

**CITY OF BURLINGTON
BURLINGTON, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT
And
SINGLE AUDIT**

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

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FINANCIAL SECTION

CITY OF BURLINGTON, COLORADO
Management Discussion and Analysis
For the Year Ended December 31, 2020

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, 2020. Please read it in conjunction with the financial statements.

Financial Highlights

- The City's Net Position increased by \$2,256,401 (9.0%) during 2020.
- The City's assets exceeded its liabilities and deferred inflows of financial resources at December 31, 2020 by \$27,290,675 (Net Position).
- At December 31, 2020, the City's governmental funds reported combined ending fund balances of \$1,035,468. This marked an increase of \$556,599 (162.3%) over the prior year.
- The aggregate Net Position of the City's business-type funds increased by \$1,811,353 (9.1%) during 2020 partly due to the receipt of \$964,285 in federal and state grants by the Airport Fund.
- The City spent \$970,706 on a Runway Turnaround project at its Airport, with the assistance of state and federal grant funding. The project will be completed in 2022.

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 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 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 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 \$27,290,675 at the close of 2020.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 1,566,011	\$ 1,003,791	\$ 8,681,740	\$ 7,599,197	\$ 10,247,751	\$ 8,602,988
Capital assets, net	4,599,339	4,710,890	18,529,136	18,436,294	23,128,475	23,147,184
Total assets	\$ 6,165,350	\$ 5,714,681	\$ 27,210,876	\$ 26,035,491	\$ 33,376,226	\$ 31,750,172
Deferred outflow s of resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current liabilities	\$ 134,789	\$ 131,711	\$ 407,764	\$ 513,923	\$ 542,553	\$ 645,634
Noncurrent Liabilities	-	-	5,147,244	5,691,182	5,147,244	5,691,182
Total liabilities	\$ 134,789	\$ 131,711	\$ 5,555,008	\$ 6,205,105	\$ 5,689,797	\$ 6,336,816
Deferred inflow s of resources	\$ 395,755	\$ 393,211	\$ -	\$ 16,250	\$ 395,755	\$ 409,461
Net position:						
Net investment in capital assets	\$ 4,599,339	\$ 4,710,890	\$ 13,405,480	\$ 12,692,428	\$ 18,004,819	\$ 17,403,318
Restricted	397,698	393,801	648,193	869,024	1,045,891	1,262,825
Unrestricted	637,769	85,068	7,602,195	6,252,684	8,239,964	6,337,752
Total net position	\$ 5,634,806	\$ 5,189,759	\$ 21,655,868	\$ 19,814,136	\$ 27,290,674	\$ 25,003,895

Over two-thirds (66.0%) of the City's total net position at December 31, 2020 was represented by its investment in capital assets (e.g. land, buildings, infrastructure, & equipment). The city uses these capital assets to provide services; consequently, these assets are not available for future spending.

Approximately 3.8% (\$1,045,891) of the City's total net position at the end of 2020 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 \$8,239,964 of the City's total net position at the end of 2020 represents 30.2% 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

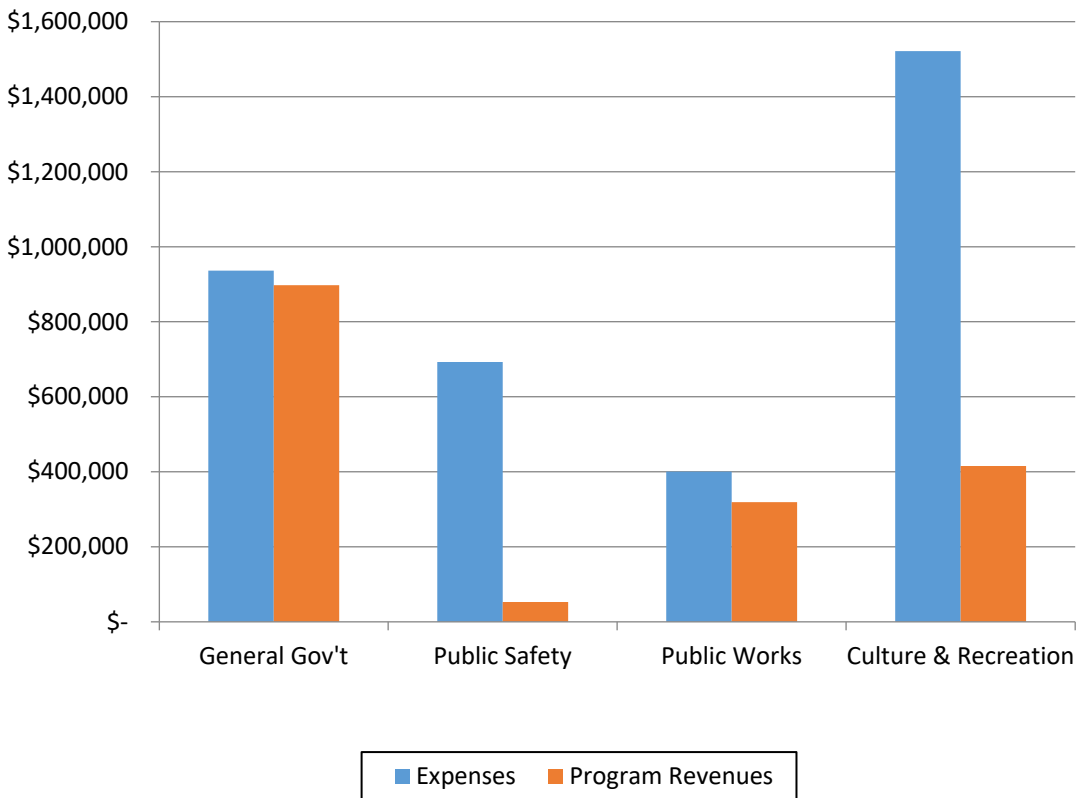
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues:						
Charges for services	\$ 1,104,377	\$ 986,435	\$ 7,099,752	\$ 7,005,511	\$ 8,204,129	\$ 7,991,946
Operating grants & contributions	410,102	482,508	38	-	410,140	482,508
Capital grants & contributions	170,161	50,000	961,585	179,263	1,131,746	229,263
General revenues:						
Property taxes	361,065	365,905	-	-	361,065	365,905
Sales & use taxes	1,528,535	1,380,342	-	-	1,528,535	1,380,342
Other taxes	304,705	375,497	-	-	304,705	375,497
Gain (loss) on sale of capital assets	2,420	-	-	-	2,420	-
Other general revenues	35,116	27,515	17,295	35,771	52,411	63,286
Total revenues	\$ 3,916,481	\$ 3,668,202	\$ 8,078,670	\$ 7,220,545	\$11,995,151	\$10,888,747
Program expenses:						
General government	\$ 936,243	\$ 888,176	\$ -	\$ -	\$ 936,243	\$ 888,176
Public safety	692,876	794,464	-	-	692,876	794,464
Public works	400,672	621,654	-	-	400,672	621,654
Parks and Recreation	1,521,642	1,584,407	-	-	1,521,642	1,584,407
Electric utility	-	-	3,699,731	3,321,578	3,699,731	3,321,578
Water and Sewer utility	-	-	1,318,469	1,246,273	1,318,469	1,246,273
Solid waste utility	-	-	538,610	478,212	538,610	478,212
Airport	-	-	630,507	758,307	630,507	758,307
Noncapitalized capital outlay	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Total expenses	\$ 3,551,433	\$ 3,888,701	\$ 6,187,317	\$ 5,804,370	\$ 9,738,750	\$ 9,693,071
Transfers In/(Out)	\$ 80,000	\$ 220,000	\$ (80,000)	\$ (220,000)	\$ -	\$ -
Increase/(decrease) in net position	\$ 445,048	\$ (499)	\$ 1,811,353	\$ 1,196,175	\$ 2,256,401	\$ 1,195,676
Net Position, Beginning	5,189,759	5,190,258	19,844,515	18,648,340	25,034,274	23,838,598
Net Position, Ending	\$ 5,634,807	\$ 5,189,759	\$21,655,868	\$19,844,515	\$27,290,675	\$25,034,274

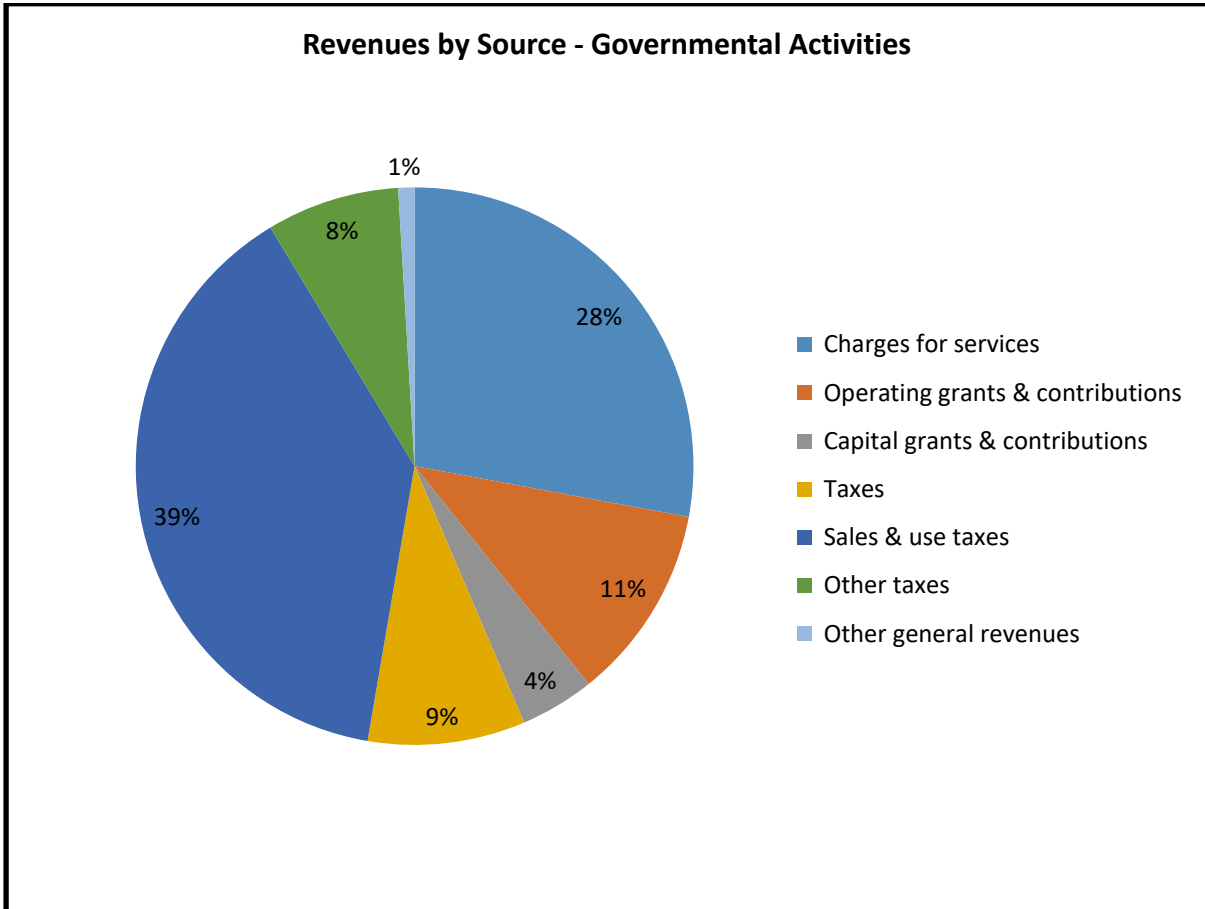
The Governmental Activities' revenues outpaced revenues by \$365,048 (10.3%) in 2020. This was an improvement over 2019 when expenses outpaced revenues by \$220,499. The overall improvement resulted from gains in some operations and losses in others, including the following changes:

- Sales & use taxes increased by \$148,193 in 2020 primarily due to residents and business using on-line ordering during the state-imposed economic lock-down associated with the Corona virus epidemic.
- Charges for services including those charged to the utility funds increased by \$117,942 in 2020.
- Expenses for public works decreased by \$220,982 in 2020 as no major construction projects were in progress.
- Expenses for public safety decreased by \$101,588 in 2020 primarily due to position vacancies in the Police Department.
- Old Town operating expenses of \$471,263 exceeded operating revenues and donations of \$177,049 by \$294,214 (166%).
- The Electric Fund transferred \$80,000 to the Tourism Promotion Fund.

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

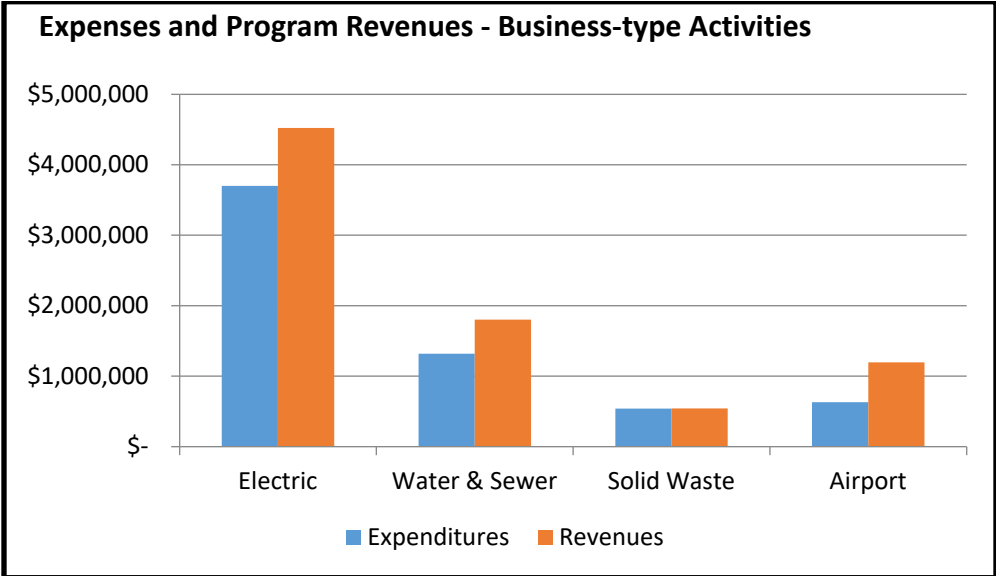
Expenses and Program Revenues - Governmental Activities

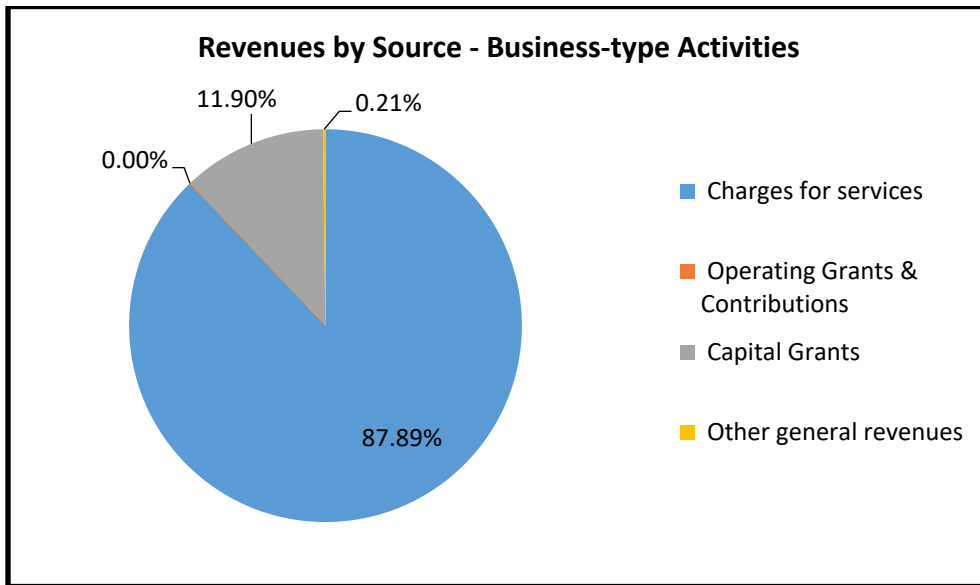




Business-type activities increased the City’s total net position by \$1,811,353 (9.1%) during 2020. The City’s Electric utility and its Water & Sewer utility increased their net positions by \$569,509 (6.5%) and \$493,632 (6.7%) respectively, while the Solid Waste utility posted an increase in net position of \$2,911 (4.1%). The Airport Fund experienced an increase in net position of \$745,301 (20.1%) after receiving intergovernmental revenue totaling \$964,285 and a \$180,000 transfer from the Electric Fund. It had an operating loss of \$399,383 including \$288,546 in facility depreciation expense. Airport operating expenses net of depreciation exceeded operating revenues by \$110,837 (48.0%).

The following two charts illustrate the Business-type Activities revenues and expenses for 2020.

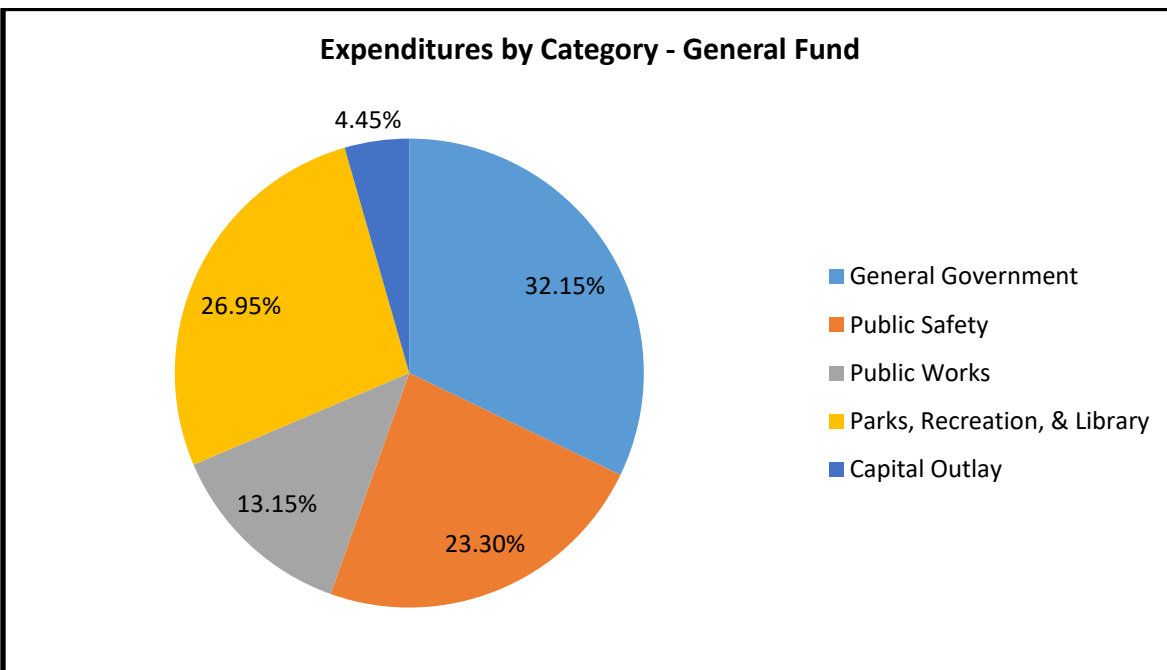
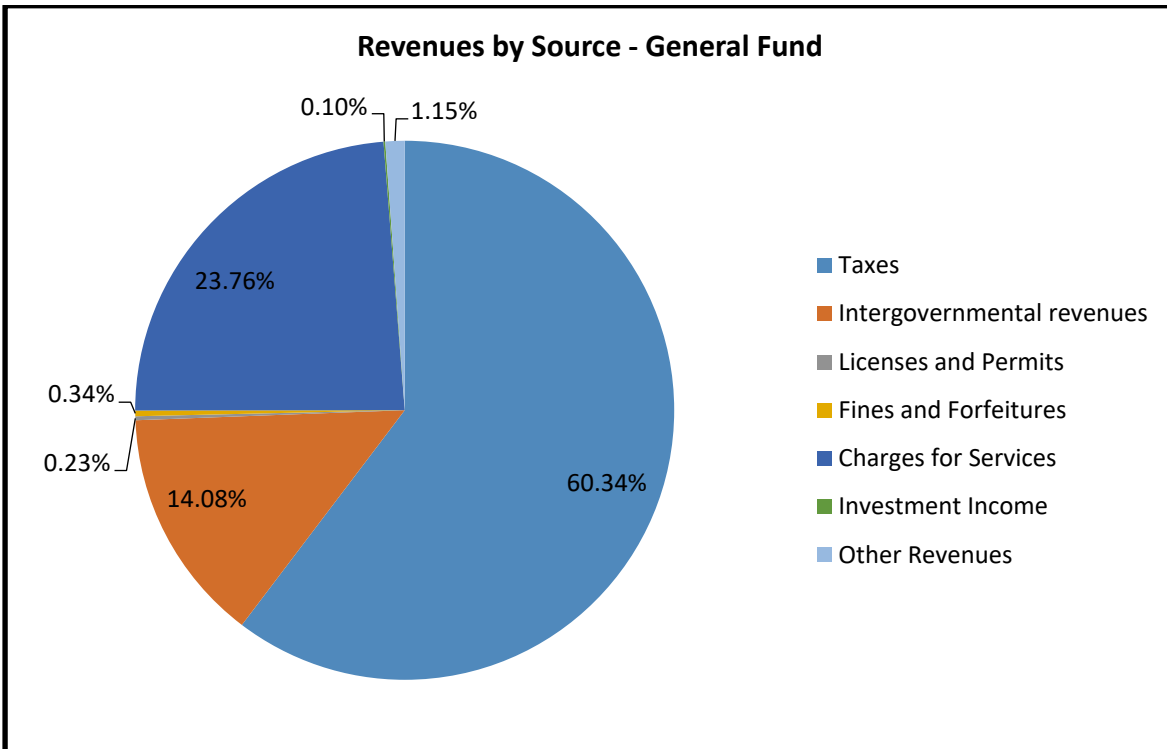




Financial Analysis of the City’s Funds

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, 2020 the City’s Governmental funds reported combined fund balances of \$1,035,468. These funds are discussed below.

General Fund. The General Fund is the chief operating fund of the City of Burlington. It accounts for all the general services provided by the City. At the end of 2020, the fund balance of the General Fund totaled \$724,743, which roughly equates to 22.2% of fund revenues for the year. This was a \$512,435 (241.36%) increase over 2019. 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 2020.



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 other 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 2020, total fund expenditures exceeded fund revenues by \$39,733 (7.1%). A transfer of \$80,000 from the Electric Fund was made to cover losses and bring the fund balance to \$47,527. Operations of the Community/Education Center, Veterans Administration Clinic, and Colorado Welcome Center posted modest gains, while Old Town has losses of \$294,215. Lodging taxes totaled \$222,320. 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 \$21,655,868 of which \$13,405,480 were invested in capital assets, \$648,193 were restricted, and \$7,602,195 were unrestricted. The total net position of the proprietary funds increased by \$1,811,353 (9.1%) during 2020. 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

As shown in Note 4 of the financial statements, at December 31, 2020 the City had invested in a range of capital assets totaling \$23,128,474 (net of accumulated depreciation) including land, buildings and improvements, vehicles, office equipment, utility systems, park equipment, and a general aviation airport. During 2020, the City made additions to its buildings, equipment, and Airport runways totaling \$1,117,873. It also placed \$168,107 in prior year building and improvements into service. Depreciation expenses of \$1,061,235 on total assets were recorded.

Governmental Activities Capital Asset Summary

	Balance <u>1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2020</u>
Capital assets not being depreciated				
Land	\$ 337,017	\$ -	\$ -	\$ 337,017
Old Town Donations	101,406	2,000	(2,000)	101,406
Construction in Progress	115,514	-	(115,514)	-
Total capital assets not being depreciated	\$ 553,937	\$ 2,000	\$ (117,514)	\$ 438,423
Capital assets being depreciated				
Infrastructure	1,229,057	-	-	1,229,057
Buildings	4,327,428	115,514	-	4,442,942
Improvements other than buildings	1,532,788	-	-	1,532,788
Equipment	1,857,792	177,440	-	2,035,232
Vehicles	685,831	-	(12,807)	673,024
Total capital assets being depreciated	\$ 9,632,896	\$ 292,954	\$ (12,807)	\$ 9,913,043
Accumulated depreciation				
Infrastructure	(501,802)	(32,951)	-	(534,753)
Buildings	(1,971,532)	(90,978)	-	(2,062,510)
Improvements other than buildings	(1,097,088)	(42,401)	-	(1,139,489)
Equipment	(1,413,347)	(73,468)	-	(1,486,815)
Vehicles	(492,174)	(49,193)	12,807	(528,560)
Total accumulated depreciation	\$ (5,475,943)	\$ (288,991)	\$ 12,807	\$ (5,752,127)
Net capital assets	\$ 4,710,890	\$ 5,963	\$ (117,514)	\$ 4,599,339

Business-type Capital Asset Summary

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
Capital assets not being depreciated				
Land	\$ 609,915	\$ -	\$ -	\$ 609,915
Water rights	2,918,032	-	-	2,918,032
Construction in progress	61,691	6,320	(52,593)	15,418
Total capital assets not being depreciated	\$ 3,589,638	\$ 6,320	\$ (52,593)	\$ 3,543,365
Capital assets being depreciated				
System	17,648,256	-	-	17,648,256
Buildings	1,079,539	-	-	1,079,539
Improvements other than buildings	5,134,046	970,706	-	6,104,752
Equipment	1,042,805	16,000	-	1,058,805
Vehicles	513,273	-	(14,000)	499,273
Total capital assets being depreciated	\$ 25,417,919	\$ 986,706	\$ (14,000)	\$ 26,390,625
Accumulated depreciation				
System	(6,130,851)	(445,584)	-	(6,576,435)
Buildings	(421,447)	(25,888)	-	(447,335)
Improvements other than buildings	(2,810,224)	(227,185)	-	(3,037,409)
Equipment	(812,127)	(60,364)	-	(872,491)
Vehicles	(471,962)	(13,223)	14,000	(471,185)
Total accumulated depreciation	\$(10,646,611)	\$(772,244)	\$ 14,000	\$(11,404,855)
Net capital assets	\$ 18,360,946	\$ 220,782	\$ (52,593)	\$ 18,529,135

Debt Administration

The following changes in long-term debt occurred during 2020. Note 5 of the financial statements provides additional information regarding the City's long-term debt.

	Balance 12/31/2019	Advances/Refundings	Repayments	Balance 12/31/2020	Current Portion
<u>Business-type Activities</u>					
<u>2014 Series A Revenues Bonds Payable</u>					
Bonds Payable - Water	\$ 2,820,000	\$ (2,820,000)	\$ -	\$ -	\$ -
Bond Premiums - Water	11,338	(11,338)	-	-	-
<u>2014 Series B Revenues Bonds Payable</u>					
Bonds Payable - Water	600,571	(644,738)	(44,167)	-	-
Bond Premiums - Water	4,912	(4,912)	-	-	-
Bonds Payable - Sewer	1,024,429	(980,262)	44,167	-	-
<u>2016 CWRPDA Note Payable</u>	988,803	-	31,406	957,397	31,721
<u>2017 CWRPDA Note Payable</u>	234,714	-	7,455	227,259	7,530
<u>2020 BOK Note Payable</u>	-	4,133,000	194,000	3,939,000	222,000
Total Noncurrent Liabilities	\$ 5,684,767	\$ (328,250)	\$ 232,861	\$ 5,123,656	\$ 261,251
<u>2014 Bond Insurance Payable</u>					
Series A Bond Insurance	\$ 47,602	\$ (47,602)	\$ -	\$ -	\$ -
Series B Bond Insurance	27,746	(27,746)	-	-	-
Total Bond Insurance Asset	\$ 75,348	\$ (75,348)	\$ -	\$ -	\$ -

Economic Factors and Next Year's Budget

Management intends that its continued emphasis on improved budget development and tracking processes will continue to 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.

Beginning in March 2020, the State of Colorado imposed lengthy restrictions on businesses, recreation, and places of worship with the stated purpose of slowing the spread of the Coronavirus so that hospital facilities would not be overwhelmed with patients. The City has been economically impacted by these restrictions, and the full economic impact has yet to be determined.

Requests for Information

This financial report is designed to provide the City of Burlington's residents, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the funds it receives and assets it maintains. If you have questions about this report, or should you desire additional financial information, contact the City Treasurer at 415 15th 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

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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 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.

Required Supplementary Information – Budgetary Comparison Schedules and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 30-32 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. In addition, the budgetary comparison schedules on pages 33-38 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 by us and other auditors.

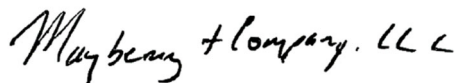
In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Local Highway Finance Report* pages 39-40 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2021 on our consideration of the City of Burlington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Burlington's internal control over financial reporting and compliance.

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Englewood, Colorado
July 21, 2021

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BASIC FINANCIAL STATEMENTS

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CITY OF BURLINGTON

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Cash	\$ 491,627	\$ 5,452,186	\$ 5,943,813
Restricted Cash and Investments	320,152	1,060,262	1,380,414
Receivables			
Property Tax Receivable	362,718	-	362,718
Utility Receivable	-	1,101,072	1,101,072
Cash with Fiscal Agent	22,485	-	22,485
Accounts Receivable	13,507	78	13,585
Other Receivables	309,533	80,996	390,529
Inventory	45,989	896,046	942,035
Prepaid Expenses	-	91,100	91,100
Total Current Assets	<u>1,566,011</u>	<u>8,681,740</u>	<u>10,247,751</u>
Noncurrent Assets			
Capital Assets not being Depreciated	438,423	3,543,366	3,981,789
Capital Assets being Depreciated	9,913,043	26,390,625	36,303,668
Accumulated Depreciation	<u>(5,752,127)</u>	<u>(11,404,855)</u>	<u>(17,156,982)</u>
Total Noncurrent Assets	<u>4,599,339</u>	<u>18,529,136</u>	<u>23,128,475</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 6,165,350</u>	<u>\$ 27,210,876</u>	<u>\$ 33,376,226</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 64,191	\$ 298,658	\$ 362,849
Accrued Salaries and Benefits	64,288	19,949	84,237
Deposits and Escrow	6,310	72,979	79,289
Accrued Interest Payable	-	16,178	16,178
Total Current Liabilities	<u>134,789</u>	<u>407,764</u>	<u>542,553</u>
Noncurrent Liabilities			
Due within one year	-	251,610	251,610
Due in more than one year	-	4,895,634	4,895,634
Total Noncurrent Liabilities	<u>-</u>	<u>5,147,244</u>	<u>5,147,244</u>
TOTAL LIABILITIES	<u>134,789</u>	<u>5,555,008</u>	<u>5,689,797</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES			
Deferred Property Taxes	362,718	-	362,718
Other Deferred Inflows	<u>33,037</u>	<u>-</u>	<u>33,037</u>
TOTAL DEFERRED INFLOWS	<u>395,755</u>	<u>-</u>	<u>395,755</u>
NET POSITION			
Net Investment in Capital Assets	4,599,339	13,405,480	18,004,819
Restricted Net Position	397,698	648,193	1,045,891
Unrestricted Net Position	<u>637,769</u>	<u>7,602,195</u>	<u>8,239,964</u>
TOTAL NET POSITION	<u>5,634,806</u>	<u>21,655,868</u>	<u>27,290,674</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 6,165,350</u>	<u>\$ 27,210,876</u>	<u>\$ 33,376,226</u>

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

CITY OF BURLINGTON

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
FUNCTIONS/PROGRAMS				
Government Activities				
Current:				
General Government	\$ 936,243	\$ 738,364	\$ 26,780	\$ 132,384
Public Safety	692,876	11,974	2,961	37,777
Public Works	400,672	3,503	315,404	-
Culture and Recreation	1,521,643	350,536	64,957	-
TOTAL GOVERNMENT ACTIVITIES	<u>3,551,434</u>	<u>1,104,377</u>	<u>410,102</u>	<u>170,161</u>
Business-type Activities				
Current:				
Electric	3,729,631	4,537,017	19	16,250
Water & Sewer	1,318,469	1,790,106	19	10,950
Solid Waste	538,610	541,505	-	-
Airport	630,507	231,124	-	964,285
TOTAL BUSINESS-TYPE ACTIVITIES	<u>6,217,217</u>	<u>7,099,752</u>	<u>38</u>	<u>991,485</u>
TOTAL GOVERNMENT	<u>\$ 9,768,651</u>	<u>\$ 8,204,129</u>	<u>\$ 410,140</u>	<u>\$ 1,161,646</u>
GENERAL REVENUES				
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				
TRANSFERS				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION - Beginning				
Prior Period Restatement				
NET POSITION - Beginning (as Restated)				
NET POSITION - Ending				

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL
\$ (38,715)	\$ -	\$ (38,715)
(640,164)	-	(640,164)
(81,765)	-	(81,765)
<u>(1,106,150)</u>	<u>-</u>	<u>(1,106,150)</u>
<u>(1,866,794)</u>	<u>-</u>	<u>(1,866,794)</u>
-	823,655	823,655
-	482,606	482,606
-	2895	2895
-	<u>564,902</u>	<u>564,902</u>
-	<u>1,874,058</u>	<u>1,874,058</u>
<u>(1,866,794)</u>	<u>1,874,058</u>	<u>7,264</u>
361,065	-	361,065
37,679	-	37,679
1,528,535	-	1,528,535
40,131	-	40,131
226,895	-	226,895
3,389	10,674	14,063
2,420	756	3,176
-	5,865	5,865
31,727	-	31,727
<u>80,000</u>	<u>(80,000)</u>	<u>-</u>
<u>2,311,841</u>	<u>(62,705)</u>	<u>2,249,136</u>
<u>445,047</u>	<u>1,811,353</u>	<u>2,256,400</u>
<u>5,189,759</u>	<u>19,814,136</u>	<u>25,003,895</u>
<u>-</u>	<u>30,379</u>	<u>30,379</u>
<u>5,189,759</u>	<u>19,844,515</u>	<u>25,034,274</u>
<u>\$ 5,634,806</u>	<u>\$ 21,655,868</u>	<u>\$ 27,290,674</u>

CITY OF BURLINGTON

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2020

With Comparative Totals for December 31, 2019

	SPEC REV FD		
	General Fund	Conservation Trust Fund	Tourism Promotion Fund
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Cash	\$ 428,457	\$ -	\$ 63,170
Restricted Cash and Investments	56,954	263,198	-
Receivables			
Property Tax Receivable	362,718	-	-
Cash with Fiscal Agent	22,485	-	-
Accounts Receivable	-	-	13,507
Other Receivables	309,533	-	-
Inventory	45,989	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,226,136</u>	<u>\$ 263,198</u>	<u>\$ 76,677</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 42,323	\$ -	\$ 21,868
Accrued Liabilities	-	-	-
Accrued Salaries and Benefits	57,006	-	7,282
Deposits and Escrow	6,310	-	-
TOTAL LIABILITIES	<u>105,639</u>	<u>-</u>	<u>29,150</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES			
Deferred Property Taxes	362,718	-	-
Other Deferred Inflows	33,037	-	-
TOTAL DEFERRED INFLOWS	<u>395,755</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
Nonspendable Fund Balance	45,989	-	-
Restricted Fund Balance	134,500	263,198	-
Committed Fund Balance	41,953	-	47,527
Unassigned Fund Balance	502,300	-	-
TOTAL FUND BALANCE	<u>724,742</u>	<u>263,198</u>	<u>47,527</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 1,226,136</u>	<u>\$ 263,198</u>	<u>\$ 76,677</u>

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

Total

<u>2020</u>	<u>2019</u>
\$ 491,627	\$ (94,341)
320,152	319,026
362,718	362,490
22,485	29,819
13,507	62,785
309,533	269,977
45,989	54,035
<u>\$ 1,566,011</u>	<u>\$ 1,003,791</u>

\$ 64,191	\$ 82,136
-	4,159
64,288	43,046
6,310	2,370
<u>134,789</u>	<u>131,711</u>

362,718	362,490
33,037	30,721
<u>395,755</u>	<u>393,211</u>

45,989	54,035
397,698	401,061
89,480	44,724
502,300	(20,951)
<u>1,035,467</u>	<u>478,869</u>
<u>\$ 1,566,011</u>	<u>\$ 1,003,791</u>

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CITY OF BURLINGTON

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
DECEMBER 31, 2020**

Fund Balance - Governmental Funds			\$ 1,035,467
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	\$	438,423	
Capital assets, being depreciated		9,913,043	
Accumulated depreciation		<u>(5,752,127)</u>	<u>4,599,339</u>
Total Net Position - Governmental Activities			<u>\$ 5,634,806</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, 2020

With Comparative Totals for the Year Ended December 31, 2019

	SPEC REV FUNDS			TOTAL	
	General	Conservation	Tourism		
	Fund	Trust	Promotion	2020	2019
REVENUES					
Taxes	\$ 1,971,933	\$ -	\$ 222,372	\$ 2,194,305	\$ 2,121,745
Intergovernmental Revenues	459,982	32,944	427	493,353	501,474
Licenses and Permits	7,622	-	-	7,622	4,663
Fines and Forfeits	10,934	-	-	10,934	12,967
Charges for Services	776,615	-	309,207	1,085,822	964,535
Investment Earnings	3,342	48	-	3,390	3,753
Other Revenues	37,675	-	28,480	66,155	59,065
TOTAL REVENUES	<u>3,268,103</u>	<u>32,992</u>	<u>560,486</u>	<u>3,861,581</u>	<u>3,668,202</u>
EXPENDITURES					
Current:					
General Government	885,917	-	16,538	902,455	850,955
Public Safety	642,171	-	-	642,171	744,549
Public Works	362,507	-	-	362,507	580,765
Parks, Recreation and Other	742,534	29,095	583,681	1,355,310	1,411,806
Capital Outlay	122,540	-	-	122,540	188,213
Debt Service	-	-	-	-	44,761
TOTAL EXPENDITURES	<u>2,755,669</u>	<u>29,095</u>	<u>600,219</u>	<u>3,384,983</u>	<u>3,821,049</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	512,434	3,897	(39,733)	476,598	(152,847)
OTHER FINANCING SOURCES (USES)					
Transfers (In)	-	-	80,000	80,000	220,000
CHANGE IN FUND BALANCE	512,434	3,897	40,267	556,598	67,153
FUND BALANCE, BEGINNING	<u>212,308</u>	<u>259,301</u>	<u>7,260</u>	<u>478,869</u>	<u>411,716</u>
FUND BALANCE, ENDING	<u>\$ 724,742</u>	<u>\$ 263,198</u>	<u>\$ 47,527</u>	<u>\$ 1,035,467</u>	<u>\$ 478,869</u>

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

CITY OF BURLINGTON

**RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020**

Change in Fund Balance - Governmental Funds			\$ 556,598
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Capitalized Asset Purchases		\$ 122,540	
Donated Capital Assets		54,900	
Depreciation Expense		<u>(288,991)</u>	<u>(111,551)</u>
Change in Net Position - Governmental Activities			<u>\$ 445,047</u>

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

CITY OF BURLINGTON

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2020

With Comparative Totals for December 31, 2019

	Business-type Activities			
	Electric Fund	Water & Sewer Fund	Solid Waste Fund	Airport Fund
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and Investments				
Cash	\$ 4,557,645	\$ 1,300,010	\$ 17,939	\$ (423,408)
Restricted Cash and Investments	-	648,193	-	412,069
Receivables				
Utility Receivable	733,740	268,140	99,192	-
Accounts Receivable	19	-	-	59
Other Receivables	-	19	-	80,977
Inventory	684,100	190,387	-	21,559
Prepaid Expenses	-	85,096	-	6,004
Total Current Assets	<u>5,975,504</u>	<u>2,491,845</u>	<u>117,131</u>	<u>97,260</u>
Noncurrent Assets				
Capital Assets not being depreciated	42,718	2,933,144	-	567,504
Capital Assets being depreciated	7,563,912	11,130,066	-	7,696,647
Accumulated Depreciation	(3,974,975)	(3,538,600)	-	(3,891,280)
Other Noncurrent Assets	-	-	-	-
Total Noncurrent Assets	<u>3,631,655</u>	<u>10,524,610</u>	<u>-</u>	<u>4,372,871</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 9,607,159</u>	<u>\$ 13,016,455</u>	<u>\$ 117,131</u>	<u>\$ 4,470,131</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 226,766	\$ 16,004	\$ 43,965	\$ 11,923
Accrued Salaries and Benefits	9,107	8,262	-	2,580
Deposits and Escrow	71,979	1,000	-	-
Accrued Interest Payable	-	16,178	-	-
Total Current Liabilities	<u>307,852</u>	<u>41,444</u>	<u>43,965</u>	<u>14,503</u>
Noncurrent Liabilities				
Due within one year	833	250,354	-	423
Due in more than one year	7,494	4,884,332	-	3,808
Total Noncurrent Liabilities	<u>8,327</u>	<u>5,134,686</u>	<u>-</u>	<u>4,231</u>
TOTAL LIABILITIES	<u>316,179</u>	<u>5,176,130</u>	<u>43,965</u>	<u>18,734</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
Other Deferred Inflows	-	-	-	-
NET POSITION				
Net Investment in Capital Assets	3,631,655	5,400,954	-	4,372,871
Restricted Net Position	-	648,193	-	-
Unrestricted Net Position	5,659,325	1,791,178	73,166	78,526
TOTAL NET POSITION	<u>9,290,980</u>	<u>7,840,325</u>	<u>73,166</u>	<u>4,451,397</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 9,607,159</u>	<u>\$ 13,016,455</u>	<u>\$ 117,131</u>	<u>\$ 4,470,131</u>

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

Total	
2020	2019
\$ 5,452,186	\$ 4,670,692
1,060,262	1,209,779
1,101,072	1,132,706
78	-
80,996	10,942
896,046	575,078
91,100	-
<u>8,681,740</u>	<u>7,599,197</u>
3,543,366	3,589,638
26,390,625	25,417,919
(11,404,855)	(10,646,611)
-	75,348
<u>18,529,136</u>	<u>18,436,294</u>
<u>\$ 27,210,876</u>	<u>\$ 26,035,491</u>
\$ 298,658	\$ 345,970
19,949	16,182
72,979	119,614
16,178	32,157
<u>407,764</u>	<u>513,923</u>
251,610	249,996
<u>4,895,634</u>	<u>5,441,186</u>
5,147,244	5,691,182
<u>5,555,008</u>	<u>6,205,105</u>
-	16,250
13,405,480	12,692,428
648,193	869,024
7,602,195	6,252,684
<u>21,655,868</u>	<u>19,814,136</u>
<u>\$ 27,210,876</u>	<u>\$ 26,035,491</u>

CITY OF BURLINGTON

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

FOR THE YEAR ENDED DECEMBER 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	Business-type Activities			
	Electric	Water & Sewer	Solid Waste	Airport
	Fund	Fund	Fund	Fund
Operating Revenues				
Utility Charges	\$ 4,503,697	\$ 1,775,912	\$ 404,108	\$ -
Airport Charges	-	-	-	201,893
Other Charges for Services	33,320	14,194	137,397	29,231
Total Revenues	<u>4,537,017</u>	<u>1,790,106</u>	<u>541,505</u>	<u>231,124</u>
Operating Expenses				
Airport	-	-	-	250,229
Solid Waste Collection	-	-	538,610	-
Electric Production	2,581,447	-	-	-
Electric Distribution	324,428	-	-	-
Water Treatment and Distribution	-	422,946	-	-
Sewer Collection and Treatment	-	226,477	-	-
Administration	566,883	245,490	-	105
Depreciation Expense	220,653	263,045	-	288,546
Other Capital Outlay	6,320	-	-	91,627
Total Expenditures	<u>3,699,731</u>	<u>1,157,958</u>	<u>538,610</u>	<u>630,507</u>
Operating Income (Loss)	<u>837,286</u>	<u>632,148</u>	<u>2,895</u>	<u>(399,383)</u>
Other Income (Expense)				
Intergovernmental Revenue	19	19	-	-
Investment Earnings	4,639	5,956	16	63
Other Revenue	1,005	4,860	-	-
Interest Expense	-	(120,436)	-	-
Gain (Loss) on Sale of Assets	210	210	-	336
Other Expense	-	(40,075)	-	-
Total Other Income (Expense)	<u>5,873</u>	<u>(149,466)</u>	<u>16</u>	<u>399</u>
Net Income (Loss) before Transfers	843,159	482,682	2,911	(398,984)
Transfers				
Transfers In/(Out)	(260,000)	-	-	180,000
Net Income (Loss)	<u>583,159</u>	<u>482,682</u>	<u>2,911</u>	<u>(218,984)</u>
Contributed Capital				
Plant Investment Fees	16,250	10,950	-	-
Intergovernmental Revenue	-	-	-	964,285
Other Capital Contributions	(29,900)	-	-	-
Total Contributed Capital	<u>(13,650)</u>	<u>10,950</u>	<u>-</u>	<u>964,285</u>
Change in Net Position	<u>569,509</u>	<u>493,632</u>	<u>2,911</u>	<u>745,301</u>
Net Position, Beginning	8,721,471	7,316,314	70,255	3,706,096
Prior Period Restatement	-	30,379	-	-
Net Position, Beginning (As Restated)	<u>8,721,471</u>	<u>7,346,693</u>	<u>70,255</u>	<u>3,706,096</u>
Net Position, Ending	<u>\$ 9,290,980</u>	<u>\$ 7,840,325</u>	<u>\$ 73,166</u>	<u>\$ 4,451,397</u>

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

Total	
2020	2019
\$ 6,683,717	\$ 6,492,264
201,893	290,123
214,142	223,124
<u>7,099,752</u>	<u>7,005,511</u>
250,229	347,587
538,610	478,212
2,581,447	2,533,068
324,428	221,250
422,946	463,146
226,477	221,137
812,478	488,398
772,244	719,228
97,947	161,901
<u>6,026,806</u>	<u>5,633,927</u>
<u>1,072,946</u>	<u>1,371,584</u>
38	-
10,674	22,285
5,865	13,486
(120,436)	(200,822)
756	-
(40,075)	-
<u>(143,178)</u>	<u>(165,051)</u>
929,768	1,206,533
(80,000)	(220,000)
<u>849,768</u>	<u>986,533</u>
27,200	18,200
964,285	161,063
(29,900)	-
<u>961,585</u>	<u>179,263</u>
<u>1,811,353</u>	<u>1,165,796</u>
19,814,136	18,648,340
30,379	-
<u>19,844,515</u>	<u>18,648,340</u>
<u>\$ 21,655,868</u>	<u>\$ 19,814,136</u>

CITY OF BURLINGTON

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	Business-type Activities			
	Electric	Water & Sewer	Solid Waste	Airport
	Fund	Fund	Fund	Fund
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 4,589,520	\$ 1,762,419	\$ 537,560	\$ 125,119
Cash Paid to Suppliers	(3,534,723)	(729,510)	(538,455)	(348,120)
Cash Paid to Employees	(218,794)	(173,718)	-	(60,205)
Net Cash Provided by Operating Activities	<u>836,003</u>	<u>859,191</u>	<u>(895)</u>	<u>(283,206)</u>
Cash Flows From Capital and Related Financing Activities:				
Tap Fees Received	16,250	10,950	-	-
Debt Principal Payments	-	(544,861)	-	-
Grant Proceeds	19	19	-	964,285
Interest Payments	-	(152,665)	-	-
Proceeds of Capital Asset Sales	210	210	-	336
Acquisition of Capital Assets	(36,220)	-	-	(934,113)
Cash Flows Used by Capital and Related Financing Activities	<u>(19,741)</u>	<u>(686,347)</u>	<u>-</u>	<u>30,508</u>
Cash Flows (Uses) From Noncapital Financing Activities:				
Cash from Other Funds	(260,000)	-	-	180,000
Other Revenues (Expense)	1,005	(35,215)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(258,995)</u>	<u>(35,215)</u>	<u>-</u>	<u>180,000</u>
Cash Flows (Uses) From Investing Activities:				
Interest Received	<u>4,639</u>	<u>5,956</u>	<u>16</u>	<u>63</u>
Net Increase (Decrease) in Cash	561,906	143,585	(879)	(72,635)
Cash - Beginning	3,995,739	1,804,618	18,818	61,296
Cash - Ending	<u>\$ 4,557,645</u>	<u>\$ 1,948,203</u>	<u>\$ 17,939</u>	<u>\$ (11,339)</u>
Cash	\$ 4,557,645	\$ 1,300,010	\$ 17,939	\$ (423,408)
Restricted Cash and Investments	-	648,193	-	412,069
Total	<u>\$ 4,557,645</u>	<u>\$ 1,948,203</u>	<u>\$ 17,939</u>	<u>\$ (11,339)</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss)	\$ 837,286	\$ 632,148	\$ 2,895	\$ (399,383)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	220,653	263,045	-	288,546
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Utility Receivable	63,247	(27,668)	(3,945)	-
Accounts Receivable	(19)	-	-	(59)
Other Receivables	-	(19)	-	(70,036)
Inventory	(291,540)	8,618	-	(7,668)
Prepaid Expenses	-	(9,748)	-	(6,004)
(Increase) Decrease in:				
Accounts Payable	15,637	(9,626)	155	(53,479)
Accrued Salaries and Benefits	214	2,766	-	787
Deposits and Escrow	(10,725)	-	-	(35,910)
Accrued Compensated Absences	1,250	(325)	-	-
Total Adjustments	<u>(1,283)</u>	<u>227,043</u>	<u>(3,790)</u>	<u>116,177</u>
Net Cash Used for Operating Activities	<u>\$ 836,003</u>	<u>\$ 859,191</u>	<u>\$ (895)</u>	<u>\$ (283,206)</u>

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

Total	
2020	2019
\$ 7,014,618	\$ 7,004,469
(5,150,808)	(4,932,968)
<u>(452,717)</u>	<u>(412,853)</u>
<u>1,411,093</u>	<u>1,658,648</u>
27,200	18,200
(544,861)	(238,477)
964,323	161,063
(152,665)	(202,614)
756	-
(970,333)	(147,279)
<u>(675,580)</u>	<u>(409,107)</u>
(80,000)	(97,723)
(34,210)	13,486
<u>(114,210)</u>	<u>(84,237)</u>
10,674	22,285
631,977	1,187,589
<u>5,880,471</u>	<u>4,692,882</u>
\$ <u>6,512,448</u>	\$ <u>5,880,471</u>
\$ 5,452,186	\$ 4,670,692
<u>1,060,262</u>	<u>1,209,779</u>
\$ <u>6,512,448</u>	\$ <u>5,880,471</u>
\$ <u>1,072,946</u>	\$ <u>1,371,584</u>
772,244	719,228
31,634	(87,767)
(78)	30
(70,055)	45,585
(290,590)	(120,978)
(15,752)	3,383
(47,313)	(324,046)
3,767	4,830
(46,635)	41,110
925	5,689
<u>338,147</u>	<u>287,064</u>
\$ <u>1,411,093</u>	\$ <u>1,658,648</u>

CITY OF BURLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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.

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, 2020

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. Employee may accrue up to 1.5 times the annual vacation allotment at which time further accrual will cease. Employee is eligible for payout of all accrued vacation at time of termination, payout determined on current rate of pay. 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.

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 2020 to be collected in 2021.

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, 2020

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, 2020

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, 2020, 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, 2020 were as follows:

	<u>Bank Balance</u>	<u>Book Balance</u>
FDIC Insured	\$ 899,311	\$ 899,311
Collateralized under PDPA (Not in Entity's Name)	6,539,200	6,423,883
Petty Cash	-	1,033
Total Cash and Investments	<u>\$ 7,438,512</u>	<u>\$ 7,324,227</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, 2020

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, 2020, 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, 2020, 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>263,199</u>	
Included in Restricted Fund Balance		278,199
Restricted for Parmer Park	769	
Restricted for Library	<u>41,184</u>	
Included in Committed Fund Balance		41,953
Restricted O & M and Debt Service Reserve (Restricted Net Position)		648,193
Restricted for Airport Runway Replacement (Unrestricted Net Position)		<u>412,069</u>
Total Restricted Cash		<u>\$ 1,380,414</u>

CITY OF BURLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4: CAPITAL ASSETS

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

	<u>Balance</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2020</u>
Capital assets not being depreciated				
Land	\$ 337,017	\$ -	\$ -	\$ 337,017
Old City Donations/Collection	101,406	2,000	(2,000)	101,406
Construction in progress	115,514	-	(115,514)	-
Total capital assets not being depreciated	<u>553,937</u>	<u>2,000</u>	<u>(117,514)</u>	<u>438,423</u>
Capital assets being depreciated				
Infrastructure	1,229,057	-	-	1,229,057
Buildings	4,327,428	115,514	-	4,442,942
Improvements other than buildings	1,532,788	-	-	1,532,788
Equipment	1,857,792	177,440	-	2,035,232
Vehicles	685,831	-	(12,807)	673,024
Total capital assets being depreciated	<u>9,632,896</u>	<u>292,954</u>	<u>(12,807)</u>	<u>9,913,043</u>
Accumulated depreciation				
Infrastructure	(501,802)	(32,951)	-	(534,753)
Buildings	(1,971,532)	(90,978)	-	(2,062,510)
Improvements other than buildings	(1,097,088)	(42,401)	-	(1,139,489)
Equipment	(1,413,347)	(73,468)	-	(1,486,815)
Vehicles	(492,174)	(49,193)	12,807	(528,560)
Total accumulated depreciation	<u>(5,475,943)</u>	<u>(288,991)</u>	<u>12,807</u>	<u>(5,752,127)</u>
Net Capital Assets	<u>\$ 4,710,890</u>	<u>\$ 5,963</u>	<u>\$ (117,514)</u>	<u>\$ 4,599,339</u>

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

General Government	\$ 33,788
Public Safety	50,705
Public Works	38,165
Culture and Recreation	166,333
Total Depreciation	<u>\$ 288,991</u>

CITY OF BURLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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>1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2020</u>
Capital assets not being depreciated				
Land	\$ 609,915	\$ -	\$ -	\$ 609,915
Water rights	2,918,032	-	-	2,918,032
Construction in progress	61,691	6,320	(52,593)	15,418
Total capital assets not being depreciated	<u>3,589,638</u>	<u>6,320</u>	<u>(52,593)</u>	<u>3,543,365</u>
Capital assets being depreciated				
System	17,648,256	-	-	17,648,256
Buildings	1,079,540	-	-	1,079,540
Other improvements	5,134,045	970,706	-	6,104,751
Equipment	1,042,805	16,000	-	1,058,805
Vehicles	513,273	-	(14,000)	499,273
Total capital assets being depreciated	<u>25,417,919</u>	<u>986,706</u>	<u>(14,000)</u>	<u>26,390,625</u>
Accumulated depreciation				
System	(6,130,851)	(445,584)	-	(6,576,435)
Buildings	(421,447)	(25,888)	-	(447,335)
Other improvements	(2,810,224)	(227,185)	-	(3,037,409)
Equipment	(812,127)	(60,364)	-	(872,491)
Vehicles	(471,962)	(13,223)	14,000	(471,185)
Total accumulated depreciation	<u>(10,646,611)</u>	<u>(772,244)</u>	<u>14,000</u>	<u>(11,404,855)</u>
Net Capital Assets	<u>\$ 18,360,946</u>	<u>\$ 220,782</u>	<u>\$ (52,593)</u>	<u>\$ 18,529,135</u>

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

Electric	\$ 220,653
Water	193,301
Sewer	69,744
Airport	288,546
Total Depreciation	<u>\$ 772,244</u>

CITY OF BURLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5: LONG-TERM DEBT

BUSINESS-TYPE ACTIVITIES

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

	<u>Balance</u> <u>12/31/2019</u>	<u>Advances/ Refundings</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/2020</u>	<u>Current Portion</u>	<u>Accrued Interest</u>	<u>Interest Expense</u>
<u>Business-type Activities</u>							
<u>2014 Series A Revenue Bonds Payable</u>							
Bonds Payable - Water	\$ 2,820,000	\$ (2,820,000)	\$ -	\$ -	\$ -	\$ -	\$ 38,201
<u>2014 Series B Revenue Bonds Payable</u>							
Bonds Payable - Water	600,571	(644,738)	(44,167)	-	-	-	18,620
Bonds Payable - Sewer	1,024,429	(980,262)	44,167	-	-	-	3,415
<u>Accrued Compensated Absences</u>	22,664	924	-	23,588	2,359	-	-
<u>2016 CWRPDA Note Payable</u>	988,803	-	31,406	957,397	31,721	1,596	9,757
<u>2017 CWRPDA Note Payable</u>	234,714	-	7,455	227,259	7,530	379	2,316
<u>2020 BOK Note Payable</u>	-	4,133,000	194,000	3,939,000	222,000	14,180	44,434
Total Noncurrent Liabilities	<u>\$ 5,691,181</u>	<u>\$ (311,076)</u>	<u>\$ 232,861</u>	<u>\$ 5,147,244</u>	<u>\$ 263,610</u>	<u>\$ 16,155</u>	<u>\$ 116,743</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 were due on May 1 and November 1 of each year and principal payments were due on November 1 of each year. Following is a payment schedule. Bonds maturing on and after November 1, 2020 are callable beginning November 1, 2019. The bond required the maintenance of a reserve account and contained a revenue pledge. In June 2020, these bonds were refunded by the City.

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 \$284,700 as of December 31, 2020. 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. The City has set aside funds to meet the operations and maintenance reserve requirements as described above.

CITY OF BURLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5: LONG-TERM DEBT (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

Scheduled payments on the loan are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 31,721	\$ 9,495	\$ 41,216
2022	32,039	9,177	41,216
2023	32,360	8,856	41,216
2024	32,685	8,531	41,216
2025	33,012	8,204	41,216
2026-2030	170,093	35,987	206,080
2031-2035	178,792	27,288	206,080
2036-2040	187,935	18,145	206,080
2041-2045	197,545	8,535	206,080
2046-2047	61,215	616	61,831
Total	<u>\$ 957,397</u>	<u>\$ 134,834</u>	<u>\$ 1,092,231</u>

In April 2018, the City entered into a \$250,000 loan agreement through the Colorado Water Resource and Power Development Authority 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 as noted above. 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. The City has set aside funds to meet the 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>
2021	\$ 7,530	\$ 2,254	\$ 9,784
2022	7,605	2,178	9,783
2023	7,681	2,102	9,783
2024	7,758	2,025	9,783
2025	7,836	1,947	9,783
2026-2030	39,974	8,942	48,916
2031-2035	42,440	6,477	48,917
2036-2040	44,611	4,308	48,919
2041-2045	46,890	2,025	48,915
2046-2047	14,533	145	14,678
Total	<u>\$ 227,259</u>	<u>\$ 32,003</u>	<u>\$ 259,262</u>

CITY OF BURLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5: LONG-TERM DEBT (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

In June 2020, the City issued \$4,133,000 of Series 2020A revenue bonds in the Water & Sewer Fund at a 2.16% rate (2.16% yield) for a term of 15 years for the purpose of refinancing the City's Series 2014 Revenue Bonds described above. Interest payments are due on May 1 and November 1 of each year and principal payments were due on November 1 of each year, except for the final principal payment due May 1, 2035. The bonds can be called at any time subject to a yield maintenance agreement requiring payment of the present value difference between scheduled interest and yields based on defined market rates at the date of the call. The bond requires the maintenance of a reserve account equal to the lesser of 10% of the issuance, 100% of the maximum annual debt service on the bonds and parity debt, or 125% of the average annual debt service of the bonds and parity debt. For December 31, 2020 that amount was determined to be the maximum annual debt service of \$363,493 occurring in 2031. The bonds also contain a revenue pledge. The City recognized a charge on refunding of \$88,713 that will be amortized over the life of the new bonds. The City realized a net present value cash flow savings of \$759,089 on the refunding not including the required upfront cash payment of \$390,708 upon closing.

Scheduled payments on the bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 194,000	\$ 30,254	\$ 224,254
2021	\$ 222,000	\$ 85,082	\$ 307,082
2022	230,000	80,287	310,287
2023	237,000	75,319	312,319
2024	238,000	70,200	308,200
2025	249,000	65,059	314,059
2026-2030	1,305,000	243,293	1,553,014
2031-2035	1,458,000	92,556	1,550,556
Total	<u>\$ 3,939,000</u>	<u>\$ 711,796</u>	<u>\$ 4,650,796</u>

In addition, the City has recorded the following deferred outflows and inflows related to the above debt issuances:

	<u>Balance 12/31/2019</u>	<u>Advances/ Refundings</u>	<u>Repayments</u>	<u>Balance 12/31/2020</u>	<u>Current Portion</u>
<u>Deferred Outflows</u>					
<u>2014 Bonds Payable</u>					
Series A Bond Insurance	\$ 47,602	\$ (47,602)	\$ -	\$ -	\$ -
Series B Bond Insurance	27,746	(27,746)	-	-	-
Total Bond Insurance Asset	75,348	(75,348)	-	-	-
<u>2020 BOK Note Payable</u>					
Charge on Refunding	-	88,713	3,617	85,096	10,172
Total Deferred Outflows	<u>\$ 75,348</u>	<u>\$ 13,365</u>	<u>\$ 3,617</u>	<u>\$ 85,096</u>	<u>\$ 10,172</u>
<u>Deferred Inflows</u>					
<u>2014 Bonds Payable</u>					
Bond Premiums - Water	\$ 4,912	\$ (4,912)	\$ -	\$ -	\$ -
Bond Premiums - Water	11,338	(11,338)	-	-	-
Total Deferred Inflows	<u>\$ 16,250</u>	<u>\$ (16,250)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BURLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5: LONG-TERM DEBT (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

RATE MAINTENANCE COVERAGE

The 2020 Revenue Bonds and Colorado Water Resources and Power Development Authority loan agreements requires that Net Revenues shall represent a sum equal to 115% and 110%, respectively, of the amount necessary to pay when due the principal and interest on the loan and parity debt coming due. The computation of said rate maintenance is as follows:

Gross Charges for Services	\$ 1,790,106
Other Charges	10,816
Plant Investment Fees	<u>10,950</u>
Gross Revenue	<u>1,811,872</u>
Water Treatment and Distribution	422,946
Sewer Collection and Treatment	226,477
Administration	<u>245,490</u>
Operations and Maintenance Expenses	<u>894,913</u>
Net Revenues	916,959
Maximum Annual Debt Service - FY2031	363,493
Rate Maintenance Coverage	<u>115%</u>
Required Rate Maintenance Net Revenue	<u>418,017</u>
Excess Coverage (Deficiency)	<u>\$ 498,942</u>

GOVERNMENTAL ACTIVITIES

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

<u>Governmental Activities</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/2020</u>	<u>Current</u> <u>Portion</u>
Accrued Compensated Absences	\$ 61,792	\$ 3,751	\$ -	\$ 65,543	\$ 6,554

**CITY OF BURLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020**

NOTE 6: PENSION PLANS

INTERNAL REVENUE CODE SECTION 457 PLAN

The City has established an Internal Revenue Code Section 457 Plan for the benefit of employees. A 457 plan allows an employee to contribute pretax dollars towards retirement. All amounts contributed are fully vested. The City has contributed, \$96,251, or up to 5% of employee payroll, in the form of an employee match for the current fiscal year.

NOTE 7: 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.

CITY OF BURLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 7: FUND BALANCE/NET POSITION RESERVES/RESTRICTIONS (Continued)

TAX SPENDING AND DEBT LIMITATIONS (Continued)

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 2020 in the amount of 3% or more of its fiscal year spending. At December 31, 2020, the City has reserved/restricted the following for emergencies:

General Fund	<u>\$ 119,500</u>
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OTHER COMMITMENTS AND RESTRICTIONS

The City has committed or restricted other funds as summarized in Note 3. The following table represents fund balance that was been committed for expenditures through adoption of the 2021 budget:

Committed for Subsequent Year's Expenditures:	
Conservation Trust (included in Restricted)	\$ 1,466

In the case of the Conservation Trust Fund, as all amounts are restricted by statute, the amount shown above represents that amount of restricted equity anticipated to be used during 2021.

NOTE 8: 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, 2020.

CITY OF BURLINGTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 9: 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, 2020.

NOTE 10: PRIOR PERIOD RESTATEMENT

The Water and Sewer Fund as been restated to reflect correction of beginning inventory in the amount of \$30,379.

NOTE 11: TRANSFERS

The City made the following routine transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
Electric Fund	\$ -	\$ 260,000
Airport Fund	180,000	-
Tourism Promotional Fund	<u>80,000</u>	<u>-</u>
Net Transfers	<u>\$ 260,000</u>	<u>\$ 260,000</u>

NOTE 12: BUDGET VIOLATION

For the year ended December 31, 2020, the City had a budget violation in the Solid Waste Fund in the amount of \$53,410. This maybe a violation of state statutes.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BURLINGTON

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	2020			
	Original & Final		Variance With Final	2019
	Budget	Actual	Budget	Actual
REVENUES				
Taxes				
Property Taxes	\$ 362,590	\$ 361,065	\$ (1,525)	\$ 365,905
Specific Ownership Taxes	40,000	37,679	(2,321)	48,107
Sales and Use Taxes	1,302,500	1,528,535	226,035	1,380,342
Franchise Taxes	82,000	40,131	(41,869)	65,870
Other Taxes	7,100	4,523	(2,577)	6,510
Total Tax Revenue	1,794,190	1,971,933	177,743	1,866,734
Intergovernmental Revenues				
Cigarette Taxes	6,900	8,308	1,408	6,819
Highway Users	121,109	117,602	(3,507)	159,297
Road and Bridge	190,000	197,783	7,783	172,220
Clerk/Motor Vehicle Fees	6,000	1,097	(4,903)	4,271
Severance Tax	3,600	1,622	(1,978)	3,537
Federal Grants	-	125,891	125,891	-
State Grants	51,000	7,679	(43,321)	68,808
Other Intergovernmental	35,000	-	(35,000)	-
Total Intergovernmental Revenue	413,609	459,982	46,373	414,952
Licenses and Permits				
Liquor Licenses	2,500	2,829	329	1,929
Building Permits	1,000	3,503	2,503	914
Animal Licenses	1,600	1,040	(560)	1,570
Other Licenses	250	250	-	250
Total Licenses and Permits	5,350	7,622	2,272	4,663
Fines and Forfeits				
	15,000	10,934	(4,066)	12,967
Charges for Services				
Recreation/Comm Ctr/Library Charges	123,000	57,192	(65,808)	124,170
Rents	16,000	18,300	2,300	17,675
Other Charges for Services	716,275	701,123	(15,152)	523,883
Total Charges for Services	855,275	776,615	(78,660)	665,728
Investment Earnings				
	2,400	3,342	942	3,655
Other Revenues				
Reimbursements and Refunds	18,480	19,939	1,459	21,271
Donations	5,000	5,529	529	8,768
Sale of Capital Assets	-	420	420	-
Other Miscellaneous Revenue	4,000	11,787	7,787	2,489
Total Other Revenue	27,480	37,675	10,195	32,528
TOTAL REVENUES	3,113,304	3,268,103	154,799	3,001,227

See accompanying Independent Auditors' Report.

(Continued)

CITY OF BURLINGTON

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	2020			2019 Actual
	Original & Final Budget	Actual	Variance With Final Budget	
(Continued)				
EXPENDITURES				
General Government				
Personnel Services	408,935	392,090	16,845	442,477
Contract labor	87,700	113,689	(25,989)	29,375
Fuel and Automotive	200	32	168	131
Insurance	144,000	154,516	(10,516)	136,674
Professional Fees	77,850	77,507	343	82,209
Repairs and Maintenance	2,700	11,739	(9,039)	3,023
Supplies	17,875	19,911	(2,036)	21,735
Telephone and Utilities	21,250	16,415	4,835	16,999
Travel and Training	5,850	3,530	2,320	2,329
Other Expenses	106,722	96,488	10,234	89,617
Total General Government	873,082	885,917	(12,835)	824,569
Public Safety				
Personnel Services	642,918	439,202	203,716	522,457
Fuel and Automotive	12,000	6,654	5,346	11,587
Insurance	1,000	-	1,000	1,000
Professional Fees	52,750	50,643	2,107	101,480
Repairs and Maintenance	17,350	8,702	8,648	23,533
Supplies	19,150	15,501	3,649	17,891
Telephone and Utilities	26,800	26,215	585	26,058
Travel and Training	14,950	20,790	(5,840)	2,552
Other Expenses	50,470	74,464	(23,994)	37,991
Total Public Safety	837,388	642,171	195,217	744,549
Public Works				
Personnel Services	276,495	227,710	48,785	259,904
Fuel and Automotive	6,000	2,788	3,212	4,040
Professional Fees	19,250	5,317	13,933	10,752
Repairs and Maintenance	68,000	103,963	(35,963)	301,459
Supplies	4,150	15,746	(11,596)	(3,386)
Telephone and Utilities	5,200	4,532	668	5,087
Travel and Training	250	-	250	-
Other Expenses	2,300	2,451	(151)	2,909
Total Public Works/Comm Devel	381,645	362,507	19,138	580,765
Parks, Recreation and Other				
Personnel Services	639,687	525,763	113,924	586,572
Fuel and Automotive	4,400	3,048	1,352	4,250
Professional Fees	6,620	3,596	3,024	5,231
Repairs and Maintenance	36,600	44,253	(7,653)	35,239
Supplies	56,348	26,897	29,451	51,597
Telephone and Utilities	68,050	73,886	(5,836)	68,653
Travel and Training	2,250	415	1,835	2,193
Other Expenses	80,756	64,676	16,080	88,677
Total Parks, Recreation & Other	894,711	742,534	152,177	842,412

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	2020			
	Original & Final		Variance With Final	2019
	Budget	Actual	Budget	Actual
(Continued)				
Capital Outlay				
General Government Capital Outlay	5,500	78,333	(72,833)	5,296
Public Safety Capital Outlay	57,000	37,777	19,223	59,752
Public Works Capital Outlay	75,000	-	75,000	-
Parks, Recreation and Other Capital Outlay	56,925	6,430	50,495	16,060
Total Capital Outlay	<u>194,425</u>	<u>122,540</u>	<u>71,885</u>	<u>81,108</u>
Debt Service				
Principal	16,314	-	16,314	42,630
Interest	-	-	-	2,131
Total Debt Service	<u>16,314</u>	<u>-</u>	<u>16,314</u>	<u>44,761</u>
TOTAL EXPENDITURES	<u>3,197,565</u>	<u>2,755,669</u>	<u>441,896</u>	<u>3,118,164</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ (84,261)</u>	512,434	<u>\$ 596,695</u>	(116,937)
FUND BALANCE, BEGINNING		<u>212,308</u>		<u>329,245</u>
FUND BALANCE, ENDING		<u>\$ 724,742</u>		<u>\$ 212,308</u>

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON

BUDGETARY COMPARISON SCHEDULE**Tourism Promotion Fund****FOR THE YEAR ENDED DECEMBER 31, 2020****With Comparative Totals for the Year Ended December 31, 2019**

	2020				2019 Actual
	Original Budget	Final Budget	Actual	Variance With Final Budget	
REVENUES					
Taxes					
Other Taxes	\$ 245,200	\$ 245,200	\$ 222,372	\$ (22,828)	255,011
Intergovernmental Revenues					
Federal Grants	-	-	427	427	-
State Grants	-	-	-	-	50,000
Other Intergovernmental	-	-	-	-	12
Total Intergovernmental Revenue	-	-	427	427	50,012
Charges for Services					
Recreation/Comm Ctr/Library Charges	276,975	276,975	293,546	16,571	278,889
Sales of Goods	-	-	(202)	(202)	835
Rents	15,996	15,996	15,863	(133)	19,083
Total Charges for Services	292,971	292,971	309,207	16,236	298,807
Other Revenues					
Donations	3,000	3,000	26,480	23,480	26,536
Sale of Capital Assets	-	-	2,000	2,000	-
Total Other Revenue	3,000	3,000	28,480	25,480	26,536
TOTAL REVENUES	541,171	541,171	560,486	19,315	630,366
EXPENDITURES					
General Government					
Contract labor	1,500	1,500	551	949	978
Professional Fees	9,600	9,600	9,600	-	9,600
Repairs and Maintenance	2,500	2,500	532	1,968	9,976
Supplies	500	500	-	500	-
Telephone and Utilities	5,400	5,400	5,855	(455)	5,832
Total General Government	19,500	19,500	16,538	2,962	26,386
Public Works					
Parks, Recreation and Other					
Personnel Services	261,483	261,483	227,278	34,205	231,295
Fuel and Automotive	850	850	680	170	810
Professional Fees	77,900	77,900	76,827	1,073	92,478
Repairs and Maintenance	28,675	28,675	63,662	(34,987)	37,023
Supplies	60,450	60,450	86,681	(26,231)	64,213
Telephone and Utilities	48,700	48,700	40,913	7,787	47,278
Travel and Training	3,390	3,390	3,312	78	3,770
Other Expenses	81,200	81,200	84,328	(3,128)	89,569
Total Parks, Recreation & Other	562,648	562,648	583,681	(21,033)	566,436
Capital Outlay					
Parks, Recreation and Other Capital Outlay	35,150	35,150	-	35,150	107,105
Contingency Reserve					
	-	220,000	-	220,000	-
TOTAL EXPENDITURES	617,298	837,298	600,219	237,079	699,927
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(76,127)	(296,127)	(39,733)	256,394	(69,561)
OTHER FINANCING SOURCES (USES)					
Transfers In	(80,000)	80,000	80,000	-	220,000
NET CHANGE IN FUND BALANCE - BUDGET BASIS	\$ (156,127)	\$ (216,127)	40,267	\$ 256,394	150,439
FUND BALANCE, BEGINNING			7,260		(143,179)
FUND BALANCE, ENDING			\$ 47,527		\$ 7,260

See accompanying Independent Auditors' Report.

CITY OF BURLINGTON

BUDGETARY COMPARISON SCHEDULE

Conservation Trust Fund

FOR THE YEAR ENDED DECEMBER 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	2020		Variance With Final Budget	2019 Actual
	Original & Final Budget	Actual		
REVENUES				
Intergovernmental Revenues				
Cons Trust Fund Revenue	\$ 40,000	\$ 32,944	\$ (7,056)	\$ 36,510
Investment Earnings	<u>65</u>	<u>48</u>	<u>(17)</u>	<u>98</u>
TOTAL REVENUES	40,065	32,992	(7,073)	36,608
EXPENDITURES				
Parks, Recreation and Other				
Repairs and Maintenance	<u>47,036</u>	<u>29,095</u>	<u>17,941</u>	<u>2,957</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ (6,971)</u>	<u>3,897</u>	<u>\$ 10,868</u>	<u>33,651</u>
FUND BALANCE, BEGINNING		<u>259,301</u>		<u>225,650</u>
FUND BALANCE, ENDING		<u>\$ 263,198</u>		<u>\$ 259,301</u>

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, 2020

With Comparative Totals for the Year Ended December 31, 2019

	2020		Variance with Final Budget	2019 Actual
	Final Budget	Actual		
Operating Revenues				
Utility Charges	\$ 4,400,000	\$ 4,503,697	\$ 103,697	\$ 4,533,246
Other Charges for Services	62,500	33,320	(29,180)	65,610
Total Revenues	<u>4,462,500</u>	<u>4,537,017</u>	<u>74,517</u>	<u>4,598,856</u>
Operating Expenses				
Electric Production	2,596,383	2,581,447	14,936	2,533,068
Electric Distribution	325,321	324,428	893	221,250
Administration	557,350	566,883	(9,533)	359,991
Other Capital Outlay	100,000	8,640	91,360	73,484
Total Expenditures	<u>3,579,054</u>	<u>3,481,398</u>	<u>97,656</u>	<u>3,187,793</u>
Operating Income (Loss)	883,446	1,055,619	172,173	1,411,063
Other Income (Expense)				
Intergovernmental Revenue	-	19	19	-
Investment Earnings	4,000	4,639	639	11,349
Other Revenue	2,500	1,005	(1,495)	12,567
Debt Service	(16,314)	-	16,314	-
Gain (Loss) on Sale of Assets	-	210	210	-
Total Other Income (Expense)	<u>(9,814)</u>	<u>5,873</u>	<u>15,687</u>	<u>23,916</u>
Net Income (Loss) before Transfers	873,632	1,061,492	187,860	1,434,979
Transfers				
Transfers In/(Out)	<u>(260,000)</u>	<u>(260,000)</u>	<u>-</u>	<u>(220,000)</u>
Net Income (Loss), Budget Basis	<u>613,632</u>	<u>801,492</u>	<u>187,860</u>	<u>1,214,979</u>
Contributed Capital				
Plant Investment Fees	4,000	16,250	12,250	4,000
Other Capital Contributions	-	(29,900)	(29,900)	-
Total Contributed Capital	<u>4,000</u>	<u>(13,650)</u>	<u>(17,650)</u>	<u>4,000</u>
Change in Net Position (Budget Basis)	<u>\$ 617,632</u>	<u>787,842</u>	<u>\$ 170,210</u>	<u>1,218,979</u>
Budget to GAAP Reconciliation				
Depreciation Expense		(220,653)		(181,216)
Capital Outlay		2,320		47,431
Change in Net Position - GAAP Basis		569,509		1,085,194
Net Position, Beginning		8,721,471		7,636,277
Net Position, Ending		<u>\$ 9,290,980</u>		<u>\$ 8,721,471</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, 2020

With Comparative Totals for the Year Ended December 31, 2019

	2020		Variance with Final Budget	2019
	Final Budget	Actual		Actual
Operating Revenues				
Utility Charges	\$ 1,664,600	\$ 1,775,912	\$ 111,312	\$ 1,573,726
Other Charges for Services	4,500	14,194	9,694	6,744
Total Revenues	<u>1,669,100</u>	<u>1,790,106</u>	<u>121,006</u>	<u>1,580,470</u>
Operating Expenses				
Water Treatment and Distribution	422,648	422,946	(298)	463,146
Sewer Collection and Treatment	235,034	226,477	8,557	221,137
Administration	242,322	245,490	(3,168)	128,347
Depreciation Expense	70,000	-	70,000	-
Other Capital Outlay	50,000	(4,000)	54,000	47,256
Total Expenditures	<u>1,020,004</u>	<u>890,913</u>	<u>129,091</u>	<u>859,886</u>
Operating Income (Loss)	<u>649,096</u>	<u>899,193</u>	<u>250,097</u>	<u>720,584</u>
Other Income (Expense)				
Intergovernmental Revenue	-	19	19	-
Investment Earnings	6,300	5,956	(344)	10,764
Other Revenue	1,000	4,860	3,860	919
Debt Service	(461,406)	(353,298)	108,108	(439,298)
Gain (Loss) on Sale of Assets	-	210	210	-
Other Expense	-	(40,075)	(40,075)	-
Total Other Income (Expense)	<u>(454,106)</u>	<u>(382,328)</u>	<u>71,778</u>	<u>(427,615)</u>
Net Income (Loss) before Transfers	194,990	516,865	321,875	292,969
Transfers				
Transfers In/(Out)	-	-	-	(144,000)
Net Income (Loss), Budget Basis	194,990	516,865	321,875	148,969
Contributed Capital				
Plant Investment Fees	10,000	10,950	950	14,200
Change in Net Position (Budget Basis)	<u>\$ 204,990</u>	<u>527,815</u>	<u>\$ 322,825</u>	<u>163,169</u>
Budget to GAAP Reconciliation				
Principal Paid		232,862		238,476
Depreciation Expense		(263,045)		(263,200)
Capital Outlay		(4,000)		47,256
Change in Net Position - GAAP Basis		<u>493,632</u>		<u>185,701</u>
Net Position, Beginning		7,316,314		7,130,613
Prior Period Restatement		30,379		-
Net Position, Beginning (As Restated)		<u>7,346,693</u>		<u>7,130,613</u>
Net Position, Ending		<u>\$ 7,840,325</u>		<u>\$ 7,316,314</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, 2020

With Comparative Totals for the Year Ended December 31, 2019

	2020		Variance with Final Budget	2019
	Final Budget	Actual		Actual
Operating Revenues				
Utility Charges	\$ 399,000	\$ 404,108	\$ 5,108	\$ 385,292
Other Charges for Services	142,000	137,397	(4,603)	136,585
Total Revenues	541,000	541,505	505	521,877
Operating Expenses				
Solid Waste Collection	485,200	538,610	(53,410)	478,212
Operating Income (Loss)	55,800	2,895	(52,905)	43,665
Other Income (Expense)				
Investment Earnings	-	16	16	38
Change in Net Position (Budget Basis)	<u>\$ 55,800</u>	2,911	<u>\$ (52,889)</u>	43,703
Net Position, Beginning		70,255		26,552
Net Position, Ending		<u>\$ 73,166</u>		<u>\$ 70,255</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, 2020

With Comparative Totals for the Year Ended December 31, 2019

	2020		Variance with Final Budget	2019
	Final Budget	Actual		Actual
Operating Revenues				
Airport Charges	\$ 282,370	\$ 201,893	\$ (80,477)	\$ 290,123
Other Charges for Services	36,600	29,231	(7,369)	14,185
Total Revenues	<u>318,970</u>	<u>231,124</u>	<u>(87,846)</u>	<u>304,308</u>
Operating Expenses				
Airport	348,560	250,229	98,331	347,587
Administration	100	105	(5)	59
Other Capital Outlay	1,054,000	1,019,740	34,260	188,442
Total Expenditures	<u>1,402,660</u>	<u>1,270,074</u>	<u>132,586</u>	<u>536,088</u>
Operating Income (Loss)	<u>(1,083,690)</u>	<u>(1,038,950)</u>	<u>44,740</u>	<u>(231,780)</u>
Other Income (Expense)				
Investment Earnings	100	63	(37)	134
Gain (Loss) on Sale of Assets	-	336	336	-
Total Other Income (Expense)	<u>100</u>	<u>399</u>	<u>299</u>	<u>134</u>
Net Income (Loss) before Transfers	<u>(1,083,590)</u>	<u>(1,038,551)</u>	<u>45,039</u>	<u>(231,646)</u>
Transfers				
Transfers In/(Out)	180,000	180,000	-	144,000
Contributed Capital				
Intergovernmental Revenue	<u>904,000</u>	<u>964,285</u>	<u>60,285</u>	<u>161,063</u>
Change in Net Position (Budget Basis)	<u>\$ 410</u>	<u>105,734</u>	<u>\$ 105,324</u>	<u>73,417</u>
Budget to GAAP Reconciliation				
Depreciation Expense		(288,546)		(274,812)
Capital Outlay		<u>928,113</u>		<u>52,593</u>
Change in Net Position - GAAP Basis		745,301		(148,802)
Net Position, Beginning		<u>3,706,096</u>		<u>3,854,898</u>
Net Position, Ending		<u>\$ 4,451,397</u>		<u>\$ 3,706,096</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.

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Burlington
		YEAR ENDING : December 2020
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
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	277,950
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	4,532
2. General fund appropriations	159,790	b. Snow and ice removal	53,351
3. Other local imposts (from page 2)	37,679	c. Other	
4. Miscellaneous local receipts (from page 2)	203,630	d. Total (a. through c.)	57,883
5. Transfers from toll facilities		4. General administration & miscellaneous	26,676
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	157,289
a. Bonds - Original Issues		6. Total (1 through 5)	519,798
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest & Costs of Issuance	
7. Total (1 through 6)	401,099	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	118,699	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	519,798	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	519,798

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	519,798	519,798	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2020

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	5,847
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	37,679	g. Other Misc. Receipts	
6. Total (1. through 5.)	37,679	h. Other County Road & Bridge Tax	197,783
c. Total (a. + b.)	37,679	i. Total (a. through h.)	203,630
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	117,602	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	1,097	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,097	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	118,699	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments:

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SINGLE AUDIT

Mayberry & Company, LLC

Certified Public Accountants

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

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

To the City Council
City of Burlington
Burlington, Colorado

Independent Auditors' Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burlington, as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the City of Burlington's basic financial statements, and have issued our report thereon dated June 21, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mayberry + Company, LLC

Englewood, Colorado
July 21, 2021

Mayberry & Company, LLC

Certified Public Accountants

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

Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the City Council
City of Burlington
Burlington, Colorado

Independent Auditors' Report

Report on Compliance for Each Major Federal Program

We have audited the City of Burlington's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Burlington's major federal programs for the year ended December 31, 2020. The City of Burlington's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Burlington's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance on accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Burlington's compliance with those requirements and performing such other procedures as we considered necessary circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Burlington complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

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

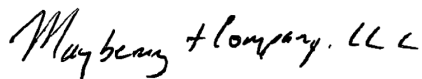
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned function, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City of Burlington as of and for the year ended December 31, 2020, and have issued our report thereon dated July 21, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 financial statements or 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Englewood, Colorado
July 21, 2021

City of Burlington

Schedule of Findings and Questioned Costs

December 31, 2020

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes no

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes no

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

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a) of the Uniform Guidance? yes no

Identification of major programs:

20.106 Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

City of Burlington

Schedule of Findings and Questioned Costs

December 31, 2020

II - Findings relating to the financial statement audit as required to be reported in accordance with generally accepted government auditing standards

A. Material Weaknesses in Internal Control

The audit did not disclose any material weaknesses in internal controls related to financial reporting.

B. Compliance Findings

The audit did not disclose any compliance findings with regards to financial reporting.

III - Findings and Questioned Costs for Federal Awards

A. Material Weaknesses in Internal Control

The audit did not disclose any material weaknesses to internal controls related to federal grant activity.

B. Compliance Findings

The audit did not disclose any compliance findings with regards to federal award activity.

IV. Schedule of Prior Year Findings

None.

City of Burlington
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended December 31, 2020

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures(\$)</i>
Other Programs				
Department of Transportation				
Airport Improvement Program	20.106		Runway 33 end turnaround--3-08-0057-015-2019	\$ 789,663
Airport Improvement Program	20.106		Master Plan--3-08-0057-014-2018	53,693
Total Department of Transportation				843,356
National Endowment for the Humanities				
Grants to States	45.310	Colorado Dept of Education		8,792
Department of the Treasury				
Coronavirus Relief Fund	21.019	Kit Carson County		117,624
Total Expenditures of Federal Awards				\$ 969,772

The accompanying notes are an integral part of this schedule

City of Burlington

Notes to Schedule of Expenditures of Federal Awards

December 31, 2020

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards, (the "Schedule"), includes the federal award activity of the City of Burlington under the programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: 10% DE MINIMUS COST RATE

The City did not utilize the 10% de minimis cost rate allowed under the Uniform Guidance.