# CITY OF BURLINGTON
# BURLINGTON, COLORADO

## FINANCIAL STATEMENTS
## WITH
## INDEPENDENT AUDITORS' REPORT

## FOR THE YEAR ENDED
## DECEMBER 31, 2025

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# FINANCIAL SECTION

**CITY OF BURLINGTON, COLORADO**
Management Discussion and Analysis
For the Year Ended December 31, 2025

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, 2025. Please read it in conjunction with the financial statements.

## Financial Highlights

- The City's assets exceeded its liabilities and deferred inflows of financial resources at December 31, 2025 by $43,605,567 (Net Position).
- The City's Net Position increased by $3,837,279 (9.6%) during 2025.
- At December 31, 2025, the City's governmental funds reported combined ending fund balances of $3,122,830. This marked an decrease of $392,625 (-11.2%) over the prior year.
- The aggregate Net Position of the City's business-type funds increased by $2,414,749 (8.2%) to $31,834,715 during 2025, primarily due to contributions to the Burlington Airport from the Federal government, and net income in the Electric Fund and Water & Sewer Fund.
- The City spent $5,840,643 on capital asset equipment and improvements to City facilities and infrastructure during 2025.

## 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* for the two funds that meet the criteria to be considered major funds (General Fund and Tourism Promotion Fund). The nonmajor Conservation Trust Fund is shown as well.

*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. All four funds are designated as major funds.

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 $43,605,567 at the close of 2025.

CONDENSED STATEMENT OF NET POSITION

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 (As Restated) | 2025 | 2024 (As Restated) |
| Current and other assets | $ 3,880,374 | $ 4,209,565 | $ 12,580,419 | $ 14,016,586 | $ 16,460,793 | $ 18,226,151 |
| Capital assets, net | 9,116,397 | 7,292,235 | 23,839,198 | 21,100,638 | 32,955,595 | 28,392,873 |
| Other noncurrent assets | 90,362 | 115,883 | 67,162 | - | 157,524 | 115,883 |
| Total assets | $ 13,087,133 | $ 11,617,683 | $ 36,486,779 | $ 35,117,224 | $ 49,573,912 | $ 46,734,907 |
| Deferred outflows of resources | $ - | $ - | $ 46,492 | $ 52,779 | $ 46,492 | $ 52,779 |
| Current liabilities | $ 286,247 | $ 286,098 | $ 718,514 | $ 1,586,750 | $ 1,004,761 | $ 1,872,848 |
| Noncurrent Liabilities | 461,775 | 449,134 | 3,912,880 | 4,163,287 | 4,374,655 | 4,612,421 |
| Total liabilities | $ 748,022 | $ 735,232 | $ 4,631,394 | $ 5,750,037 | $ 5,379,416 | $ 6,485,269 |
| Deferred inflows of resources | $ 568,259 | $ 534,129 | $ 67,162 | $ - | $ 635,421 | $ 534,129 |
| Net position: | | | | | | |
| Net investment in capital assets | $ 8,739,342 | $ 5,610,888 | $ 19,970,597 | $ 13,286,673 | $ 28,709,939 | $ 18,897,561 |
| Restricted | 444,366 | 299,317 | 222,042 | 223,464 | 666,408 | 522,781 |
| Unrestricted | 2,587,144 | 2,689,055 | 11,642,076 | 10,908,919 | 14,229,220 | 13,597,974 |
| Total net position | $ 11,770,852 | $ 10,348,322 | $ 31,834,715 | $ 29,419,966 | $ 43,605,567 | $ 39,768,288 |

The City's investment in capital assets (e.g. land, buildings and improvements, infrastructure, and vehicles & equipment) represent 65.8% of the City's total net position at December 31, 2025. The city uses these capital assets to provide services; consequently, these assets are not available for future spending.

Approximately 1.6% ($666,408) of the City's total net position at the end of 2025 represented resources that are subject to external restrictions on how they may be used. They are primarily fund balance reserves for future parks, recreation, streets, and library purposes, for water bond debt service, and for emergencies. The remaining $14,229,220 of the City's total net position at the end of 2025 represents 32.6% 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.

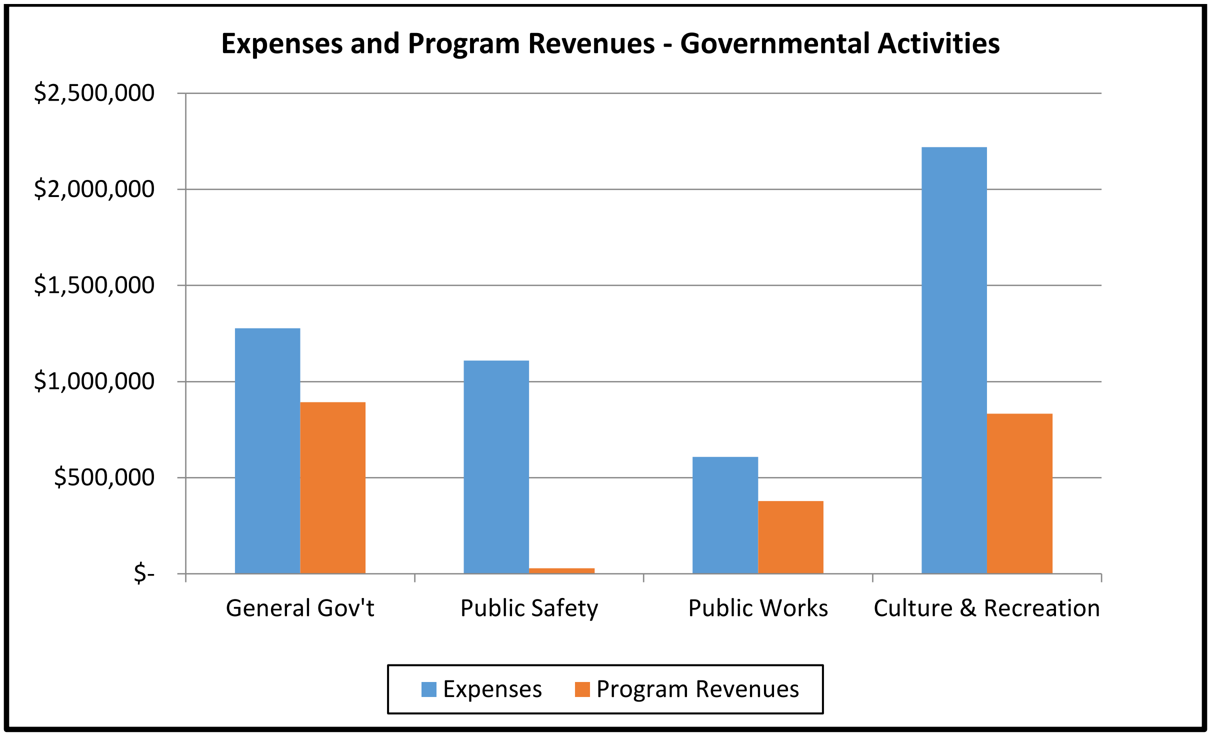
## CONDENSED STATEMENT OF ACTIVITIES

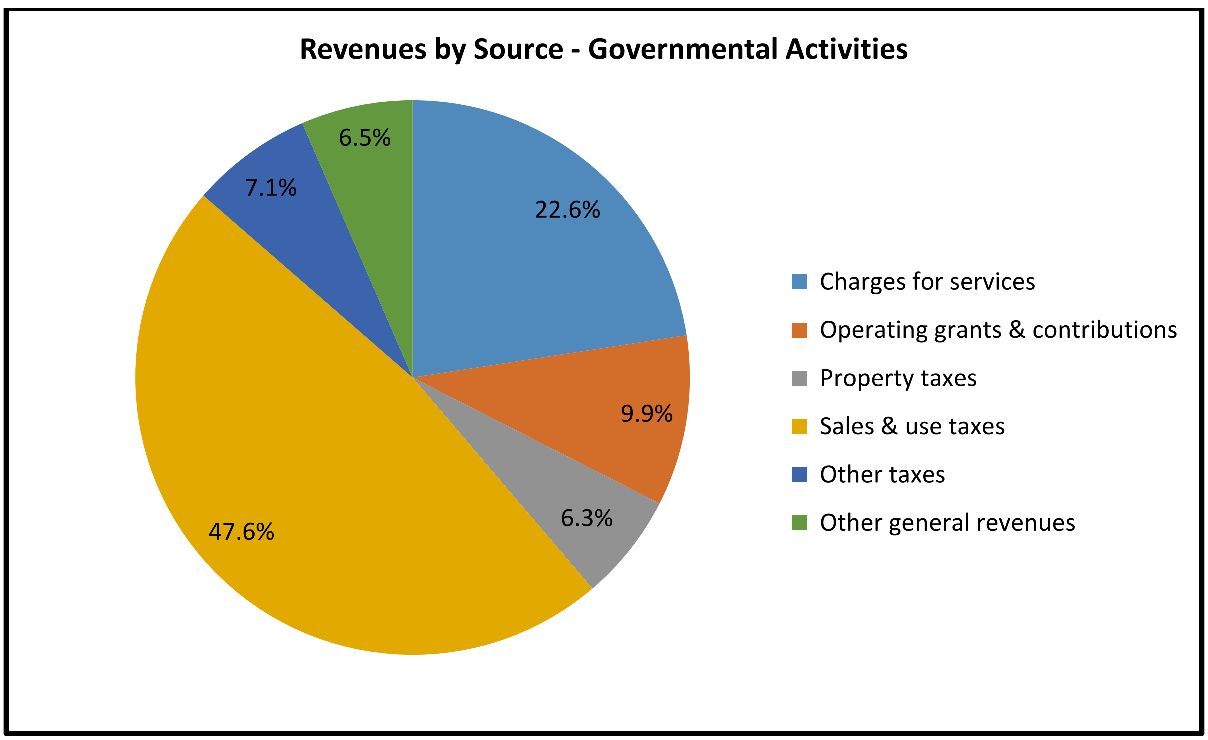
| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 (As Restated) | 2025 | 2024 (As Restated) |
| Program revenues: | | | | | | |
| Charges for services | $ 1,480,127 | $ 1,572,946 | $ 8,348,564 | $ 7,795,242 | $ 9,828,691 | $ 9,368,188 |
| Operating grants & contributions | 652,697 | 590,458 | - | 63,474 | 652,697 | 653,932 |
| Capital grants & contributions | - | 86,508 | 1,356,760 | 3,363,810 | 1,356,760 | 3,450,318 |
| General revenues: | | | | | | |
| Property taxes | 410,899 | 496,226 | - | - | 410,899 | 496,226 |
| Sales & use taxes | 3,125,878 | 3,135,020 | - | - | 3,125,878 | 3,135,020 |
| Other taxes | 465,151 | 414,815 | - | - | 465,151 | 414,815 |
| Gain (loss) on sale of capital assets | - | (24,713) | - | - | - | (24,713) |
| Other general revenues | 427,692 | 497,912 | 251,605 | 209,791 | 679,297 | 707,703 |
| Total revenues | $ 6,562,444 | $ 6,769,172 | $ 9,956,929 | $ 11,432,317 | $ 16,519,373 | $ 18,201,489 |
| | | | | | | |
| Program expenses: | | | | | | |
| General government | $ 1,277,210 | $ 1,379,530 | $ - | $ - | $ 1,277,210 | $ 1,379,530 |
| Public safety | 1,108,814 | 1,007,496 | - | - | 1,108,814 | 1,007,496 |
| Public works | 607,706 | 586,798 | - | - | 607,706 | 586,798 |
| Parks and Recreation | 2,219,930 | 2,122,387 | - | - | 2,219,930 | 2,122,387 |
| Electric utility | - | - | 4,236,833 | 3,419,197 | 4,236,833 | 3,419,197 |
| Water and Sewer utility | - | - | 1,666,685 | 1,517,952 | 1,666,685 | 1,517,952 |
| Solid waste utility | - | - | 665,451 | 643,799 | 665,451 | 643,799 |
| Airport | - | - | 899,465 | 758,796 | 899,465 | 758,796 |
| Total expenses | $ 5,213,660 | $ 5,096,211 | $ 7,468,434 | $ 6,339,744 | $ 12,682,094 | $ 11,435,955 |
| | | | | | | |
| Transfers In/(Out) | $ 73,746 | $ 76,101 | $ (73,746) | $ (76,101) | $ - | $ - |
| | | | | | | |
| Increase/(decrease)in net position | $ 1,422,530 | $ 1,749,062 | $ 2,414,749 | $ 5,016,472 | $ 3,837,279 | $ 6,765,534 |
| Net Position, Beginning | 10,348,322 | 8,599,260 | 29,419,966 | 24,403,494 | 39,768,288 | 33,002,754 |
| Net Position, Ending | $ 11,770,852 | $ 10,348,322 | $ 31,834,715 | $ 29,419,966 | $ 43,605,567 | $ 39,768,288 |

The Governmental Activities' revenues outpaced expenses by $1,348,784 (25.9%) in 2025. This continued a positive trend: in 2024 and 2023, revenues outpaced expenses by $1,672,962 (33.5%) and $1,200,122 (27.0%) respectively. The 2025 overall improvement resulted from gains in some activities and losses in others. Noteworthy comparisons between the two years for both Governmental and Business-type Activities include the following:

- Sales & use taxes stayed fairly consistent with a slight decrease of $9,142 (-0.3%) in 2025.
- Overall revenues decreased by $206,728 (-3.1%) in 2025.
- Total program expenses for Governmental Activities increased by $117,449 (2.3%).
- Total program expenses for Business-type Activities increased by $1,128,690 (17.8%) primarily due to increases in the Electric Fund for purchased power.
- The Electric Fund and Water & Sewer Fund collectively transferred $73,746 to the Tourism Promotion Fund.

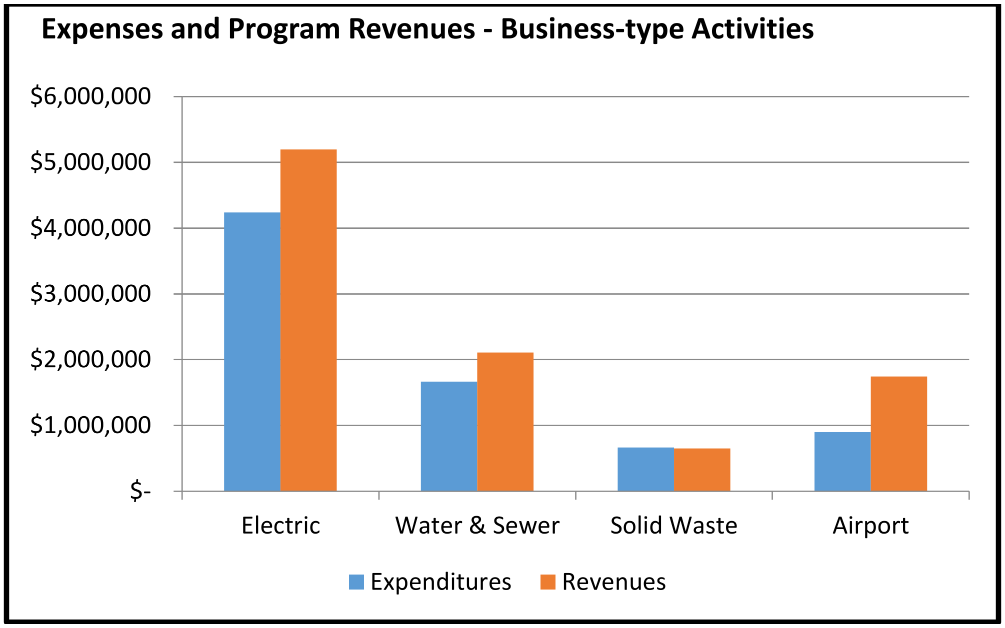
The following two charts illustrate the Governmental Activities revenues and expenses. As in most municipalities, the expenses of governmental activities are not fully supported through program revenues but are largely financed through taxes.

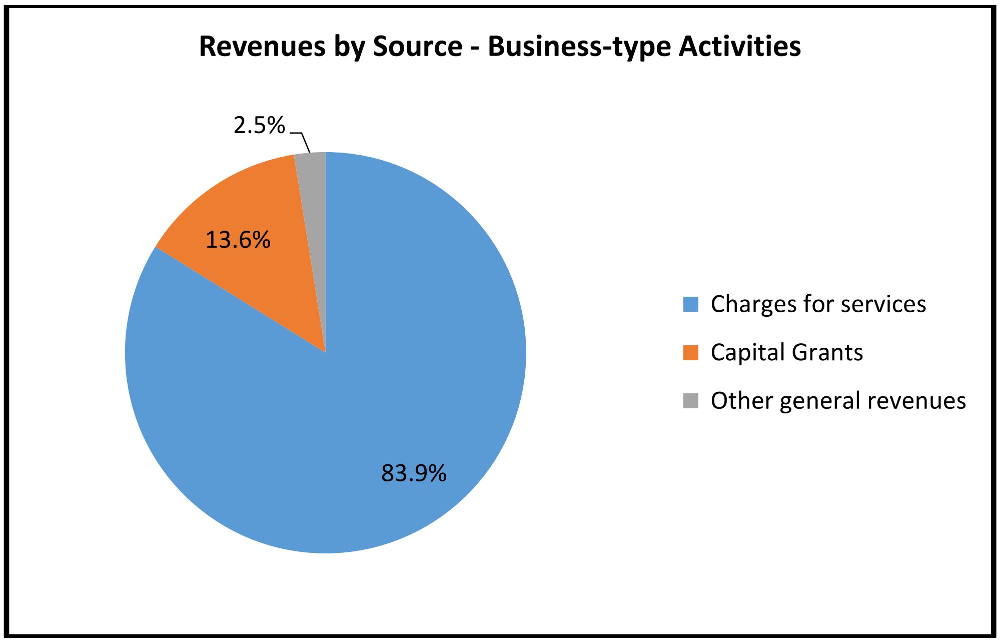



Business-type activities increased the City's total net position by $2,414,749 (8.2%) during 2025, with three of the four proprietary funds (Electric, Water & Sewer, and Airport) posting increases in Net Position during the year.

The following two charts illustrate the Business-type Activities revenues and expenses for 2025.

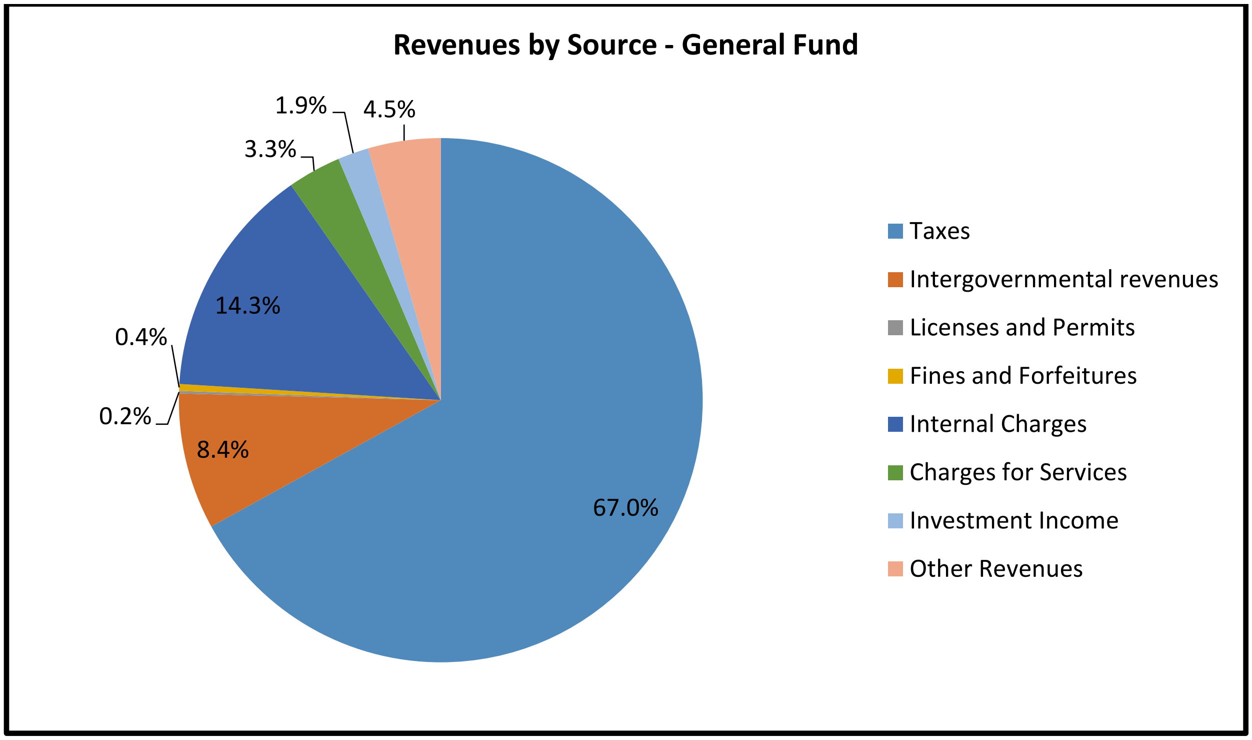


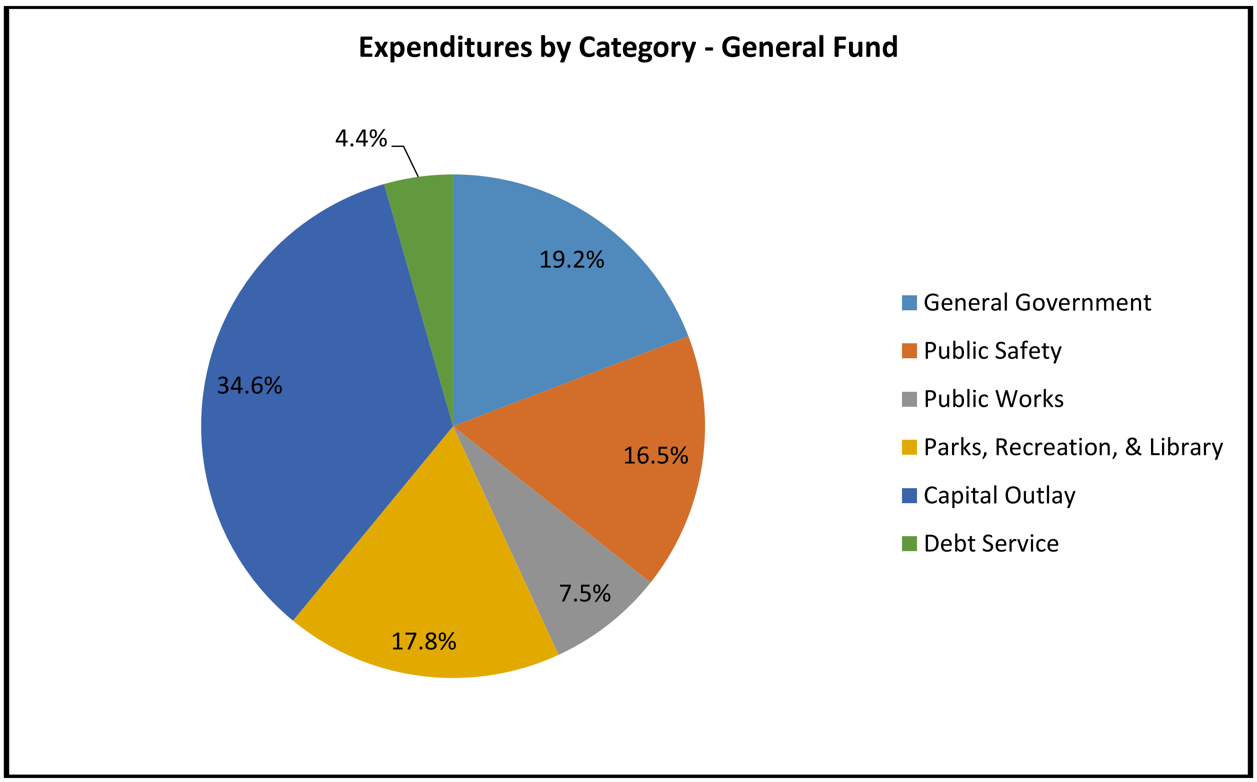




## <u>Financial Analysis of the City's Funds</u>

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, 2025 the City's Governmental funds reported combined fund balances of $3,122,830. All of the City's major 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 2025, the fund balance of the General Fund totaled $2,496,758 which equates to 45.7% of fund revenues for the year. This was a $637,195 (-20.3%) decrease over 2024 due to the construction and acquisition of $2,203,430 in capital assets during the year. The following two tables illustrate General Fund revenues and expenditures during 2025.




*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 2025, total fund revenues exceeded fund expenditures by $131,754 (14.3%). Transfers of $51,975 and $21,771 from the Electric Fund and Water & Sewer Fund respectively were made to help cover losses of $241,406 in the Old Town operation. Lodging taxes of $338,829 increased 20.1% over 2024.

*Electric Fund.* At December 31, 2025 the net position of the Electric Fund was $13,210,695. This was an increase of $905,617 (7.4%) over 2024. Utility charges enabled the Electric Fund to record Operating Income of $959,319 during 2025.

*Waste & Sewer Fund.* At December 31, 2025 the net position of the Water & Sewer Fund was $10,127,417. This was an increase of $454,816 (4.7%) over 2024. Utility charges enabled the Water & Sewer Fund to record Operating Income of $440,407 during 2025.

*Solid Waste Fund.* At December 31, 2025 the net position of the Solid Waste Fund was $30,850. This was a decrease of $12,721 (-29.2%) from 2024. Utility charges were less than operating expenses during the year, resulting in an Operating Loss of -$12,309 during 2025.

*Airport Fund.* At December 31, 2025 the net position of the Airport Fund was $8,465,753. All the fund's Net Position was invested in Capital Assets, as the Airport continued to operate at a loss and had a negative cash position of -$401,790 at year-end. Net position increased by $1,067,037 (14.4%) in 2025 primarily due to receipt of Federal Aviation Administration grants of $985,597 for Airport Taxiway construction, $102,597 for a generator, and $177,462 for development of a noise deduction program. The Fund had an Operating Loss of -$424,232 during 2025, which was similar to its operating loss of -$416,996 in 2024. Operating revenues covered 83.7% of operating expenses not including depreciation, increasing from 71.9% in 2024. The fund also received transfers from the Electric Fund and the Water & Sewer Fund totaling $210,620.

## Capital Asset and Debt Administration

### Capital Assets

As shown in Note 5 of the financial statements, at December 31, 2025 the City had invested in a range of capital assets totaling $33,083,525 (net of accumulated depreciation) including land, buildings and improvements, vehicles, office equipment, utility systems, park equipment, right-to-use assets, and a general aviation airport. During 2025, the City made additions to its buildings, equipment, and infrastructure totaling $5,840,641. Depreciation expenses of $1,277,922 on total assets were recorded during 2025.

## Governmental Capital Assets Summary

| | Balance 12/31/2024 | Additions | Deletions | Balance 12/31/2025 |
|---|---|---|---|---|
| **Capital assets not being depreciated** | | | | |
| Land | $ 337,017 | $ - | $ - | $ 337,017 |
| Old Town Donations | 101,406 | - | (338,308) | (236,902) |
| Construction in Progress | 338,308 | - | - | 338,308 |
| **Total capital assets not being depreciated** | $ 776,731 | $ - | $ (338,308) | $ 438,423 |
| | | | | |
| **Capital assets being depreciated** | | | | |
| Infrastructure | 3,073,002 | 595,688 | - | 3,668,690 |
| Buildings | 4,580,174 | 102,246 | - | 4,682,420 |
| Improvements other than buildings | 2,106,205 | 1,611,655 | - | 3,717,860 |
| Equipment | 2,093,906 | 18,118 | - | 2,112,024 |
| Vehicles | 808,287 | - | - | 808,287 |
| Library Collection | 224,375 | - | - | 224,375 |
| Right to Use Assets | 561,468 | 263,847 | - | 825,315 |
| **Total capital assets being depreciated** | $ 13,447,417 | $ 2,591,554 | $ - | $ 16,038,971 |
| | | | | |
| **Accumulated depreciation** | | | | |
| Infrastructure | (706,016) | (76,877) | - | (782,893) |
| Buildings | (2,439,607) | (98,464) | - | (2,538,071) |
| Improvements other than buildings | (1,225,734) | (100,443) | - | (1,326,177) |
| Equipment | (1,621,490) | (60,682) | - | (1,682,172) |
| Vehicles | (673,332) | (15,733) | - | (689,065) |
| Library Collection | (224,375) | - | - | (224,375) |
| Right to Use Assets | (41,359) | (76,885) | - | (118,244) |
| **Total accumulated depreciation** | $ (6,931,913) | $ (429,084) | $ - | $ (7,360,997) |
| | | | | |
| **Net capital assets** | $ 7,292,235 | $ 2,162,470 | $ (338,308) | $ 9,116,397 |

## Business-type Capital Assets Summary

| | Balance 12/31/2024 | Additions | Deletions | Balance 12/31/2025 |
|---|---|---|---|---|
| **Capital assets not being depreciated** | | | | |
| Land | $ 609,915 | $ - | $ - | $ 609,915 |
| Water rights | 2,918,032 | - | - | 2,918,032 |
| Construction in progress | 4,290,957 | 1,954,783 | (4,182,260) | 2,063,480 |
| **Total capital assets not being depreciated** | $ 7,818,904 | $ 1,954,783 | $ (4,182,260) | $ 5,591,427 |
| | | | | |
| **Capital assets being depreciated** | | | | |
| System | 18,231,073 | 377,556 | - | 18,608,629 |
| Buildings | 1,079,540 | - | - | 1,079,540 |
| Improvements other than buildings | 6,440,000 | 5,032,157 | - | 11,472,157 |
| Equipment | 1,050,282 | 311,573 | - | 1,361,855 |
| Vehicles | 742,328 | - | - | 742,328 |
| Right to Use Assets | 155,070 | 93,589 | - | 248,659 |
| **Total capital assets being depreciated** | $ 27,698,293 | $ 5,814,875 | $ - | $ 33,513,168 |
| | | | | |
| **Accumulated depreciation** | | | | |
| System | (8,312,524) | (469,140) | - | (8,781,664) |
| Buildings | (550,887) | (20,763) | - | (571,650) |
| Improvements other than buildings | (4,023,978) | (298,070) | - | (4,322,048) |
| Equipment | (947,542) | (13,956) | - | (961,498) |
| Vehicles | (554,489) | (31,525) | - | (586,014) |
| Right to Use Assets | (27,139) | (15,384) | - | (42,523) |
| **Total accumulated depreciation** | $ (14,416,559) | $ (848,838) | $ - | $ (15,265,397) |
| | | | | |
| **Net capital assets** | $ 21,100,638 | $ 6,920,820 | $ (4,182,260) | $ 23,839,198 |

Debt Administration

The following changes in long-term debt from borrowing occurred during 2025. Note 6 of the financial statements provides additional information regarding the City's long-term debt, including accrued liabilities for compensated absences.

| | Balance 12/31/2024 | Advances/Refundings | Repayments | Balance 12/31/2025 | Current Portion |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| 2021 Capital Leases Payable | 354,257 | 263,847 | 247,649 | 370,455 | 276,502 |
| Total Noncurrent Liabilities | $ 354,257 | $ 263,847 | $ 247,649 | $ 370,455 | $ 276,502 |
| | | | | | |
| **Business-type Activities** | | | | | |
| 2016 CWRPDA Note Payable | 828,591 | - | 33,012 | 795,579 | 33,343 |
| 2017 CWRPDA Note Payable | 196,685 | - | 7,836 | 188,849 | 7,915 |
| 2020 BOK Note Payable | 3,012,000 | - | 249,000 | 2,763,000 | 249,000 |
| 2021 Capital Leases Payable | 83,134 | 93,589 | 55,548 | 121,175 | 87,615 |
| Total Noncurrent Liabilities | $ 4,120,410 | $ 93,589 | $ 345,396 | $ 3,868,603 | $ 377,873 |

## Economic Factors and Next Year's Budget

Management's continued emphasis on budget development and tracking processes for 2026 seek to maintain fund balance levels in the General Fund and Electric Fund, to provide a slight increase of $17,861 (8.7%) in the Tourism Promotion Fund's ending fund balance, and to improve the Water & Sewer Funds ending funds available by $104,374 (3.1%) and the Solid Waste Fund's ending funds available by $56,300 (64.9%). The 2026 Budget intentionally utilizes fund balances in the Conservation Trust Fund to construct upgrades to existing parks. The 2026 Budget anticipates operating revenues equivalent to operating expenses (net of depreciation) in 2026, and continued construction of improvements funded by federal grants.

Volatile world-wide energy prices affect inflation, development, and costs experienced by the City. Changes in federal economic policies have begun to ease inflation, but the full economic impact of these situations and policies on the City's 2026 and future budgets has yet to be determined. City management monitors revenues and expenditures throughout the year and makes adjustments to budgets and spending if necessary.

## 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 Administrator 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**

***Opinion***

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 City of Burlington, as of and for the year ended December 31, 2025, and the related notes to the financial statements which collectively comprise City of Burlington's basic financial statements as listed in the table of contents.

*Summary of Opinions*

| Opinion Unit | Type of Opinion |
| --- | --- |
| Governmental Activities | Unqualified |
| Business-Type Activities | Qualified |
| General Fund | Qualified |
| Tourism and Promotion Fund | Unqualified |
| Electric Fund | Qualified |
| Water and Sewer Fund | Qualified |
| Solid Waste Fund | Unqualified |
| Airport Fund | Unqualified |
| Aggregate Remaining Fund Information | Unqualified |

*Qualified Opinions on the Business-Type Activities and General, Electric, and Water and Sewer Funds*

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unqualified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and the General, Electric, and Water and Sewer Funds of the City of Burlington as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Unmodified Opinions on the Governmental Activities, Tourism and Promotion, Solid Waste and Airport Funds, and Aggregate Remaining Fund Information*

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the Tourism and Promotion, Solid Waste and Airport Funds, and the aggregate remaining fund information of the City of Burlington as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Castle Rock, Colorado 80104

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Fax (720) 633 – 9763

***Basis for Qualified and Unqualified Opinions***

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

*Matter Giving Rise to Qualified Opinions on Governmental Funds X and Y*

Management has not sufficiently demonstrated that inventory quantities and extended prices were adequately updated as of December 31, 2025, and accordingly, the correct value of inventory reported at year end could not be determined. Accounting principles generally accepted in the United States of America require that inventory amounts be appropriately determined at year end, which would adjust the assets, and fund balances and change the revenues and expenses/expenditures at the Governmental and Business-Type Activity level as well as in the City's General, Electric, and Water and Sewer Funds. The amount by which this departure would affect the assets, fund balances or net position, and expenses/expenditures of the business-type activities and the General, Electric, and Water and Sewer Funds has not been determined.

***Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditors' Responsibility for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Burlington’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt City of Burlington’s ability to continue as a going concern for a reasonable period of time.

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

***Report on Summarized Comparative Information***

We have previously audited the City of Burlington’s 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 28, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Emphasis of a Matter***

As discussed in Notes 12 of the financial statements, the 2024 financial statements have been restated to reflect previously reported inventory and receivable amounts. In addition , as described in Note 13, the City has adopted a revised collection policy related to Electric Fund receivables and has recorded an allowance for doubtful accounts against that balance. Our opinion is not modified with respect to these matters.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information listed in the tables of contents 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Burlington's basic financial statements. The combining nonmajor and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the 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 supplementary information is fairly stated, in all material respects, in relation to the basic 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 State Compliance 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 Governmental Accounting Standards***

In accordance with *Governmental Accounting Standards* 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.

Mayberry + Company, LLC

Castle Rock, Colorado
July 20, 2026

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# BASIC FINANCIAL STATEMENTS

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**CITY OF BURLINGTON**

**STATEMENT OF NET POSITION**
**DECEMBER 31, 2025**

| | GOVERNMENTAL ACTIVITIES | BUSINESS TYPE ACTIVITIES | TOTAL |
|---|---|---|---|
| **ASSETS AND DEFERRED OUTFLOWS** | | | |
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and Investments | | | |
| Cash | $ 2,663,179 | $ 9,556,962 | $ 12,220,141 |
| Receivables | | | |
| Property Tax Receivable | 477,897 | - | 477,897 |
| Intergovernmental Receivables | - | 284,749 | 284,749 |
| Utility Receivable | - | 1,201,091 | 1,201,091 |
| Cash with Fiscal Agent | 40,722 | - | 40,722 |
| Accounts Receivable | 46,904 | - | 46,904 |
| Other Receivables | 597,745 | 59,525 | 657,270 |
| Inventory | 50,574 | 1,476,018 | 1,526,592 |
| Prepaid Expenses | 3,353 | 2,074 | 5,427 |
| Total Current Assets | 3,880,374 | 12,580,419 | 16,460,793 |
| **Noncurrent Assets** | | | |
| Capital Assets not being Depreciated | 438,423 | 5,591,427 | 6,029,850 |
| Capital Assets being Depreciated | 16,038,971 | 33,513,168 | 49,552,139 |
| Accumulated Depreciation | (7,360,997) | (15,265,397) | (22,626,394) |
| Lease Receivable | 90,362 | 67,162 | 157,524 |
| Total Noncurrent Assets | 9,206,759 | 23,906,360 | 33,113,119 |
| TOTAL ASSETS | 13,087,133 | 36,486,779 | 49,573,912 |
| **DEFERRED OUTFLOWS OF FINANCIAL RESOURCES** | | | |
| Bond Discounts | - | 46,492 | 46,492 |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS** | $ 13,087,133 | $ 36,533,271 | $ 49,620,404 |
| **LIABILITIES, DEFERRED INFLOWS AND NET POSITION** | | | |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Accounts Payable | $ 105,361 | $ 570,649 | $ 676,010 |
| Accrued Salaries and Benefits | 165,011 | 52,971 | 217,982 |
| Deposits and Escrow | 9,275 | 75,028 | 84,303 |
| Accrued Interest Payable | 6,600 | 11,588 | 18,188 |
| Unearned Revenue | - | 8,278 | 8,278 |
| Total Current Liabilities | 286,247 | 718,514 | 1,004,761 |
| **Noncurrent Liabilities** | | | |
| Due within one year | 181,104 | 382,301 | 563,405 |
| Due in more than one year | 280,671 | 3,530,579 | 3,811,250 |
| Total Noncurrent Liabilities | 461,775 | 3,912,880 | 4,374,655 |
| TOTAL LIABILITIES | 748,022 | 4,631,394 | 5,379,416 |
| **DEFERRED INFLOWS OF FINANCIAL RESOURCES** | | | |
| Deferred Property Taxes | 477,897 | - | 477,897 |
| Other Deferred Inflows | 90,362 | 67,162 | 157,524 |
| TOTAL DEFERRED INFLOWS | 568,259 | 67,162 | 635,421 |
| **NET POSITION** | | | |
| Net Investment in Capital Assets | 8,739,342 | 19,970,597 | 28,709,939 |
| Restricted Net Position | 444,366 | 222,042 | 666,408 |
| Unrestricted Net Position | 2,587,144 | 11,642,076 | 14,229,220 |
| **TOTAL NET POSITION** | 11,770,852 | 31,834,715 | 43,605,567 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION** | $ 13,087,133 | $ 36,533,271 | $ 49,620,404 |

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

**CITY OF BURLINGTON**

**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED DECEMBER 31, 2025**

| | | PROGRAM REVENUES | | |
|---|---|---|---|---|
| | | | OPERATING | |
| | EXPENSES | CHARGES FOR SERVICES | GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS |
| **FUNCTIONS/PROGRAMS** | | | | |
| **Governmental Activities** | | | | |
| Current: | | | | |
| General Government | $ 1,277,210 | $ 808,475 | $ 84,149 | $ - |
| Public Safety | 1,108,814 | 23,965 | 4,839 | - |
| Public Works | 607,706 | 3,953 | 375,011 | - |
| Culture and Recreation | 2,219,930 | 643,734 | 188,698 | - |
| TOTAL GOVERNMENTAL ACTIVITIES | 5,213,660 | 1,480,127 | 652,697 | - |
| **Business-type Activities** | | | | |
| Current: | | | | |
| Electric | 4,236,833 | 5,194,647 | - | 3,500 |
| Water & Sewer | 1,666,685 | 2,025,542 | - | 83,650 |
| Solid Waste | 665,451 | 653,142 | - | - |
| Airport | 899,465 | 475,233 | - | 1,269,610 |
| TOTAL BUSINESS-TYPE ACTIVITIES | 7,468,434 | 8,348,564 | - | 1,356,760 |
| **TOTAL GOVERNMENT** | $ 12,682,094 | $ 9,828,691 | $ 652,697 | $ 1,356,760 |

**GENERAL REVENUES**
Property Taxes
Specific Ownership Taxes
Sales and Use Taxes
Franchise Taxes
Other Taxes
Investment Earnings
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 | | |
|---|---|---|
| GOVERNMENTAL ACTIVITIES | BUSINESS - TYPE ACTIVITIES | TOTAL |
| $ (384,586) | $ - | $ (384,586) |
| (1,080,010) | - | (1,080,010) |
| (228,742) | - | (228,742) |
| (1,387,498) | - | (1,387,498) |
| (3,080,836) | - | (3,080,836) |
| - | 961,314 | 961,314 |
| - | 442,507 | 442,507 |
| - | (12,309) | (12,309) |
| - | 845,378 | 845,378 |
| - | 2,236,890 | 2,236,890 |
| (3,080,836) | 2,236,890 | (843,946) |
| 410,899 | - | 410,899 |
| 41,305 | - | 41,305 |
| 3,125,878 | - | 3,125,878 |
| 77,581 | - | 77,581 |
| 346,265 | - | 346,265 |
| 115,221 | 199,284 | 314,505 |
| 302,146 | 52,321 | 354,467 |
| 10,325 | - | 10,325 |
| 73,746 | (73,746) | - |
| 4,503,366 | 177,859 | 4,681,225 |
| 1,422,530 | 2,414,749 | 3,837,279 |
| 10,348,322 | 28,674,651 | 39,022,973 |
| - | 745,315 | 745,315 |
| 10,348,322 | 29,419,966 | 39,768,288 |
| $ 11,770,852 | $ 31,834,715 | $ 43,605,567 |

**CITY OF BURLINGTON**

**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**DECEMBER 31, 2025**
**With Comparative Totals for December 31, 2024**

| | | SPECIAL REVENUE FUNDS | |
|---|---|---|---|
| | GENERAL FUND | TOURISM PROMOTION FUND | NONMAJOR CONSERVATION TRUST FUND |
| **ASSETS AND DEFERRED OUTFLOWS** | | | |
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and Investments | | | |
| Cash | $ 2,029,791 | $ 428,522 | $ 204,866 |
| Receivables | | | |
| Property Tax Receivable | 477,897 | - | - |
| Cash with Fiscal Agent | 40,722 | - | - |
| Accounts Receivable | - | 46,904 | - |
| Other Receivables | 597,745 | - | - |
| Inventory | 50,574 | - | - |
| Prepaid Expenses | 3,353 | - | - |
| Lease Receivable | 51,189 | 39,173 | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | $ 3,251,271 | $ 514,599 | $ 204,866 |
| **LIABILITIES, DEFERRED INFLOWS AND NET POSITION** | | | |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Accounts Payable | $ 73,009 | $ 32,352 | $ - |
| Accrued Salaries and Benefits | 143,143 | 21,868 | - |
| Deposits and Escrow | 9,275 | - | - |
| Unearned Revenue | - | - | - |
| TOTAL LIABILITIES | 225,427 | 54,220 | - |
| **DEFERRED INFLOWS OF FINANCIAL RESOURCES** | | | |
| Deferred Property Taxes | 477,897 | - | - |
| Other Deferred Inflows | 51,189 | 39,173 | - |
| TOTAL DEFERRED INFLOWS | 529,086 | 39,173 | - |
| **FUND BALANCE** | | | |
| Nonspendable Fund Balance | 53,927 | - | - |
| Restricted Fund Balance | 239,500 | - | 204,866 |
| Committed Fund Balance | - | 421,206 | - |
| Unassigned Fund Balance | 2,203,331 | - | - |
| TOTAL FUND BALANCE | 2,496,758 | 421,206 | 204,866 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE** | $ 3,251,271 | $ 514,599 | $ 204,866 |

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

| TOTAL | |
| --- | --- |
| 2025 | 2024 |
| | |
| $ 2,663,179 | $ 2,955,345 |
| 477,897 | 418,246 |
| 40,722 | 73,555 |
| 46,904 | 53,611 |
| 597,745 | 661,400 |
| 50,574 | 44,024 |
| 3,353 | 3,384 |
| 90,362 | 115,883 |
| $ 3,970,736 | $ 4,325,448 |
| | |
| $ 105,361 | $ 108,344 |
| 165,011 | 160,325 |
| 9,275 | 6,745 |
| - | 450 |
| 279,647 | 275,864 |
| 477,897 | 418,246 |
| 90,362 | 115,883 |
| 568,259 | 534,129 |
| 53,927 | 47,408 |
| 444,366 | 330,876 |
| 421,206 | 215,706 |
| 2,203,331 | 2,921,465 |
| 3,122,830 | 3,515,455 |
| $ 3,970,736 | $ 4,325,448 |

**CITY OF BURLINGTON**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE**
**TO GOVERNMENTAL ACTIVITIES NET POSITION**
**DECEMBER 31, 2025**

| | | |
|---|---|---|
| **Fund Balance - Governmental Funds** | | $ 3,122,830 |
| 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 | 16,038,971 | |
| Accumulated depreciation | (7,360,997) | 9,116,397 |
| Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds. | | |
| Financing agreements payable | (370,455) | |
| Accrued interest payable | (6,600) | |
| Accrued compensated absences | (91,320) | (468,375) |
| **Total Net Position - Governmental Activities** | | $ 11,770,852 |

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, 2025**
**With Comparative Totals for the Year Ended December 31, 2024**

| | | SPECIAL REVENUE FUNDS | | | |
|---|---|---|---|---|---|
| | GENERAL FUND | TOURISM PROMOTION FUND | NONMAJOR CONSERVATION TRUST FUNDS | TOTAL 2025 | TOTAL 2024 |
| **REVENUES** | | | | | |
| Taxes | $ 3,663,099 | $ 338,829 | $ - | $ 4,001,928 | $ 4,046,060 |
| Intergovernmental Revenues | 459,962 | - | 37,599 | 497,561 | 597,160 |
| Licenses and Permits | 8,635 | - | - | 8,635 | 7,148 |
| Fines and Forfeits | 23,035 | - | - | 23,035 | 37,273 |
| Internal Charges | 783,349 | - | - | 783,349 | 748,479 |
| Charges for Services | 180,249 | 484,858 | - | 665,107 | 676,849 |
| Investment Earnings | 104,677 | 6,699 | 3,846 | 115,222 | 322,185 |
| Other Revenues | 244,565 | 223,042 | - | 467,607 | 255,535 |
| TOTAL REVENUES | 5,467,571 | 1,053,428 | 41,445 | 6,562,444 | 6,690,689 |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| General Government | 1,220,475 | 19,515 | - | 1,239,990 | 1,238,934 |
| Public Safety | 1,048,550 | - | - | 1,048,550 | 965,115 |
| Public Works | 480,902 | - | - | 480,902 | 495,595 |
| Parks, Recreation and Other | 1,134,582 | 852,343 | 2,375 | 1,989,300 | 1,932,396 |
| Capital Outlay | 2,203,430 | 49,816 | - | 2,253,246 | 1,997,202 |
| Debt Service | 280,674 | - | - | 280,674 | 189,360 |
| TOTAL EXPENDITURES | 6,368,613 | 921,674 | 2,375 | 7,292,662 | 6,818,602 |
| **REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES** | (901,042) | 131,754 | 39,070 | (730,218) | (127,913) |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Debt Proceeds | 263,847 | - | - | 263,847 | 483,433 |
| Transfers (In) | - | 73,746 | - | 73,746 | 76,101 |
| TOTAL OTHER FINANCING SOURCES (USES) | 263,847 | 73,746 | - | 337,593 | 559,534 |
| **CHANGE IN FUND BALANCE** | (637,195) | 205,500 | 39,070 | (392,625) | 431,621 |
| **FUND BALANCE, BEGINNING** | 3,133,953 | 215,706 | 165,796 | 3,515,455 | 3,083,834 |
| **FUND BALANCE, ENDING** | $ 2,496,758 | $ 421,206 | $ 204,866 | $ 3,122,830 | $ 3,515,455 |

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

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**CITY OF BURLINGTON**

**RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2025**

| | | |
|---|---|---|
| **Change in Fund Balance - Governmental Funds** | | $ (392,625) |
| Capital assets used in governmental activities are expensed when purchasec in the funds and depreciated at the activity level | | |
| Capitalized Asset Purchases | $ 2,253,246 | |
| Depreciation Expense | (429,084) | 1,824,162 |
| Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity leve | | |
| Proceeds from debt issuances | (263,847) | |
| Principal payments on financing agreements | 248,079 | |
| Change in accrued interest payable | 3,634 | |
| Change in accrued compensated absences | 3,127 | (9,007) |
| **Change in Net Position - Governmental Activities** | | $ 1,422,530 |

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

**CITY OF BURLINGTON**

**STATEMENT OF NET POSITION**
**PROPRIETARY FUNDS**
**DECEMBER 31, 2025**
**With Comparative Totals for December 31, 2024**

| | BUSINESS - TYPE ACTIVITIES | | | |
|---|---|---|---|---|
| | ELECTRIC FUND | WATER & SEWER FUND | SOLID WASTE FUND | AIRPORT FUND |
| **ASSETS AND DEFERRED OUTFLOWS** | | | | |
| **ASSETS** | | | | |
| **Current Assets** | | | | |
| Cash and Investments | | | | |
| Cash | $ 6,948,544 | $ 3,031,038 | $ (20,830) | $ (401,790) |
| Receivables | | | | |
| Intergovernmental Receivables | - | - | - | 284,749 |
| Utility Receivable | 758,496 | 334,175 | 108,420 | - |
| Other Receivables | - | 59,525 | - | - |
| Inventory | 1,223,027 | 225,537 | - | 27,454 |
| Prepaid Expenses | 2,074 | - | - | - |
| Total Current Assets | 8,932,141 | 3,650,275 | 87,590 | (89,587) |
| **Noncurrent Assets** | | | | |
| Capital Assets not being depreciated | 1,095,204 | 3,928,719 | - | 567,504 |
| Capital Assets being depreciated | 8,840,449 | 11,293,463 | - | 13,379,256 |
| Accumulated Depreciation | (5,162,500) | (4,741,987) | - | (5,360,910) |
| Lease Receivable | - | - | - | 67,162 |
| Total Noncurrent Assets | 4,773,153 | 10,480,195 | - | 8,653,012 |
| **TOTAL ASSETS** | 13,705,294 | 14,130,470 | 87,590 | 8,563,425 |
| **DEFERRED OUTFLOWS OF FINANCIAL RESOURCES** | | | | |
| Bond Charge on Refunding | - | 46,492 | - | - |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS** | $ 13,705,294 | $ 14,176,962 | $ 87,590 | $ 8,563,425 |
| **LIABILITIES, DEFERRED INFLOWS AND NET POSITION** | | | | |
| **LIABILITIES** | | | | |
| **Current Liabilities** | | | | |
| Accounts Payable | $ 296,566 | $ 214,517 | $ 56,740 | $ 2,826 |
| Accrued Salaries and Benefits | 18,517 | 22,866 | - | 11,588 |
| Deposits and Escrow | 73,994 | 1,034 | - | - |
| Accrued Interest Payable | - | 11,588 | - | - |
| Unearned Revenue | - | - | - | 8,278 |
| Total Current Liabilities | 389,077 | 250,005 | 56,740 | 22,692 |
| **Noncurrent Liabilities** | | | | |
| Due within one year | 59,744 | 321,775 | - | 782 |
| Due in more than one year | 45,778 | 3,477,765 | - | 7,036 |
| Total Noncurrent Liabilities | 105,522 | 3,799,540 | - | 7,818 |
| TOTAL LIABILITIES | 494,599 | 4,049,545 | 56,740 | 30,510 |
| **DEFERRED INFLOWS OF FINANCIAL RESOURCES** | | | | |
| Other Deferred Inflows | - | - | - | 67,162 |
| **NET POSITION** | | | | |
| Net Investment in Capital Assets | 4,681,208 | 6,703,539 | - | 8,585,850 |
| Restricted Net Position | - | 222,042 | - | - |
| Unrestricted Net Position | 8,529,487 | 3,201,836 | 30,850 | (120,097) |
| **TOTAL NET POSITION** | 13,210,695 | 10,127,417 | 30,850 | 8,465,753 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION** | $ 13,705,294 | $ 14,176,962 | $ 87,590 | $ 8,563,425 |

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

| TOTAL | |
|---|---|
| 2025 | 2024 |
| $ 9,556,962 | $ 8,125,681 |
| 284,749 | 3,174,833 |
| 1,201,091 | 1,193,838 |
| 59,525 | - |
| 1,476,018 | 1,520,130 |
| 2,074 | 2,106 |
| 12,580,419 | 14,016,588 |
| 5,591,427 | 7,818,904 |
| 33,513,168 | 27,698,293 |
| (15,265,397) | (14,416,559) |
| 67,162 | - |
| 23,906,360 | 21,100,638 |
| 36,486,779 | 35,117,226 |
| 46,492 | 52,779 |
| $ 36,533,271 | $ 35,170,005 |
| $ 570,649 | $ 1,266,057 |
| 52,971 | 49,621 |
| 75,028 | 258,522 |
| 11,588 | 12,552 |
| 8,278 | - |
| 718,514 | 1,586,752 |
| 382,301 | 316,889 |
| 3,530,579 | 3,846,398 |
| 3,912,880 | 4,163,287 |
| 4,631,394 | 5,750,039 |
| 67,162 | - |
| 19,970,597 | 16,980,228 |
| 222,042 | 221,981 |
| 11,642,076 | 12,217,757 |
| 31,834,715 | 29,419,966 |
| $ 36,533,271 | $ 35,170,005 |

**CITY OF BURLINGTON**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**
**PROPRIETARY FUNDS**
**FOR THE YEAR ENDED DECEMBER 31, 2025**
**With Comparative Totals for the Year Ended December 31, 2024**

| | BUSINESS - TYPE ACTIVITIES | | | |
|---|---|---|---|---|
| | ELECTRIC FUND | WATER & SEWER FUND | SOLID WASTE FUND | AIRPORT FUND |
| **OPERATING REVENUES** | | | | |
| Utility Charges | $ 5,120,175 | $ 1,926,800 | $ 653,142 | $ - |
| Airport Charges | - | - | - | 341,147 |
| Other Charges for Services | 74,472 | 98,742 | - | 134,086 |
| TOTAL REVENUES | 5,194,647 | 2,025,542 | 653,142 | 475,233 |
| **OPERATING EXPENSES** | | | | |
| Airport | - | - | - | 567,930 |
| Management Fees | 519,750 | 217,710 | 45,889 | - |
| Solid Waste Collection | - | - | 619,562 | - |
| Electric Production | 2,943,058 | - | - | - |
| Electric Distribution | 347,379 | - | - | - |
| Water Treatment and Distribution | - | 688,301 | - | - |
| Sewer Collection and Treatrment | - | 328,184 | - | - |
| Administration | 161,794 | 96,828 | - | 156 |
| Depreciation Expense | 263,347 | 254,112 | - | 331,379 |
| TOTAL EXPENDITURES | 4,235,328 | 1,585,135 | 665,451 | 899,465 |
| Operating Income (Loss) | 959,319 | 440,407 | (12,309) | (424,232) |
| **OTHER INCOME (EXPENSE)** | | | | |
| Intergovernmental Revenue | - | - | - | - |
| Investment Earnings | 161,784 | 52,993 | (412) | (15,081) |
| Other Revenue | 12,457 | 13,744 | - | 26,120 |
| Interest Expense | (1,505) | (81,550) | - | - |
| TOTAL OTHER INCOME (EXPENSE) | 172,736 | (14,813) | (412) | 11,039 |
| Net Income (Loss) before Transfers | 1,132,055 | 425,594 | (12,721) | (413,193) |
| **TRANSFERS** | | | | |
| Transfers In | - | - | - | 210,620 |
| Transfers (Out) | (229,938) | (54,428) | - | - |
| NET INCOME (LOSS) | 902,117 | 371,166 | (12,721) | (202,573) |
| **CONTRIBUTED CAPITAL** | | | | |
| Plant Investment Fees | 3,500 | 24,125 | - | - |
| Intergovernmental Revenue | - | 59,525 | - | 1,269,610 |
| TOTAL CONTRIBUTED CAPITAL | 3,500 | 83,650 | - | 1,269,610 |
| **CHANGE IN NET POSITION** | 905,617 | 454,816 | (12,721) | 1,067,037 |
| **NET POSITION - BEGINNING** | 12,305,078 | 9,672,601 | 43,571 | 7,398,716 |
| Prior Period Restatement | - | - | - | - |
| **Net Position, Beginning (As Restated)** | 12,305,078 | 9,672,601 | 43,571 | 7,398,716 |
| **NET POSITION - ENDING** | $ 13,210,695 | $ 10,127,417 | $ 30,850 | $ 8,465,753 |

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

| TOTAL | |
|---|---|
| **2025** | **2024** |
| $ 7,700,117 | $ 7,363,084 |
| 341,147 | 324,783 |
| 307,300 | 107,375 |
| 8,348,564 | 7,795,242 |
| | |
| 567,930 | 475,066 |
| 783,349 | 748,479 |
| 619,562 | 598,830 |
| 2,943,058 | 2,675,014 |
| 347,379 | 489,825 |
| 688,301 | 525,830 |
| 328,184 | 367,498 |
| 258,778 | 210,170 |
| 848,838 | 789,120 |
| 7,385,379 | 6,879,832 |
| 963,185 | 915,410 |
| | |
| - | 63,474 |
| 199,284 | 132,346 |
| 52,321 | 77,445 |
| (83,055) | (88,890) |
| 168,550 | 184,375 |
| 1,131,735 | 1,099,785 |
| | |
| 210,620 | 205,527 |
| (284,366) | (281,628) |
| 1,057,989 | 1,023,684 |
| | |
| 27,625 | 8,600 |
| 1,329,135 | 3,355,210 |
| 1,356,760 | 3,363,810 |
| 2,414,749 | 4,387,494 |
| 29,419,966 | 24,403,494 |
| - | 628,978 |
| 29,419,966 | 25,032,472 |
| $ 31,834,715 | $ 29,419,966 |

**CITY OF BURLINGTON**

**STATEMENT OF CASH FLOWS -**
**PROPRIETARY FUNDS**
**FOR THE YEAR ENDED DECEMBER 31, 2025**
**With Comparative Totals for the Year Ended December 31, 2024**

| | BUSINESS - TYPE ACTIVITIES | | | |
|---|---|---|---|---|
| | ELECTRIC FUND | WATER & SEWER FUND | SOLID WASTE FUND | AIRPORT FUND |
| **Cash Flows From Operating Activities:** | | | | |
| Cash Received from Customers | $ 5,200,534 | $ 1,937,862 | $ 660,631 | $ 307,543 |
| Cash Paid to Suppliers | (3,154,254) | (668,875) | (616,077) | (1,282,423) |
| Cash Paid for Interfund Services | (519,750) | (217,710) | (45,889) | - |
| Cash Paid to Employees | (260,642) | (292,491) | - | (124,942) |
| Net Cash Provided by Operating Activities | 1,265,888 | 758,786 | (1,335) | (1,099,822) |
| **Cash Flows From Capital and Related Financing Activities:** | | | | |
| Tap Fees Received | 3,500 | 24,125 | - | - |
| Debt Principal Payments | (43,211) | (302,187) | - | - |
| Grant Proceeds | - | 59,525 | - | 4,159,694 |
| Interest Payments | (1,505) | (76,227) | - | - |
| Proceeds of Capital Asset Sales | - | - | - | - |
| Acquisition of Capital Assets | (1,356,042) | (976,296) | - | (1,161,470) |
| Cash Flows Used by Capital and Related Financing Activities | (1,397,258) | (1,271,060) | - | 2,998,224 |
| **Cash Flows (Uses) From Noncapital Financing Activities:** | | | | |
| Cash (to) from Other Funds | (229,938) | (54,428) | - | 210,620 |
| Other Revenues (Expense) | 12,457 | 13,744 | - | 26,120 |
| Net Cash Provided (Used) by Noncapital Financing Activities | (217,481) | (40,684) | - | 236,740 |
| **Cash Flows (Uses) From Investing Activities:** | | | | |
| Interest Received | 161,784 | 52,993 | (412) | (15,081) |
| Net Increase (Decrease) in Cash | (187,067) | (499,965) | (1,747) | 2,120,061 |
| Cash - Beginning | 7,135,611 | 3,531,003 | (19,082) | (2,521,851) |
| **Cash - Ending** | $ 6,948,544 | $ 3,031,038 | $ (20,829) | $ (401,790) |
| **Total** | $ 6,948,544 | $ 3,031,039 | $ (20,829) | $ (401,790) |
| **Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:** | | | | |
| Operating Income (Loss) | $ 959,319 | $ 440,407 | $ (12,309) | $ (424,232) |
| **Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:** | | | | |
| Depreciation Expense | 263,347 | 254,112 | - | 331,379 |
| **Changes in Assets and Liabilities Related to Operations:** | | | | |
| **(Increase) Decrease in:** | | | | |
| Utility Receivable | 13,913 | (28,655) | 7,489 | - |
| Accounts Receivable | - | - | - | - |
| Other Receivables | - | (59,525) | - | - |
| Inventory | - | 25,320 | - | 18,792 |
| Prepaid Expenses | 32 | - | - | - |
| **(Increase) Decrease in:** | | | | |
| Accounts Payable | 41,280 | 119,672 | 3,485 | (859,844) |
| Accrued Salaries and Benefits | (1,120) | 3,504 | - | 966 |
| Deposits and Escrow | (8,026) | 500 | - | (175,968) |
| Unearned Revenue | - | - | - | 8,278 |
| Accrued Compensated Absences | (2,857) | 3,451 | - | 807 |
| Total Adjustments | 306,569 | 318,379 | 10,974 | (675,590) |
| **Net Cash Used for Operating Activities** | $ 1,265,888 | $ 758,786 | $ (1,335) | $ (1,099,822) |

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

| | | | | |
|---|---|---|---|---|
| **Schedule of Non-Cash Activities:** | | | | |
| Right-To Use Assets acquired via Financing | $ 93,589 | | | |
| Airport Farm Land Lease Receivable and Related Deferred Inflow | | | | $ 67,162 |
| Net Schedule of Non-Cash Activities | | | | |

| TOTAL | |
|---|---|
| 2025 | 2024 |
| $ 8,106,570 | $ 7,992,925 |
| (5,721,629) | (3,795,506) |
| (783,349) | (748,479) |
| (678,075) | (545,361) |
| 923,517 | 2,903,579 |
| 27,625 | 8,600 |
| (345,398) | (300,639) |
| 4,219,219 | 243,851 |
| (77,732) | (83,203) |
| - | (16,305) |
| (3,493,808) | (4,165,734) |
| 329,906 | (4,313,430) |
| (73,746) | (76,101) |
| 52,321 | 77,445 |
| (21,425) | 1,344 |
| 199,284 | 132,346 |
| 1,431,282 | (1,276,161) |
| 8,125,681 | 9,401,842 |
| $ 9,556,963 | $ 8,125,681 |
| $ 9,556,964 | $ 8,125,681 |
| $ 963,185 | $ 915,410 |
| 848,838 | 789,120 |
| (7,253) | (9,214) |
| - | 27,963 |
| (59,525) | - |
| 44,112 | 78,173 |
| 32 | (2,106) |
| (695,407) | 876,243 |
| 3,350 | 44,929 |
| (183,494) | 178,934 |
| 8,278 | - |
| 1,401 | 4,127 |
| (39,668) | 1,988,169 |
| $ 923,517 | $ 2,903,579 |
| $ 93,589 | |
| 67,162 | |
| $ 160,751 | |

## 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:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

**NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>** (Continued)

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

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.

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:

**NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>** (Continued)

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

**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.

**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 (Nonmajor)**
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 funds account for activities of the City's electricity transmission, water distribution, and sewage 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.

**NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>** (Continued)

### 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.

### 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 |

**NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>** (Continued)

**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 2025 to be collected in 2026 and leases receivable expected to be collected in future periods.

**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.

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

**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.

**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.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (Continued)

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

## NOTE 3: CASH AND INVESTMENTS

A summary of deposits and investments as of December 31, 2025 is as follows:

| | |
|---|---|
| Cash Deposits | $ 9,489,466 |
| Investments | 2,728,552 |
| Cash on Hand | 2,123 |
| **Total Cash and Investments** | $ 12,220,141 |

This balance is presented in the financial statements as follows:

| | |
|---|---|
| **Cash and Investments** | $ 12,220,141 |

### DEPOSITS

The City pools cash balances across funds and allocates investment earnings based on the average balance owned by each fund during the period. To the extent a fund has a negative cash balance, a negative investment earnings is recorded for the month to reflect the borrowing of resources from the other funds.

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, 2025, 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.

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

**DEPOSITS**

Deposits at December 31, 2025 were as follows:

| | Bank Balance | Book Balance |
|---|---|---|
| FDIC Insured | $ 617,762 | $ 617,762 |
| Collateralized under PDPA (Not in Entity's Name) | 9,076,710 | 8,871,704 |
| **Total Cash and Investments** | $ 9,694,472 | $ 9,489,466 |

**INVESTMENTS**

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

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

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

Credit Risk
For the year ended December 31, 2025, the City had invested $2,728,552 in the Colorado Government Liquid Asset Trust (COLOTRUST); investment vehicles established for local government entities in Colorado to pool surplus funds and are registered with the State Securities Commissioner. The pools operated similarly to a money market fund and each share vale is equal in value to $1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities. Colotrust is rated AAAm by Standard and Poor's.

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

## NOTE 3: CASH AND INVESTMENTS (Continued)

**INVESTMENTS** (Continued)

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, 2025, the City's custodial credit risk is related to the investments in Colotrust.

## NOTE 4: LEASE RECEIVABLES

Changes in governmental activities lease receivable are as follows:

| | Balance 12/31/24 | Advances | Receipts | Balance 12/31/25 | Due within One Year | Interest Income |
|---|---|---|---|---|---|---|
| **Governmental-type Activities** | | | | | | |
| 2018 Building Lease | $ 52,334 | $ - | $ 13,161 | $ 39,173 | $ 13,725 | $ 1,947 |
| 2024 Building Lease | 63,549 | - | 12,360 | 51,189 | 13,328 | 2,377 |
| Total Governmental-type | 115,883 | - | 25,521 | 90,362 | 27,053 | 4,324 |
| **Business Type Activities** | | | | | | |
| 2025 Land Lease | - | 75,439 | 8,277 | 67,162 | 13,846 | - |
| **Total** | **$ 115,883** | **$ 75,439** | **$ 33,798** | **$ 157,524** | **$ 40,899** | **$ 4,324** |

In 2018 the City entered into a building lease agreement. The lease requires annual payments of $1,259 to be received starting October 2018 through September 2028 and bears an estimated interest of 4.20%.

Future lease receivable payments are as follows

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 13,725 | $ 1,383 | $ 15,108 |
| 2027 | 14,313 | 795 | 15,108 |
| 2028 | 11,135 | 196 | 11,331 |
| **Total** | **$ 39,173** | **$ 2,374** | **$ 41,547** |

In 2024, the City entered into a building lease agreement. The lease requires annual payments ranging from $14,520 to $16,350 to be received starting July 2024 through June 2029 and bears an estimated interest of 4.10%.

Future lease receivable payments are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 13,328 | $ 1,852 | $ 15,180 |
| 2027 | 14,351 | 1,287 | 15,638 |
| 2028 | 15,431 | 679 | 16,110 |
| 2029 | 8,079 | 97 | 8,176 |
| **Total** | **$ 51,189** | **$ 3,915** | **$ 55,104** |

## NOTE 4: LEASE RECEIVABLES (Continued)

In 2025, the City entered into a land lease agreement. The lease requires semi-annual payments of $8,278 to be received starting August 2025 through January 2030 and bears an estimated interest of 4.25%.

Future lease receivable payments are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 13,846 | $ 2,709 | $ 16,555 |
| 2027 | 14,441 | 2,114 | 16,555 |
| 2028 | 15,061 | 1,494 | 16,555 |
| 2029 | 15,708 | 847 | 16,555 |
| 2030 | 8,106 | 172 | 8,278 |
| **Total** | **$ 67,162** | **$ 7,336** | **$ 74,498** |

## NOTE 5: CAPITAL ASSETS

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

| | Restated Balance 12/31/2024 | Additions | Deletions | Balance 12/31/2025 |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 337,017 | $ - | $ - | $ 337,017 |
| Construction in Progress | 338,308 | - | (338,308) | - |
| Old Town Donations/Collection | 101,406 | - | - | 101,406 |
| Total assets not being depreciated | 776,731 | - | (338,308) | 438,423 |
| Capital assets being depreciated: | | | | |
| Infrastructure | 3,073,002 | 595,688 | - | 3,668,690 |
| Buildings | 4,580,174 | 102,246 | - | 4,682,420 |
| Improvements Other Than Buildings | 2,106,205 | 1,611,655 | - | 3,717,860 |
| Equipment | 2,093,906 | 18,118 | - | 2,112,024 |
| Vehicles | 808,287 | - | - | 808,287 |
| Library Collection | 224,375 | - | - | 224,375 |
| Right to Use Assets | 561,468 | 263,847 | - | 825,315 |
| Total capital assets being depreciated | 13,447,417 | 2,591,554 | - | 16,038,971 |
| Less accumulated depreciation: | | | | |
| Infrastructure | (706,016) | (76,877) | - | (782,893) |
| Buildings | (2,439,607) | (98,464) | - | (2,538,071) |
| Improvements Other Than Buildings | (1,225,734) | (100,443) | - | (1,326,177) |
| Equipment | (1,621,490) | (60,682) | - | (1,682,172) |
| Vehicles | (673,332) | (15,733) | - | (689,065) |
| Library Collection | (224,375) | - | - | (224,375) |
| Right to Use Assets | (41,359) | (76,885) | - | (118,244) |
| Total accumulated depreciation | (6,931,913) | (429,084) | - | (7,360,997) |
| Capital assets being depreciated, net | 6,515,504 | 2,162,470 | - | 8,677,974 |
| **Total Governmental Activities Capital Assets** | $ 7,292,235 | $ 2,162,470 | $ (338,308) | $ 9,116,397 |

**NOTE 5: CAPITAL ASSETS** (Continued)

The City has restated the beginning governmental capital asset presentation to reflect it's fully depreciated library collection and to separate Right-to-Use assets from previously presented equipment balances.

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

| | |
|---|---|
| **Governmental Activities** | |
| General Government | $ 40,347 |
| Public Safety | 50,628 |
| Public Works | 108,321 |
| Parks, Recreation & Other | 229,788 |
| | $ 429,084 |

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

| | Restated Balance 12/31/2024 | Additions | Deletions | Balance 12/31/2025 |
|---|---|---|---|---|
| **Business-Type Activities** | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 609,915 | $ - | $ - | $ 609,915 |
| Water Rights | 2,918,032 | - | - | 2,918,032 |
| Construction in Progress | 4,290,957 | 1,954,783 | (4,182,260) | 2,063,480 |
| Total assets not being depreciated | 7,818,904 | 1,954,783 | (4,182,260) | 5,591,427 |
| Capital assets being depreciated: | | | | |
| System | 18,231,073 | 377,556 | - | 18,608,629 |
| Buldings | 1,079,540 | - | - | 1,079,540 |
| Other Improvements | 6,440,000 | 5,032,157 | - | 11,472,157 |
| Equipment | 1,050,282 | 311,573 | - | 1,361,855 |
| Vehicles | 742,328 | - | - | 742,328 |
| Right to Use Assets | 155,070 | 93,589 | - | 248,659 |
| Total capital assets being depreciated | 27,698,293 | 5,814,874 | - | 33,513,168 |
| Accumulated Depreciation: | | | | |
| System | (8,312,524) | (469,140) | - | (8,781,664) |
| Buldings | (550,887) | (20,763) | - | (571,650) |
| Other Improvements | (4,023,978) | (298,070) | - | (4,322,048) |
| Equipment | (947,542) | (13,956) | - | (961,498) |
| Vehicles | (554,489) | (31,525) | - | (586,014) |
| Right to Use Assets | (27,139) | (15,384) | - | (42,523) |
| Total accumulated depreciation | (14,416,559) | (848,838) | - | (15,265,397) |
| Capital assets being depreciated, net | 13,281,734 | 4,966,036 | - | 18,247,771 |
| **Total Business-Type Activities Capital Assets** | $ 21,100,638 | $ 6,920,819 | $ (4,182,260) | $ 23,839,198 |

The City has restated the beginning business-type activity capital asset presentation to separate Right-to-Use assets from previously presented equipment balances.

## NOTE 5: CAPITAL ASSETS (Continued)

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

| | | |
|---|---|---|
| **Business-Type Activities** | | |
| Electric | $ | 263,347 |
| Water | | 189,468 |
| Sewer | | 64,644 |
| Airport | | 331,379 |
| | $ | 848,838 |

## NOTE 6: LONG-TERM DEBT

### GOVERNMENTAL ACTIVITIES

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

| Governmental Activities | Balance 1/0/1900 | Advances | Repayments | Balance 12/31/2025 | Due within One Year | Accrued Interest | Interest Expense |
|---|---|---|---|---|---|---|---|
| Financing Obligations | $ 354,257 | $ 263,847 | $ 247,649 | $ 370,455 | $ 276,502 | $ 6,600 | $ 29,347 |
| Accrued Compensated Absences | 94,447 | (3,127) | - | 91,320 | 19,890 | - | - |
| **Total Noncurrent Liabilities** | **$ 448,704** | **$ 260,720** | **$ 247,649** | **$ 461,775** | **$ 296,392** | **$ 6,600** | **$ 29,347** |

In May 2021, the City entered into a financing agreement for the usage of a Backhoe. The agreement was for $93,472 and requires monthly payments of $1,182 and a final payment of $31,582 including interest at a rate of 2.49% with payments starting September, 2021 through August, 2026. The City has recorded a Right-to-Use asset with a remaining basis of $24,146 related to this agreement. The payments have been equally distributed among the General, Electric and Water & Sewer Funds.

Scheduled payments on the lease are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 13,086 | $ 200 | $ 13,286 |

In May 2021, the City entered into a financing arrangement for the usage of a Loader. The agreement was for $139,132 and requires monthly payments of $1,890 and a final payment of $36,960 including interest at a rate of 2.49% with payments starting September, 2021 through August, 2026. The City has recorded a Right-to-Use asset with a remaining basis of $35,942 related to this agreement. The payments have been equally distributed among the General, Electric and Water & Sewer Funds.

Scheduled payments on the lease are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 17,103 | $ 255 | $ 17,358 |

## NOTE 6: LONG-TERM DEBT

**GOVERNMENTAL ACTIVITIES** (Continued)

In July 2024, the City entered into a financing arrangement for the usage of a Street Sweeper. The agreement was for $315,770 and requires annual payments of $117,453, including interest at a rate of 9.90% with payments starting August, 2024 through August, 2026. The City has recorded a Right-to-Use asset with a remaining basis of $268,830 related to this lease.

Scheduled payments on the lease are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 106,878 | $ 10,575 | $ 117,453 |

In July 2024, the City entered into a financing arrangement for the usage of two Police vehicles. The agreement was for $167,663 and requires annual payments of $59,586 including interest at a rate of 6.45% with payments starting July, 2024 through July, 2026. The City has recorded a Right-to-Use asset with a remaining basis of $131,735 related to this lease.

Scheduled payments on the lease are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 56,406 | $ 3,180 | $ 59,586 |

In April 2025, the City entered into a financing agreement for the usage of a vehicle to be utilized equally by the Street and Parks departments of the General Fund and the City's Electric Fund. The agreement was for $54,908 and requires annual payments of $19,696 including interest at a rate of 7.82% with three annual payments commencing April 2025. The City has recorded a Right-to-Use asset with a remaining basis of $34,775 related to this lease.

Scheduled payments on the lease are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 11,297 | $ 1,835 | $ 13,131 |
| 2027 | 12,178 | 953 | 13,131 |
| **Total** | **$ 23,475** | **$ 2,788** | **$ 26,262** |

In June 2025, the City entered into a financing arrangement for the usage of two Police vehicles. The agreement was for $197,725 and requires annual payments of $59,586 including interest at a rate of 6.45% with three annual payments starting October, 2025. The City has recorded a Right-to-Use asset with a remaining basis of $183,601 related to this lease.

Scheduled payments on the lease are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 63,653 | $ 7,127 | $ 70,781 |
| 2027 | 67,123 | 3,657 | 70,781 |
| **Total** | **$ 130,776** | **$ 10,784** | **$ 141,562** |

## NOTE 6: LONG-TERM DEBT

### GOVERNMENTAL ACTIVITIES (Continued)

In June 2025, pursuant to a Master Equipment Lease-Purchase Agreement dated December, 2017, the City took possession of a vehicle to be utilized equally by the Street and Parks departments of the General Fund and the City's Electric Fund. The agreement was for $44,276 and requires monthly payments of $1,365 including interest at a rate of 7.29%. The City has recorded a Right-to-Use asset with a remaining basis of $28,041 related to this lease.

Scheduled payments on the lease are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 9,471 | $ 1,446 | $ 10,918 |
| 2027 | 10,185 | 732 | 10,918 |
| 2028 | 4,467 | 82 | 4,549 |
| **Total** | **$ 24,123** | **$ 2,260** | **$ 26,385** |

### BUSINESS-TYPE ACTIVITIES

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

| | Balance 1/0/00 | Advances/ Refundings | Repayments | Balance 12/31/25 | Due within One Year | Accrued Interest | Interest Expense |
|---|---|---|---|---|---|---|---|
| **Business-type Activities** | | | | | | | |
| 2016 CWRPDA Note Payable | $ 828,591 | $ - | $ 33,012 | $ 795,579 | $ 33,343 | $ 1,326 | $ 8,149 |
| 2017 CWRPDA Note Payable | 196,684 | - | 7,836 | 188,848 | 7,915 | 315 | 1,934 |
| 2020 BOK Note Payable | 3,012,000 | - | 249,000 | 2,763,000 | 249,000 | 9,947 | 64,163 |
| Financing Obligations | 83,133 | 93,589 | 55,548 | 121,174 | 87,615 | - | 2,433 |
| Accrued Compensated Absences | 137,324 | (1,726) | - | 135,598 | 4,428 | - | - |
| **Total Noncurrent Liabilities** | **$ 4,257,732** | **$ 91,863** | **$ 345,396** | **$ 4,004,199** | **$ 382,301** | **$ 11,588** | **$ 76,679** |

**NOTE 6: LONG-TERM DEBT** (Continued)

**BUSINESS-TYPE ACTIVITIES** (Continued)

In November 2016, the City entered into a $2,250,000 loan agreement though 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 $221,981 as of December 31, 2025. 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:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 33,343 | $ 7,873 | $ 41,216 |
| 2027 | 33,678 | 7,538 | 41,216 |
| 2028 | 34,015 | 7,201 | 41,216 |
| 2029 | 34,356 | 6,860 | 41,216 |
| 2030 | 34,701 | 6,515 | 41,216 |
| 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 | 61,214 | 616 | 61,830 |
| **Total** | **$ 795,579** | **$ 90,571** | **$ 886,150** |

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:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 7,915 | $ 1,868 | $ 9,783 |
| 2027 | 7,994 | 1,789 | 9,783 |
| 2028 | 8,074 | 1,709 | 9,783 |
| 2029 | 8,155 | 1,628 | 9,783 |
| 2030 | 8,237 | 1,547 | 9,784 |
| 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** | **$ 188,849** | **$ 21,496** | **$ 210,345** |

**NOTE 6: 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. 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 lessor 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, 2025 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:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 249,000 | $ 59,681 | $ 308,681 |
| 2027 | 255,000 | 54,302 | 309,302 |
| 2028 | 260,000 | 48,794 | 308,794 |
| 2029 | 269,000 | 43,178 | 312,178 |
| 2030 | 272,000 | 37,338 | 309,338 |
| 2031-2035 | 1,458,000 | 92,556 | 1,550,556 |
| **Total** | **$ 2,763,000** | **$ 335,849** | **$ 3,098,849** |

In May 2021, the City entered into a financing agreement for the usage of a Backhoe. The agreement was for $93,472 and requires monthly payments of $1,182 and a final payment of $31,582 including interest at a rate of 2.49% with payments starting September, 2021 through August, 2026. The City has recorded a Right-to-Use asset with a remaining basis of $48,293 related to this agreement. The payments have been equally distributed among the General, Electric and Water & Sewer Funds.

Scheduled payments on the lease as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 26,173 | $ 399 | $ 26,572 |

**NOTE 6: LONG-TERM DEBT** (Continued)

**BUSINESS-TYPE ACTIVITIES** (Continued)

In May 2021, the City entered into a financing arrangement for the usage of a Loader. The agreement was for $139,132 and requires monthly payments of $1,890 and a final payment of $36,960 including interest at a rate of 2.49% with payments starting September, 2021 through August, 2026. The City has recorded a Right-to-Use asset with a remaining basis of $71,884 related to this agreement. The payments have been equally distributed among the General, Electric and Water & Sewer Funds.

Scheduled payments on the lease are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 34,207 | $ 511 | $ 34,718 |

In April 2025, the City entered into a financing agreement for the usage of a vehicle to be utilized equally by the Street and Parks departments of the General Fund and the City's Electric Fund. The agreement was for $54,908 and requires annual payments of $19,696 including interest at a rate of 7.82% with three annual payments commencing April 2025. The City has recorded a Right-to-Use asset with a remaining basis of $16,472 related to this lease.

Scheduled payments on the lease are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 5,647 | $ 918 | $ 6,565 |
| 2027 | 6,089 | 476 | 6,565 |
| **Total** | **$ 11,736** | **$ 1,394** | **$ 13,130** |

In June 2025, pursuant to a Master Equipment Lease-Purchase Agreement dated December, 2017, the City took possession of a vehicle to be utilized equally by the Street and Parks departments of the General Fund and the City's Electric Fund. The agreement was for $44,276 and requires monthly payments of $1,365 including interest at a rate of 7.29%. The City has recorded a Right-to-Use asset with a remaining basis of $13,283 related to this lease.

Scheduled payments on the lease are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 4,736 | $ 723 | $ 5,459 |
| 2027 | 5,093 | 366 | 5,459 |
| 2028 | 2,234 | 41 | 2,275 |
| **Total** | **$ 12,063** | **$ 1,130** | **$ 13,193** |

**NOTE 6: LONG-TERM DEBT** (Continued)

**BUSINESS-TYPE ACTIVITIES** (Continued)

In October 2025, the City entered into a financing arrangement for the usage of an Electric Fund vehicle. The agreement was for $60,528 and requires annual payments of $21,611 including interest at a rate of 7.29% with three annual payments starting October, 2025. The City has recorded a Right-to-Use asset with a remaining basis of $56,205 related to this lease.

Scheduled payments on the lease are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 18,773 | $ 2,837 | $ 21,611 |
| 2027 | 20,144 | 1,468 | 21,611 |
| **Total** | **$ 38,917** | **$ 4,305** | **$ 43,222** |

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

| | Balance 1/0/1900 | Advances/ Refundings | Repayments | Balance 12/31/2025 | Due within One Year |
|---|---|---|---|---|---|
| **Deferred Outflows** | | | | | |
| **2020 BOK Note Payable** | | | | | |
| Charge on Refunding | **$ (52,779)** | **$ -** | **$ (6,287)** | **$ (46,492)** | **$ (6,287)** |

The City has restated the beginning refunding balance to reflect prior amortization that had not been recorded (Note 12).

**NOTE 6: LONG-TERM DEBT** (Continued),

**BUSINESS-TYPE ACTIVITIES** (Continued)

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 | $ 2,025,542 |
| Other Income | 13,744 |
| Investment Earnings | 52,993 |
| Intergovernmental Revenue | 59,525 |
| Plant Investment Fees | 24,125 |
| **Gross Revenue** | 2,175,929 |
| Water Treatment and Distribution | 688,301 |
| Sewer Collection and Treatment | 328,184 |
| Administration | 96,828 |
| Management Fees | 217,710 |
| Transfers Out | 54,428 |
| **Operations and Maintenance Expenses** | 1,385,451 |
| Net Revenues | 790,478 |
| Maximum Annual Debt Service - FY2031 | 363,493 |
| Rate Maintenance Coverage | 115% |
| Required Rate Maintenance Net Revenue | 418,017 |

**NOTE 7: PENSION PLANS**

**INTERNAL REVENUE CODE SECTION 457 PLAN**

The City has established and Internal Revenue Code Section 457 Plan for the benefit of employees. A 457 plan allows an employee to contribute pretax dollars towards retirement. All amounts contributed are fully vested. The City has contributed $112,566 or up to 5% of employee payroll, in the form of an employee match for the current fiscal year.

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

### TAX SPENDING AND DEBT LIMITATIONS

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

The City's financial activity for the year ended December 31, 2018 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 1992, revenue in excess of the City's "spending limit" must be refunded unless voters approve the retaining of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases and new debt.

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

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

The Article requires an emergency reserve be set aside for 2025 in the amount of 3% or more of its fiscal year spending. At December 31, 2025, the City has reserved/restricted the following for emergencies:

| | |
|---|---|
| General Fund | $ 239,500 |

### OTHER RESTRICTIONS

The City restricted other funds as shown below, including the TABOR emergency reserve discussed above:

| | | |
|---|---|---|
| **Restricted Equity** | | |
| Restricted for Parks (CTF) | $ 204,866 | |
| Restricted for Emergency Reserve (General) | 239,500 | |
| Included in Restricted Governmental Fund Balance | | 444,366 |
| Restricted O & M Reserve (Water & Sewer Fund Net Position) | | 222,042 |
| **Total Restricted Equity** | | $ 666,408 |

### DEFICIT NET POSITION

The City’s Airport Fund has a deficit unrestricted net position as of December 31,2025. This deficit is expected to be recovered through future operations or additional transfers from the City’s other operating funds if required.

## NOTE 9: COMMITMENTS AND CONTINGENCIES

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of the City, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2025.

## NOTE 10: RISK MANAGEMENT

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

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

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

The City has not materially changed its coverage from previous years. Based on the lack of previous loss occurrences, the City has not recorded any liability for unpaid claims at December 31, 2025.

## NOTE 11: TRANSFERS

The City made the following routine transfers:

| | Transfers In | Transfers Out |
|---|---|---|
| Electric Fund | $ - | $ (229,938) |
| Water and Sewer Fund | - | (54,428) |
| Airport Fund | 210,620 | - |
| Tourism Promotional Fund | 73,746 | - |
| Net Transfers | $ 284,366 | $ (284,366) |

## NOTE 12: PRIOR PERIOD CORRECTIONS

Errors in the extended inventory calculations were noted in prior year Electric inventory totals. This resulted in an understatement of the Electric inventory in the amount of $539,560. Operating results for 2024 were overstated by $63,860 while the ending inventory balance and net position as of December 31. 2023 were understated by $603,420. The 2024 financial results in the Electric Fund have been restated to reflect this change.

Errors in the extended inventory calculations were noted in prior year Water inventory totals. This resulted in an understatement of the Water and Sewer Fund inventory in the amount of $65,735. Operating results for 2024 were understated by $40,178 while the ending inventory balance and net position as of December 31. 2023 were understated by $25,557. The 2024 financial results in the Water and Sewer Fund have been restated to reflect this change.

The City has restated the December 31, 2024 grant receivable balance in the Airport Fund to reflect a grant receipt that was earned for the 2024 fiscal year, but not received until after completion of audit fieldwork in the amount of $140,020. The 2024 results have been restated to reflect this increase in revenue and year-end receivable.

The beginning net position for the Business-Type activities has been restated to reflect the combined effect of the $539,560 Electric Fund inventory restatement, the $65,735 Water and Sewer Fund inventory restatement, and the $140,020 Airport Fund grant receivable restatement for a total increase in beginning net position of $745,315.

## NOTE 13: CHANGE IN ESTIMATE

During the fiscal year, the City adopted a new collection policy related to it's outstanding utility receivables. Based on the revised policy, the City is now recording an allowance against each funds delinquent Electric, Water and Sewer, and Solid Waste receivables in the amount of $32,347, $45,014, and $7,180, respectively.

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# REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHEDULE**
**GENERAL FUND**
**FOR THE YEAR ENDED DECEMBER 31, 2025**
**With Comparative Totals for the Year Ended December 31, 2024**

| | 2025 | | | | |
|---|---|---|---|---|---|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | 2024 ACTUAL |
| **REVENUES** | | | | | |
| **Taxes** | | | | | |
| Property Taxes | $ 418,246 | $ 418,246 | $ 410,899 | $ (7,347) | $ 496,226 |
| Specific Ownership Taxes | 24,000 | 24,000 | 41,305 | 17,305 | 41,593 |
| Sales and Use Taxes | 3,186,430 | 3,186,430 | 3,125,878 | (60,552) | 3,135,020 |
| Franchise Taxes | 95,000 | 95,000 | 77,581 | (17,419) | 81,131 |
| Other Taxes | 9,000 | 9,000 | 7,436 | (1,564) | 10,004 |
| Total Tax Revenue | 3,732,676 | 3,732,676 | 3,663,099 | (69,577) | 3,763,974 |
| **Intergovernmental Revenues** | | | | | |
| Cigarette Taxes | 6,010 | 6,010 | 5,936 | (74) | 6,646 |
| Highway Users | 121,867 | 121,867 | 150,329 | 28,462 | 149,608 |
| Road and Bridge | 239,736 | 239,736 | 224,682 | (15,054) | 237,216 |
| Clerk/Motor Vehicle Fees | 29,000 | 29,000 | 993 | (28,007) | 9,094 |
| Severance Tax | 10,000 | 10,000 | 835 | (9,165) | 2,713 |
| State Grants | 540,992 | 540,992 | 77,187 | (463,805) | 61,553 |
| Other Intergovernmental | - | - | - | - | 92,096 |
| Total Intergovernmental Revenue | 947,605 | 947,605 | 459,962 | (487,643) | 558,926 |
| **Licenses and Permits** | | | | | |
| Liquor Licenses | 2,000 | 2,000 | 4,108 | 2,108 | 2,025 |
| Building Permits | 10,000 | 10,000 | 3,952 | (6,048) | 4,818 |
| Animal Licenses | 500 | 500 | 575 | 75 | 305 |
| Other Licenses | 250 | 250 | - | (250) | - |
| Total Licenses and Permits | 12,750 | 12,750 | 8,635 | (4,115) | 7,148 |
| **Fines and Forfeits** | | | | | |
| Public Safety Fines | 30,000 | 30,000 | 18,569 | (11,431) | 33,531 |
| Culture, Parks & Recreation Fines | 4,000 | 4,000 | 4,466 | 466 | 3,742 |
| Total Fines and Forfeits | 34,000 | 34,000 | 23,035 | (10,965) | 37,273 |
| **Internal Charges** | | | | | |
| Administrative/Management Fees | 779,460 | 779,460 | 783,349 | 3,889 | 748,479 |
| **Charges for Services** | | | | | |
| Recreation/Comm Ctr/Library Charges | 167,213 | 167,213 | 154,410 | (12,803) | 149,601 |
| Other Rents | 18,000 | 18,000 | 18,961 | 961 | 18,532 |
| Public Safety Charges for Services | 15,000 | 15,000 | 4,821 | (10,179) | 8,320 |
| Other Charges for Services | 1,500 | 1,500 | 2,057 | 557 | 1,853 |
| Total Charges for Services | 201,713 | 201,713 | 180,249 | (21,464) | 178,306 |
| **Investment Earnings** | 200,000 | 200,000 | 104,677 | (95,323) | 314,373 |
| **Other Revenues** | | | | | |
| Reimbursements and Refunds | 27,225 | 27,225 | - | (27,225) | 18,475 |
| Donations | 3,500 | 3,500 | 7,712 | 4,212 | 1,837 |
| Insurance Proceeds/Recoveries | - | - | 226,528 | 226,528 | 98,861 |
| Other Miscellaneous Revenue | 10,000 | 10,000 | 10,325 | 325 | 43,391 |
| Total Other Revenue | 40,725 | 40,725 | 244,565 | 203,840 | 162,564 |
| TOTAL REVENUES | 5,948,929 | 5,948,929 | 5,467,571 | (481,358) | 5,771,043 |

See accompanying Independent Auditors' Report.

(Continued)

CITY OF BURLINGTON

**BUDGETARY COMPARISON SCHEDULE**
**GENERAL FUND**
**FOR THE YEAR ENDED DECEMBER 31, 2025**
**With Comparative Totals for the Year Ended December 31, 2024**

| | 2025 | | | | 2024 |
|---|---|---|---|---|---|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | ACTUAL |
| (Continued) | | | | | |
| **EXPENDITURES** | | | | | |
| **General Government** | | | | | |
| Personnel Services | 555,426 | 555,426 | 523,224 | 32,202 | 471,643 |
| Contract labor | 100,240 | 100,240 | 110,155 | (9,915) | 101,663 |
| Insurance | 226,000 | 226,000 | 228,969 | (2,969) | 190,720 |
| Professional Fees | 100,140 | 100,140 | 172,863 | (72,723) | 290,501 |
| Repairs and Maintenance | 4,000 | 4,000 | 4,552 | (552) | 1,218 |
| Supplies | 34,425 | 34,425 | 38,945 | (4,520) | 32,099 |
| Telephone and Utilities | 19,200 | 19,200 | 17,519 | 1,681 | 16,748 |
| Travel and Training | 11,500 | 11,500 | 11,697 | (197) | 11,294 |
| Other Expenses | 112,900 | 112,900 | 112,551 | 349 | 102,439 |
| Total General Government | 1,163,831 | 1,163,831 | 1,220,475 | (56,644) | 1,218,325 |
| **Public Safety** | | | | | |
| Personnel Services | 991,540 | 991,540 | 825,658 | 165,882 | 766,084 |
| Fuel and Automotive | 20,000 | 20,000 | 17,421 | 2,579 | 15,261 |
| Insurance | - | - | 13,921 | (13,921) | - |
| Professional Fees | 57,500 | 57,500 | 50,076 | 7,424 | 50,306 |
| Repairs and Maintenance | 18,000 | 18,000 | 6,596 | 11,404 | 9,243 |
| Supplies | 39,700 | 39,700 | 32,292 | 7,408 | 27,470 |
| Telephone and Utilities | 24,000 | 24,000 | 26,702 | (2,702) | 25,718 |
| Travel and Training | 15,200 | 15,200 | 23,467 | (8,267) | 9,267 |
| Other Expenses | 69,875 | 69,875 | 52,417 | 17,458 | 61,766 |
| Total Public Safety | 1,235,815 | 1,235,815 | 1,048,550 | 187,265 | 965,115 |
| **Public Works** | | | | | |
| Personnel Services | 341,778 | 341,778 | 300,505 | 41,273 | 299,283 |
| Fuel and Automotive | 14,000 | 14,000 | 9,008 | 4,992 | 12,297 |
| Professional Fees | 43,360 | 43,360 | 12,437 | 30,923 | 37,627 |
| Repairs and Maintenance | 98,000 | 98,000 | 140,897 | (42,897) | 128,384 |
| Supplies | 11,500 | 11,500 | 5,907 | 5,593 | 7,319 |
| Telephone and Utilities | 6,500 | 6,500 | 5,343 | 1,157 | 5,435 |
| Travel and Training | 1,250 | 1,250 | 226 | 1,024 | 939 |
| Other Expenses | 4,600 | 4,600 | 6,579 | (1,979) | 4,311 |
| Total Public Works/Comm Devel | 520,988 | 520,988 | 480,902 | 40,086 | 495,595 |
| **Parks, Recreation and Other** | | | | | |
| Personnel Services | 880,006 | 880,006 | 807,662 | 72,344 | 722,766 |
| Fuel and Automotive | 6,000 | 6,000 | 6,058 | (58) | 6,747 |
| Insurance | 18,000 | 18,000 | - | 18,000 | - |
| Professional Fees | 3,805 | 3,805 | 2,675 | 1,130 | 3,253 |
| Repairs and Maintenance | 38,550 | 38,550 | 45,134 | (6,584) | 93,644 |
| Supplies | 68,550 | 68,550 | 78,589 | (10,039) | 71,912 |
| Telephone and Utilities | 87,850 | 87,850 | 85,378 | 2,472 | 92,907 |
| Travel and Training | 2,050 | 2,050 | 988 | 1,062 | 760 |
| Other Expenses | 115,313 | 115,313 | 108,098 | 7,215 | 120,611 |
| Total Parks, Recreation & Other | 1,220,124 | 1,220,124 | 1,134,582 | 85,542 | 1,112,600 |

See accompanying Independent Auditors' Report.

(Continued)

**CITY OF BURLINGTON**

**BUDGETARY COMPARISON SCHEDULE**
**GENERAL FUND**
**FOR THE YEAR ENDED DECEMBER 31, 2025**
**With Comparative Totals for the Year Ended December 31, 2024**

| | 2025 | | | | |
|---|---|---|---|---|---|
| | **ORIGINAL BUDGET** | **FINAL BUDGET** | **ACTUAL** | **VARIANCE WITH FINAL BUDGET** | **2024 ACTUAL** |
| (Continued) | | | | | |
| **Capital Outlay** | | | | | |
| General Government Capital Outlay | 86,984 | 86,984 | - | 86,984 | - |
| Public Works Capital Outlay | 857,500 | 857,500 | 562,627 | 294,873 | 976,839 |
| Parks, Recreation and Other Capital Outlay | 652,500 | 1,092,500 | 1,376,956 | (284,456) | 466,463 |
| Total Capital Outlay | 1,596,984 | 2,036,984 | 1,939,583 | 97,401 | 1,443,302 |
| **Debt Service** | | | | | |
| Principal | 73,130 | 73,130 | 247,648 | (174,518) | 182,634 |
| Interest | 117,453 | 117,453 | 33,026 | 84,427 | 6,726 |
| Total Debt Service | 190,583 | 190,583 | 280,674 | (90,091) | 189,360 |
| TOTAL EXPENDITURES | 5,928,325 | 6,368,325 | 6,104,766 | 263,559 | 5,424,297 |
| **NET CHANGE IN FUND BALANCE - BUDGET BASIS** | $ 20,604 | $ (419,396) | (637,195) | $ (217,799) | 346,746 |
| **Budget to GAAP Basis Reconciliation** | | | | | |
| Debt Proceeds | | | 263,847 | | 483,433 |
| Capital Outlay | | | (263,847) | | (483,433) |
| **NET CHANGE IN FUND BALANCE - GAAP BASIS** | | | (637,195) | | 346,746 |
| **FUND BALANCE - BEGINNING** | | | 3,133,951 | | 2,787,205 |
| **FUND BALANCE - ENDING** | | | $ 2,496,758 | | $ 3,133,951 |

See accompanying Independent Auditors' Report.

**CITY OF BURLINGTON**

**BUDGETARY COMPARISON SCHEDULE**
**TOURISM AND PROMOTION FUND**
**FOR THE YEAR ENDED DECEMBER 31, 2025**
**With Comparative Totals for the Year Ended December 31, 2024**

| | 2025 | | | | |
|---|---|---|---|---|---|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | 2024 ACTUAL |
| **REVENUES** | | | | | |
| **Taxes** | | | | | |
| Other Taxes | $ 320,000 | $ 320,000 | $ 338,829 | $ 18,829 | 282,086 |
| **Charges for Services** | | | | | |
| Recreation/Comm Ctr/Library Charges | 488,832 | 488,832 | 471,526 | (17,306) | 485,024 |
| Sales of Goods | 750 | 750 | 171 | (579) | 898 |
| Culture, Parks and Recreation Rents | 15,105 | 15,105 | 13,161 | (1,944) | 12,621 |
| Total Charges for Services | 504,687 | 504,687 | 484,858 | (19,829) | 498,543 |
| **Investment Earnings** | - | - | 6,699 | 6,699 | 2,487 |
| **Other Revenues** | | | | | |
| Reimbursements and Refunds | - | - | - | - | 15,000 |
| Culture, Parks & Recreation Donations | 44,000 | 44,000 | 147,424 | 103,424 | 77,970 |
| Insurance Proceeds/Recoveries | - | - | 75,618 | 75,618 | - |
| Total Other Revenue | 44,000 | 44,000 | 223,042 | 179,042 | 92,970 |
| TOTAL REVENUES | 868,687 | 868,687 | 1,053,428 | 184,741 | 876,086 |
| **EXPENDITURES** | | | | | |
| **General Government** | | | | | |
| Contract labor | 640 | 640 | 1,074 | (434) | 748 |
| Professional Fees | 9,600 | 9,600 | 9,600 | - | 9,600 |
| Repairs and Maintenance | 3,000 | 3,000 | 917 | 2,083 | 2,784 |
| Telephone and Utilities | 6,800 | 6,800 | 7,924 | (1,124) | 7,478 |
| Total General Government | 20,040 | 20,040 | 19,515 | 525 | 20,610 |
| **Parks, Recreation and Other** | | | | | |
| Personnel Services | 373,366 | 373,366 | 367,837 | 5,529 | 348,794 |
| Fuel and Automotive | 750 | 750 | 615 | 135 | 679 |
| Insurance | - | - | - | - | 1,000 |
| Professional Fees | 84,550 | 84,550 | 84,979 | (429) | 101,100 |
| Repairs and Maintenance | 27,850 | 27,850 | 36,501 | (8,651) | 30,306 |
| Supplies | 134,640 | 134,640 | 114,679 | 19,961 | 134,088 |
| Telephone and Utilities | 53,000 | 53,000 | 52,468 | 532 | 52,483 |
| Travel and Training | 3,500 | 3,500 | 3,078 | 422 | 2,792 |
| Other Expenses | 159,100 | 159,100 | 192,186 | (33,086) | 148,554 |
| Total Parks, Recreation & Other | 836,756 | 836,756 | 852,343 | (15,587) | 819,796 |
| **Capital Outlay** | | | | | |
| Parks, Recreation and Other Capital Outlay | 61,000 | 86,000 | 49,816 | 36,184 | 58,467 |
| TOTAL EXPENDITURES | 917,796 | 942,796 | 921,674 | 21,122 | 898,873 |
| **REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES** | (49,109) | (74,109) | 131,754 | 205,863 | (22,787) |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Transfers In | 73,746 | 73,746 | 73,746 | - | 76,101 |
| **NET CHANGE IN FUND BALANCE - BUDGET BASIS** | $ 24,637 | $ (363) | 205,500 | $ 205,863 | 53,314 |
| **FUND BALANCE - BEGINNING** | | | 215,706 | | 162,392 |
| **FUND BALANCE - ENDING** | | | $ 421,206 | | $ 215,706 |

See accompanying Independent Auditors' Report.

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## OTHER SUPPLEMENTARY INFORMATION

**CITY OF BURLINGTON**

**BUDGETARY COMPARISON SCHEDULE**
**NONMAJOR CONSERVATION TRUST FUND**
**FOR THE YEAR ENDED DECEMBER 31, 2025**
**With Comparative Totals for the Year Ended December 31, 2024**

| | 2025 | | | |
|---|---|---|---|---|
| | ORIGINAL & FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | 2024 ACTUAL |
| **REVENUES** | | | | |
| **Intergovernmental Revenues** | | | | |
| Conservation Trust Fund | $ 35,000 | $ 37,599 | $ 2,599 | $ 38,234 |
| **Investment Earnings** | 12 | 3,846 | 3,834 | 5,325 |
| TOTAL REVENUES | 35,012 | 41,445 | 6,433 | 43,559 |
| **EXPENDITURES** | | | | |
| **Parks, Recreation and Other** | | | | |
| Repairs and Maintenance | 50,000 | - | 50,000 | - |
| Supplies | - | 2,375 | (2,375) | - |
| Total Parks, Recreation & Other | 50,000 | 2,375 | 47,625 | - |
| **Capital Outlay** | | | | |
| Parks, Recreation and Other Capital Outlay | - | - | - | 12,000 |
| TOTAL EXPENDITURES | 50,000 | 2,375 | 47,625 | 12,000 |
| **NET CHANGE IN FUND BALANCE - BUDGET BASIS** | $ (14,988) | 39,070 | $ 54,058 | 31,559 |
| **FUND BALANCE - BEGINNING** | | 165,796 | | 134,237 |
| **FUND BALANCE - ENDING** | | $ 204,866 | | $ 165,796 |

See accompanying Independent Auditors' Report.

**CITY OF BURLINGTON**

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**
**BUDGET AND ACTUAL**
**ELECTRIC FUND**
**FOR THE YEAR ENDED DECEMBER 31, 2025**
**With Comparative Totals for the Year Ended December 31, 2024**

| | 2025 | | | |
|---|---|---|---|---|
| | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | 2024 ACTUAL |
| **OPERATING REVENUE** | | | | |
| Utility Charges | $ 5,025,000 | $ 5,120,175 | $ 95,175 | $ 4,795,162 |
| Other Charges for Services | 62,500 | 74,472 | 11,972 | 67,375 |
| TOTAL REVENUES | 5,087,500 | 5,194,647 | 107,147 | 4,862,537 |
| **OPERATING EXPENSES** | | | | |
| Management Fees | 519,750 | 519,750 | - | 490,510 |
| Electric Production | 2,978,077 | 2,943,058 | 35,019 | 2,675,014 |
| Electric Distribution | 409,353 | 347,379 | 61,974 | 489,825 |
| Administration | 123,104 | 129,447 | (6,343) | 120,558 |
| Other Capital Outlay | 1,422,500 | 1,449,631 | (27,131) | 566,483 |
| TOTAL EXPENDITURES | 5,452,784 | 5,389,265 | 63,519 | 4,342,390 |
| Operating Income (Loss) | (365,284) | (194,618) | 170,666 | 520,147 |
| **OTHER INCOME (EXPENSES)** | | | | |
| Investment Earnings | 75,000 | 161,784 | 86,784 | 93,112 |
| Other Revenue | 25,000 | 12,457 | (12,543) | 37,955 |
| Debt Service | (13,544) | (44,716) | (31,172) | (12,320) |
| TOTAL OTHER INCOME (EXPENSES) | 86,456 | 129,525 | 43,069 | 118,747 |
| Net Income (Loss) before Transfers | (278,828) | (65,093) | 213,735 | 638,894 |
| **TRANSFERS** | | | | |
| Transfers Out | (229,938) | (229,938) | - | (222,628) |
| Net Income (Loss), Budget Basis | (508,766) | (295,031) | 213,735 | 416,266 |
| **CONTRIBUTED CAPITAL** | | | | |
| Plant Investment Fees | 10,000 | 3,500 | (6,500) | 1,750 |
| Change in Net Position (Budget Basis) | $ (498,766) | (291,531) | $ 207,235 | 418,016 |
| **BUDGET TO GAAP RECONILIATION** | | | | |
| Bad Debt Expense | | (32,347) | | - |
| Principal Paid | | 43,211 | | 11,097 |
| Depreciation Expense | | (263,347) | | (245,487) |
| Capital Outlay | | 1,449,631 | | 566,483 |
| **CHANGE IN NET POSITION - GAAP BASIS** | | 905,617 | | 750,109 |
| **NET POSITION - BEGINNING** | | 12,305,078 | | 10,951,549 |
| Prior Period Restatement | | - | | 603,420 |
| **Net Position, Beginning (As Restated)** | | 12,305,078 | | 11,554,969 |
| **NET POSITION - ENDING** | | $ 13,210,695 | | $ 12,305,078 |

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, 2025**
**With Comparative Totals for the Year Ended December 31, 2024**

| | 2025 | | | |
|---|---|---|---|---|
| | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | 2024 ACTUAL |
| **OPERATING REVENUES** | | | | |
| Utility Charges | $ 1,910,100 | $ 1,926,800 | $ 16,700 | $ 1,912,235 |
| Other Charges for Services | 22,000 | 98,742 | 76,742 | 22,983 |
| TOTAL REVENUES | 1,932,100 | 2,025,542 | 93,442 | 1,935,218 |
| **OPERATING EXPENSES** | | | | |
| Management Fees | 217,710 | 217,710 | - | 213,000 |
| Water Treatment and Distribution | 502,023 | 656,029 | (154,006) | 525,830 |
| Sewer Collection and Treatrment | 378,899 | 315,442 | 63,457 | 367,498 |
| Administration | 106,572 | 96,828 | 9,744 | 89,509 |
| Other Capital Outlay | 1,107,250 | 976,296 | 130,954 | 28,969 |
| TOTAL EXPENDITURES | 2,312,454 | 2,262,305 | 50,149 | 1,224,806 |
| Operating Income (Loss) | (380,354) | (236,763) | 143,591 | 710,412 |
| **OTHER INCOME (EXPENSES)** | | | | |
| Investment Earnings | 30,000 | 52,993 | 22,993 | 39,438 |
| Other Revenue | - | 13,744 | 13,744 | 24,490 |
| Debt Service | (378,602) | (383,737) | (5,135) | (377,208) |
| TOTAL OTHER INCOME (EXPENSES) | (348,602) | (317,000) | 31,602 | (313,280) |
| Net Income (Loss) before Transfers | (728,956) | (553,763) | 175,193 | 397,132 |
| **TRANSFERS** | | | | |
| Transfers Out | (54,428) | (54,428) | - | (53,250) |
| Net Income (Loss), Budget Basis | (783,384) | (608,191) | 175,193 | 343,882 |
| **CONTRIBUTED CAPITAL** | | | | |
| Plant Investment Fees | 15,000 | 24,125 | 9,125 | 6,850 |
| Intergovernmental Revenue | 200,000 | 59,525 | (140,475) | - |
| TOTAL CONTRIBUTED CAPITAL | 215,000 | 83,650 | (131,350) | 6,850 |
| CHANGE IN NET POSITION (BUDGET BASIS) | $ (568,384) | (524,541) | $ 43,843 | 350,732 |
| **BUDGET TO GAAP RECONCILIATION** | | | | |
| Bad Debt Expense | | (45,014) | | - |
| Principal Paid | | 302,187 | | 289,541 |
| Depreciation Expense | | (254,112) | | (260,006) |
| Capital Outlay | | 976,296 | | 28,969 |
| **CHANGE IN NET POSITION - GAAP BASIS** | | 454,816 | | 409,236 |
| **NET POSITION - BEGINNING** | | 9,672,601 | | 9,237,807 |
| Prior Period Restatement | | - | | 25,558 |
| **Net Position, Beginning (As Restated)** | | 9,672,601 | | 9,263,365 |
| **NET POSITION - ENDING** | | $ 10,127,417 | | $ 9,672,601 |

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, 2025**
**With Comparative Totals for the Year Ended December 31, 2024**

| | 2025 | | | |
|---|---|---|---|---|
| | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | 2024 ACTUAL |
| **Operating Revenues** | | | | |
| Utility Charges | $ 635,000 | $ 653,142 | $ 18,142 | $ 655,687 |
| **Operating Expenses** | | | | |
| Management Fees | 39,000 | 45,889 | (6,889) | 44,969 |
| Solid Waste Collection | 626,451 | 612,382 | 14,069 | 598,830 |
| Total Expenditures | 665,451 | 658,271 | 7,180 | 643,799 |
| Operating Income (Loss) | (30,451) | (5,129) | 25,322 | 11,888 |
| **Other Income (Expense)** | | | | |
| Investment Earnings | - | (412) | (412) | (204) |
| Net Income (Loss) before Transfers | (30,451) | (5,541) | 24,910 | 11,684 |
| **Transfers** | | | | |
| Transfers Out | - | - | - | (5,750) |
| Change in Net Position (Budget Basis) | $ (30,451) | (5,541) | $ 24,910 | 5,934 |
| **Budget to GAAP Reconciliation** | | | | |
| Bad Debt Expense | | (7,180) | | - |
| **Change in Net Position - GAAP Basis** | | (12,721) | | 5,934 |
| **Net Position, Beginning** | | 43,571 | | 37,637 |
| **Net Position, Ending** | | $ 30,850 | | $ 43,571 |

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, 2025**
**With Comparative Totals for the Year Ended December 31, 2024**

| | 2025 | | | 2024 |
|---|---|---|---|---|
| | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | ACTUAL |
| **Operating Revenues** | | | | |
| Airport Charges | $ 387,100 | $ 341,147 | $ (45,953) | $ 324,783 |
| Other Charges for Services | 11,000 | 134,086 | 123,086 | 17,017 |
| Total Revenues | 398,100 | 475,233 | 77,133 | 341,800 |
| **Operating Expenses** | | | | |
| Airport | 586,627 | 567,930 | 18,697 | 475,066 |
| Administration | 55 | 156 | (101) | 103 |
| Other Capital Outlay | 1,142,874 | 1,161,470 | (18,596) | 3,914,815 |
| Total Expenditures | 1,729,556 | 1,729,556 | - | 4,389,984 |
| Operating Income (Loss) | (1,331,456) | (1,254,323) | 77,133 | (4,048,184) |
| **Other Income (Expense)** | | | | |
| Intergovernmental Revenue | - | - | - | 63,474 |
| Investment Earnings | - | (15,081) | (15,081) | - |
| Other Revenue | - | 26,120 | 26,120 | 15,000 |
| Total Other Income (Expense) | - | 11,039 | 11,039 | 78,474 |
| Net Income (Loss) before Transfers | (1,331,456) | (1,243,284) | 88,172 | (3,969,710) |
| **Transfers** | | | | |
| Transfers In | 210,620 | 210,620 | - | 205,527 |
| Net Income (Loss), Budget Basis | (1,120,836) | (1,032,664) | 88,172 | (3,764,183) |
| **Contributed Capital** | | | | |
| Intergovernmental Revenue | - | 1,269,610 | 1,269,610 | 3,355,210 |
| Change in Net Position (Budget Basis) | $ (1,120,836) | 236,946 | $ 1,357,782 | (408,973) |
| **Budget to GAAP Reconciliation** | | | | |
| Depreciation Expense | | (331,379) | | (283,627) |
| Capital Outlay | | 1,161,470 | | 3,914,815 |
| **Change in Net Position - GAAP Basis** | | 1,067,037 | | 3,222,215 |
| **Net Position, Beginning** | | 7,398,716 | | 4,176,501 |
| **Net Position, Ending** | | $ 8,465,753 | | $ 7,398,716 |

See accompanying Independent Auditors' Report.

# STATE COMPLIANCE

| LOCAL HIGHWAY FINANCE REPORT | | STATE: Colorado |
|---|---|---|
| THIS INFORMATION FROM THE RECORDS OF: City of Burlington | PREPARED BY: Lorraine Trotter lhtrotter@professionalmanagemen | REPORT YEAR ENDING DATE(mm/yyyy): 12/2025 |

## 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. Total (1 - (2 through 4)) | | | | |

## 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 Assesments | 1,041,959.45 | a. Interest on investments | 0.00 |
| b. Non-property Taxes and Assessments Imposts | 51,641.12 | b. Other Misc. Local Receipts | 241,394.34 |
| **c. Total (a + b)** | $ 1,093,600.57 | **c. Total (a + b)** | $ 241,394.34 |
| **ITEM** | **AMOUNT** | **ITEM** | **AMOUNT** |
| **C. Receipts from State Government** | | **D. Receipts from Federal Government** | |
| 1. Highway-user Taxes (from Item I.C.5.) | 150,328.86 | 1. FHWA (from Item I.D.5.) | 0.00 |
| 2. State General Funds | | 2. Other Federal Agencies: | 0.00 |
| 3. Other State funds: | | | |
| a. State Bond Proceeds | | | |
| b. Non-State Bond Proceeds | 992.82 | | |
| **c. Total (a + b)** | $ 992.82 | | |
| **4. Total (1 + 2 + 3c)** | $ 151,321.68 | **3. Total (1 + 2)** | $ - |

## III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

| ITEM | AMOUNT |
|---|---|
| **A.1. Capital outlay:** | |
| a. Right-Of-Way Costs | 0.00 |
| b. Engineering Costs | 0.00 |
| c. Construction Costs | 595,687.74 |
| **d. Total Capital Outlay (a+ b + c)** | $ 595,687.74 |

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| LOCAL HIGHWAY FINANCE REPORT | STATE: Colorado |
|---|---|
| | REPORT YEAR ENDING DATE(mm/yyyy): 12/2025 |

### *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. Amount used for highway purposes | | | | |

| *II. RECEIPTS FOR ROAD AND STREET PURPOSES* | | *III. EXPENDITURES FOR ROAD AND STREET PURPOSES* | |
|---|---|---|---|
| **ITEM** | **AMOUNT** | **ITEM** | **AMOUNT** |
| **A. Receipts from Local Sources:** | | **A. Local highway expenditures:** | |
| 1. Local Highway-user Taxes | | 1. Capital Outlay (from page 1, Item III.A1.d) | $ 595,687.74 |
| a. Motor Fuel (from Item I.A.1) | | 2. Maintenance: | 376,363.17 |
| b. Motor Vehicle (from Item I.B.1) | | 3. Road and Street Services: | |
| **c. Total (a + b)** | | a. Snow and Ice Removal | 99,557.68 |
| 2. General Fund Appropriations | 59,018.99 | b. Other & Traffic Control Operations | 5,343.00 |
| 3. Other Local Imposts (from page 1, Item II.A3.c) | $ 1,093,600.57 | **c. Total (a + b)** | $ 104,900.68 |
| 4. Miscellaneous Local Receipts (from page 1, Item II.A4.c) | $ 241,394.34 | 4. General Administration & Miscellaneous | 32,699.42 |
| 5. Transfers from Toll Facilities | | 5. Highway Law Enforcement and Safety | 328,188.00 |
| 6. Proceeds of Sale of Bonds and Notes: | | **6. Total (1 through 5)** | $ 1,437,839.01 |
| a. Bonds - Original Issues | 0.00 | **B. Debt Service on Local Obligations:** | |
| b. Bonds - Refunding Issues | 0.00 | 1. Bonds: | |
| c. Notes | 33,061.40 | a. Interest | 0.00 |
| **d. Total (a + b + c)** | $ 33,061.40 | b. Redemption | 0.00 |
| **7. Total (1 through 6)** | $ 1,427,075.30 | **c. Total (a + b)** | $ - |
| B. Private Contributions | 0.00 | 2. Notes: | |
| C. Receipts from State government (from page 1, Item II.C.4) | $ 151,321.68 | a. Interest | 21,703.91 |
| D. Receipts from Federal government (from page 1, Item II.D.3) | $ - | b. Redemption | 118,854.06 |
| **E. Total receipts (A.7 + B + C + D)** | $ 1,578,396.98 | **c. Total (a + b)** | $ 140,557.97 |
| | | **3. Total (1c + 2c)** | $ 140,557.97 |
| | | C. Payments to State for Highways | 0.00 |
| | | D. Payments to Toll Facilities | 0.00 |
| | | **E. Total Expenditures (A6 + B3 + C + D)** | $ 1,578,396.98 |

### *IV. LOCAL HIGHWAY DEBT STATUS*

*(Show all entries at par)*

| ITEM | OPENING DEBT | AMOUNT ISSUED | REDEMPTIONS | CLOSING DEBT |
|---|---|---|---|---|
| A. Bonds (Total) | 0.00 | $ - | $ - | $ - |
| 1. Bonds (Refunding Portion) | | $ - | | |
| B. Notes (Total) | 245,698.00 | $ 33,061.40 | $ 118,854.06 | $ 159,905.34 |

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