</u>	
<b>Operating Expenses</b>					
Airport	640,015	438,953	201,062	316,301	
Administration	-	73	(73)	-	
Other Capital Outlay	25,000	20,000	5,000	10,000	
Total Expenditures	<u>665,015</u>	<u>459,026</u>	<u>205,989</u>	<u>326,301</u>	
Operating Income (Loss)	<u>(350,865)</u>	<u>(200,938)</u>	<u>149,927</u>	<u>(33,497)</u>	
<b>Other Income (Expense)</b>					
Investment Earnings	100	127	27	120	
Gain (Loss) on Sale of Assets	-	-	-	17,628	
Total Other Income (Expense)	<u>100</u>	<u>127</u>	<u>27</u>	<u>17,748</u>	
Net Income (Loss) before Transfers	(350,765)	(200,811)	149,954	(15,749)	
<b>Contributed Capital</b>					
Intergovernmental Revenue	<u>333,333</u>	<u>130,797</u>	<u>(202,536)</u>	<u>-</u>	
Change in Net Position (Budget Basis)	<u>\$ (17,432)</u>	<u>(70,014)</u>	<u>\$ (52,582)</u>	<u>(15,749)</u>	
<b>Budget to GAAP Reconciliation</b>					
Depreciation Expense		(273,406)		(272,797)	
Capital Outlay		20,000		-	
Change in Net Position - GAAP Basis		(323,420)		(288,546)	
Net Position, Beginning		<u>4,178,318</u>		<u>4,466,864</u>	
Net Position, Ending		<u>\$ 3,854,898</u>		<u>\$ 4,178,318</u>	

See accompanying Independent Auditors' Report.

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## **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 2018
This Information From The Records Of City of Burlington, Colorado	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:	536,963
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	5,786
2. General fund appropriations	428,100	b. Snow and ice removal	63,857
3. Other local imposts (from page 2)	39,785	c. Other	
4. Miscellaneous local receipts (from page 2)	183,880	d. Total (a. through c.)	69,643
5. Transfers from toll facilities		4. General administration & miscellaneous	31,929
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	182,749
a. Bonds - Original Issues		6. Total (1 through 5)	821,284
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)	651,765	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	169,519	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>	821,284	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>	821,284

**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	821,284	821,284	(0)	0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2018	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<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	6,015
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	39,785	g. Other Misc. Receipts	
6. Total (1. through 5.)	39,785	h. Other County Road & Bridge Tax	177,865
c. Total (a. + b.)	39,785	i. Total (a. through h.)	183,880
	(Carry forward to page 1)		(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	156,121	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	13,398	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	13,398	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	169,519	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		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
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	0
			(Carry forward to page 1)
<b>Notes and Comments:</b>			