

City of Brush, Colorado

Financial Statements

For the Year ended December 31, 2019

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	1
Letter of Transmittal	2-4
List of Elected and Appointed Officials	5
Organizational Chart	6
 FINANCIAL SECTION	 7
Independent Auditors' Report	9-10
Management's Discussion and Analysis	11-16
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	18
Statement of Activities	20-21
Fund Financial Statements	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	23
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Net Position – Proprietary Funds	26-29
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	30-33
Statement of Cash Flows – Proprietary Funds	34-37
Notes to Financial Statements	38-70
 Required Supplementary Information	
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) – Police Statewide Defined Benefit Plan	72-73
Schedule of City Contributions – Police Statewide Defined Benefit Plan	74-75
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) – Brush Combined Volunteer Fire Pension Plan	76-77
Schedule of City Contributions – Brush Combined Volunteer Fire Pension Plan	78-79
General Fund – Budgetary Comparison Schedule	80
Notes to the Required Supplementary Information	81-82

Table of Contents

	<u>Page</u>
Other Supplementary Information	
General Fund	
Budgetary Comparison Schedule – Revenues	86-87
Budgetary Comparison Schedule – Expenditures	88-93
Nonmajor Governmental Funds	
Combining Balance Sheet	96-97
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	98-99
Special Surplus and Deficiency Fund – Budgetary Comparison Schedule	100
Conservation Trust Fund – Budgetary Comparison Schedule	101
Police Forfeiture Confiscation Fund – Budgetary Comparison Schedule	102
Capital Improvement Fund – Budgetary Comparison Schedule	103
Fire Equipment Improvement Fund – Budgetary Comparison Schedule	104
Joslin Needham Fund – Budgetary Comparison Schedule	105
Cemetery Perpetual Care Fund – Budgetary Comparison Schedule	106
Proprietary Funds	
Water Fund – Budgetary Comparison Schedule	108-109
Trash and Garbage Fund – Budgetary Comparison Schedule	110-111
Waste Water Fund – Budgetary Comparison Schedule	112-113
Storm Water Fund – Budgetary Comparison Schedule	114-115
Golf Course Fund – Budgetary Comparison Schedule	116-117
Colorado Department of Highways Local Highway Finance Report	120-121

INTRODUCTORY SECTION

July 28,

To the Honorable Mayor, Members of the Governing Council, and Citizens of the City of Brush.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Lauer, Szabo & Associates, PC, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of Brush’s financial statements for the year ended December 31, 2019. The independent auditors report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Brush, incorporated in 1884, is located in northeastern Colorado, 90 miles from Denver. Brush is located in a large agricultural area and serves a population of 5,446. The City of Brush is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which the City has done from time to time, and to collect sales tax. The current sales tax rate is 4 percent.

The City of Brush operates under the council-administrator form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and six other members, all elected on a non-partisan basis. The Council appoints the government’s administrator, who in turn appoints the heads of the various departments. Council members serve four-year terms, with three members elected every two years. The mayor is elected for a four-year term and is elected at large; constituents of their wards elect the remaining Council members.

The City of Brush provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; and recreational and cultural activities. Water, trash, waste water, and storm water services are provided and functions as enterprise funds of the City of Brush and therefore has been included as an integral part of the City of Brush’s financial statements. Additional information on all of these departments can be found in the notes to the financial statements (See Note 1.C).

The Council is required to adopt a final budget by no later than December 15th of each fiscal year. This annual budget serves as the foundation for the City of Brush's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department, (e.g., police).

Local economy

Brush! is nestled in the agriculturally rich South Platte River Valley. In 1886 a number of Danish families formed a settlement, attracted to the rich and loam soil. Today bountiful crops of corn, soy, sugar beets and wheat still prevail. Although Brush remains agriculturally based, ag support industries, energy production and health care have helped diversify and strengthen our economy. Major employers include Colorado Energy Management and the adjacent tomato factory linked by waste heat from the cogeneration plant, Eben Ezer and Sunset Manor care facilities, East Morgan County Hospital, the School District and City government. The population growth is at a manageable rate of 2-3%. The City continues to partner with developers to extend infrastructure conducive to designed growth.

City parks have expanded over the last few years with the addition of a golf course in 2015. The most recent updates to this golf course have been improvements to the clubhouse and parking lot. In 2019 work started on replacing a 50-year-old sprinkler system which should be completed in 2020.

Of utmost concern is water. Future development is dependent upon ample and quality water. For water rights and augmentation purposes the City is seeking additional augmentation and water sources. The appointed Water Advisory Committee, utilizing the City's Raw Water Master Plan and Water Infrastructure Master Plan are essential in developing and managing Brush's most valuable natural resource. The City is also working on a feasibility study on a reverse osmosis system to treat other water sources for the City.

Skilled labor is readily available, especially due to the close proximity of Morgan Community College and Northeastern Junior College as well as the availability of long distance learning with Colorado universities.

Retail is not as prominent as the City of Brush would like as sales tax drives our General Fund. The 2018 sales tax revenues increased by \$159,464 (11%) from the prior year. City sales tax for 2019 increased \$387,342 (19%). Sales tax revenues have seen steady growth over the last four years and there are still signs of economic growth in other areas. In 2019 the increased sales tax is attributed to growth and internet sales which is a newly established requirement by the State of Colorado.

For several years now housing has been a concern to the City. In 2017 the City began to notice increased residential growth. That growth continued thru 2018 and 2019. In 2018 a lamb processing facility was negotiated and some construction on the facility had begun. In 2019 construction continued and has been carried forward to 2020, with anticipated completion of the facility to be in the fall of 2020.

Long-term financial planning

The Council has set a budgetary and planning policy guideline to have enough cash reserves set aside at the end of each fiscal year to cover three to six months of expenditures for emergency purposes. When possible the targeted cash reserves are six months.

In 2006, thru a joint effort between the Chamber of Commerce and the City of Brush, a ballot issue was passed to increase sales tax by .6% for future street improvements throughout the City. These funds go into the Capital Improvement Fund and are utilized for street related projects only.

The new sales tax increase went into effect January 1, 2007. Citizens witnessed numerous improvements to streets and money is being reserved for future street improvements.

The City continues to see rising cost in the purchase of fire trucks and other equipment for the fire department. In 2014 the City was able to pass a sales tax ballot issue specific to the fire department for the purchase of equipment and building improvements effective January 1, 2015.

Major initiatives

The City of Brush recognizes the need for additional water supplies and at the same time understands the value of water conservation. The City purchased additional water shares in 2016. Water rates were increased in 2019 by the Denver/Boulder CPI and it is anticipated they will increase again in 2020.

Acknowledgements

The preparation of this report would not have been possible without the dedicated service of the finance department. Credit must also be given to the Mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Brush's finances.

Respectfully submitted,

Monty Torres
City Administrator

Joanne Gosselink
Finance Officer

City of Brush
List of Elected and Appointed Officials
December 31, 2019

Elected Officials

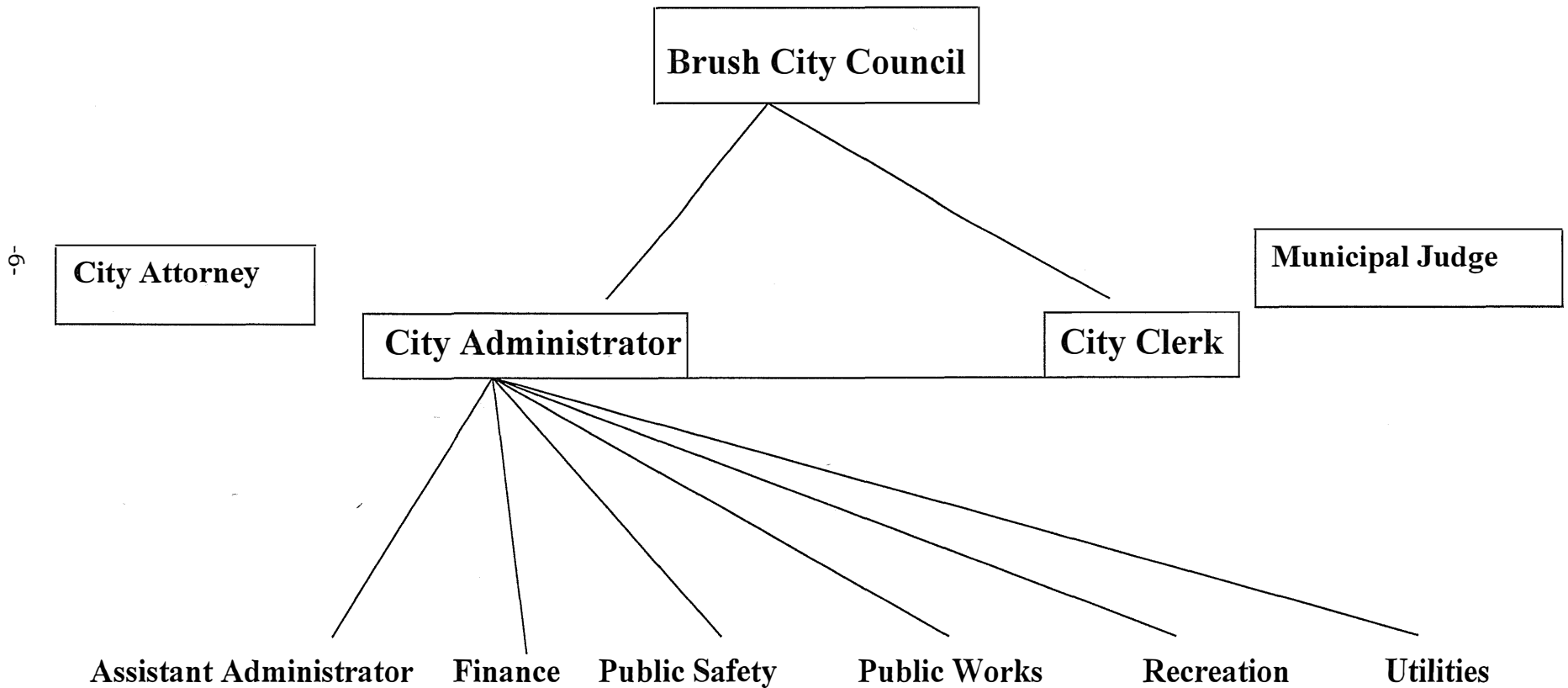
Mayor	Charles R. Bain
Council Member - Ward 1	Marlene Baker
Council Member - Ward 1	Dana Sherman
Council Member - Ward 2	Victoria Quinlin
Council Member - Ward 2	Daniel Scalise
Council Member - Ward 3	Larry Lundstrom
Council Member - Ward 3	Heath Becker

Appointed Officials

City Administrator	Monty Torres
City Clerk	Vacant
Finance Director	Joanne Gosselink
Fire Chief	Tad Anderson
Parks and Recreation Director	Lance Schwindt
Police Chief	Derek Bos
Public Works/Utilities Director	Dale Colerick

Functional Organizational Chart

Citizens of Brush!



FINANCIAL SECTION

This page intentionally left blank.



Independent Auditors' Report

To the Honorable Mayor and Members of City Council
City of Brush
Brush, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brush (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and historical pension information listed in the table 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information and the local highway finance report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 other supplementary information and the local highway finance report are fairly stated in all material respects in relation to the basic financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
July 28, 2020

Management's Discussion and Analysis

As management of the City of Brush, we offer readers of the City of Brush financial statements this narrative overview and analysis of the financial activities of the City of Brush for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 2-4 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City of Brush exceeded its liabilities at the close of the most recent fiscal year by \$33,773,272. Of this amount, \$7,461,461 may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Brush's governmental funds reported combined ending fund balances of \$4,915,430 an increase of \$1,205,347 in comparison with the prior year. Of this amount \$3,300,263 is available for spending at the government's discretion (unassigned, assigned and committed fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,821,014 or 70 percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Brush's basic financial statements. The City of Brush's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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 of Brush's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Brush assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Brush is improving or deteriorating.

The statement of activities presents information showing how the government'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 vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Brush that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City of Brush include general government, public safety, streets, economic development, parks, and culture and recreation. The business-type activities of the City of Brush include water, trash and garbage, waste water, storm water operations and the golf course.

The government-wide financial statements have no component units reported in them. These financial statements can be found on pages 18-21 of this report.

Condensed financial statements for government wide statements are as follows:

City of Brush Net Position

	Governmental activities		Business-type activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	6,141,833	4,602,861	5,879,590	4,157,188	12,021,423	8,760,049
Net pension asset		126,485				126,485
Capital assets-net of accumulated depreciation	7,833,333	7,840,059	23,016,533	22,451,349	30,849,866	30,291,408
Total assets	13,975,166	12,569,405	28,896,123	26,608,537	42,871,289	39,177,942
Deferred outflow of resources						
Pension deferrals	430,041	267,645			430,041	267,645
Total assets and deferred outflows of resources	14,405,207	12,837,050	28,896,123	26,608,537	43,301,330	39,445,587
Liabilities						
Long-term liabilities outstanding	606,244	424,641	6,496,926	6,435,916	7,103,170	6,860,557
Other liabilities	363,881	195,423	1,188,926	655,827	1,552,807	851,250
Total liabilities	970,125	620,064	7,685,852	7,091,743	8,655,977	7,711,807
Deferred inflow of resources						
Pension deferrals	9,559	131,239			9,559	131,239
Deferred tax revenue	862,522	697,355			862,522	697,355
Total Deferred Inflows	872,081	828,594			872,081	828,594
Net position						
Net investment in capital assets	7,833,333	7,840,059	16,100,454	15,656,165	23,933,787	23,496,224
Restricted	1,552,964	1,175,395	825,060	247,664	2,378,024	1,423,059
Unrestricted	3,176,704	2,372,938	4,284,757	3,612,965	7,461,461	5,985,903
Total net position	12,563,001	11,388,392	21,210,271	19,516,794	33,773,272	30,905,186
Total liabilities, deferred outflows of resources & net position	14,405,207	12,837,050	28,896,123	26,608,537	43,301,330	39,445,587

City of Brush Changes in Net Position

	Governmental activities		Business-type activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	550,406	378,171	4,379,134	4,210,293	4,929,540	4,588,464
Capital grants	468,587	428,814			468,587	428,814
Operating grants	210,499	1,227,167	28,700	184,510	239,199	1,411,677
General Revenues						
Property taxes	685,491	656,551			685,491	656,551
Other	4,033,516	3,393,761	868,147	224,220	4,901,663	3,617,981
Total revenues	<u>5,948,499</u>	<u>6,084,464</u>	<u>5,275,981</u>	<u>4,619,023</u>	<u>11,224,480</u>	<u>10,703,487</u>
Program expenses						
General government	1,062,468	971,435			1,062,468	971,435
Public safety	1,445,302	1,206,517			1,445,302	1,206,517
Public works	1,065,626	1,050,237			1,065,626	1,050,237
Culture and recreation	956,934	885,299			956,934	885,299
Water			1,053,459	1,084,186	1,053,459	1,084,186
Trash and garbage			538,612	509,144	538,612	509,144
Waste water			1,403,464	1,447,507	1,403,464	1,447,507
Storm water			284,113	290,930	284,113	290,930
Golf course			546,416	464,254	546,416	464,254
Total expenses	<u>4,530,330</u>	<u>4,113,488</u>	<u>3,826,064</u>	<u>3,796,021</u>	<u>8,356,394</u>	<u>7,909,509</u>
Excess (deficiency) before transfers	1,418,169	1,970,976	1,449,917	823,002	2,868,086	2,793,978
Transfers	(243,560)	(455,378)	243,560	455,378		
Change in net position	1,174,609	1,515,598	1,693,477	1,278,380	2,868,086	2,793,978
Net position – beginning of year	<u>11,388,392</u>	<u>9,872,794</u>	<u>19,516,794</u>	<u>18,238,414</u>	<u>30,905,186</u>	<u>28,111,208</u>
Net position – ending	<u>12,563,001</u>	<u>11,388,392</u>	<u>21,210,271</u>	<u>19,516,794</u>	<u>33,773,272</u>	<u>30,905,186</u>

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Brush maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be the City's only major fund. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Brush adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided on pages 85-93 for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

Proprietary funds. The City of Brush maintains five enterprise funds classified as proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Brush uses enterprise funds to account for its Water, Trash and Garbage, Waste Water, Storm Water, and Golf Course operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Trash and Garbage, Waste Water, Storm Water and Golf Course operations, all of which are considered to be major funds of the City of Brush.

The basic proprietary fund financial statements can be found on pages 26-37 of this report.

Notes to the 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. The notes to the financial statements can be found on pages 38-70 of the report. Notes to the required supplementary information can be found on pages 81-82.

Other information. Included in the basic financial statements and accompanying notes, this report presents information concerning the City of Brush's progress in funding its obligation to provide pension benefits to its employees. The information can be found in note 9 on pages 55-65 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the general fund supplemental information. Combining and individual nonmajor fund statements and schedules can be found on pages 95-106 of this report.

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 Brush, assets exceeded liabilities by \$33,773,272 at the close of 2019.

Capital assets reflect 72 percent of the City of Brush's total assets (e.g., land, buildings, machinery, and equipment). The City of Brush uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Brush's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Seven percent of the City of Brush's net position represent resources that are subject to external restrictions on how they may be used. There is \$7,461,461 of unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Brush is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. Governmental activities increased the City of Brush's net position by \$1,174,609, thereby accounting for 41 percent of the total growth in the net position of the City of Brush.

Business-type activities. Business-type activities increased the City of Brush's net position by \$1,693,477. The increase to net position is 59 percent of the increase.

Financial Analysis of the Government's Funds

As noted earlier the City of Brush uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Brush's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Brush's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Brush's governmental funds reported combined ending fund balances of \$4,915,430 an increase of \$1,205,347 in comparison with the prior year. Approximately 57 percent of this total amount (\$2,821,014) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed for a variety of restricted purposes.

The general fund is the chief operating fund of the City of Brush. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,821,014, while total fund balance reached \$3,365,008. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 70 percent of total general fund expenditures, while total fund balance represents 83 percent of that same amount.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$4,284,757. The total growth in net position for the Water, Trash and Garbage, Waste Water, Storm Water, and Golf Course funds was \$633,225, \$26,196, \$674,020, \$34,096, and \$325,940, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Brush's business-type activities.

General Fund Budgetary Highlights

During the year actual revenues were more than budgeted revenues by \$819,168 of which \$618,949 can be attributed to taxes. During the year actual expenditures were less than budgeted expenditures by \$768,987. The savings is attributed to personnel, professional services and capital purchases.

Capital Assets and Debt Administration

Capital assets. The City of Brush's investments in capital assets for its governmental and business-type activities as of December 31, 2019, amounts to \$30,849,866 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, and streets.

Major capital asset events during the current fiscal year included fire department air packs, street improvements and a new sprinkler system for the golf course to be completed in 2020.

Additional information on the City of Brush's capital assets can be found in note 4 on pages 49-50 of this report.

Long-term debt. At the end of the current fiscal year, the City of Brush will have total bonded debt outstanding of \$6,105,000. This debt is paid with waste water revenues.

There was \$445,000 in principal paid on the waste water treatment plant loan which was secured through the Colorado Water & Power Authority.

In 2019, the City entered into a lease agreement with Farmers State Bank to finance a portion of the new golf course sprinkler system. The principal balance at year end was \$585,000.

Additional information on the City of Brush's long-term debt can be found in notes 5, and 6 on page 50-53 of this report.

Economic Factors and Next Year's Budget and Rates.

The City of Brush continues to see growth in the business area. There was a 19 percent increase in sales tax for 2019, with no increase projected for 2020. In 2019 property taxes for the City of Brush increased by 4 percent.

During the current fiscal year, unassigned fund balance in the general fund increased by \$529,885. The City of Brush has appropriated \$787,935 of fund balances for spending in the 2020 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2020 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Brush's finances for all those with interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 600 Edison St., City of Brush, Brush, CO 80723.

Basic Financial Statements

The basic financial statements of the City include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

CITY OF BRUSH, COLORADO
Statement of Net Position
December 31, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 655,382	\$ 475,172	\$ 1,130,554
Investments	3,835,335	4,438,468	8,273,803
Cash with county treasurer	6,875		6,875
Receivables	1,462,038	425,393	1,887,431
Internal balances	120,000	(120,000)	-
Inventory	62,203	75,557	137,760
Restricted cash		585,000	585,000
Capital assets, net of depreciation	7,833,333	23,016,533	30,849,866
Total assets	13,975,166	28,896,123	42,871,289
Deferred outflows of resources			
Pension deferrals	430,041		430,041
Total assets and deferred outflows of resources	\$ 14,405,207	\$ 28,896,123	\$ 43,301,330
Liabilities			
Accounts payable	\$ 306,694	\$ 525,589	\$ 832,283
Police bond account	7,792		7,792
Payroll liabilities	43,995	13,921	57,916
Unearned revenues	5,400	64,800	70,200
Accrued interest payable		81,813	81,813
Noncurrent liabilities			
Due within one year		502,803	502,803
Due in more than one year	606,244	6,496,926	7,103,170
Total liabilities	970,125	7,685,852	8,655,977
Deferred inflows of resources			
Deferred property tax revenues	862,522		862,522
Pension deferrals	9,559		9,559
Total deferred inflows of resources	872,081	-	872,081
Net position			
Net investment in capital assets	7,833,333	16,100,454	23,933,787
Restricted	1,552,964	825,060	2,378,024
Unrestricted	3,176,704	4,284,757	7,461,461
Total net position	12,563,001	21,210,271	33,773,272
Total liabilities, deferred inflows of resources and net position	\$ 14,405,207	\$ 28,896,123	\$ 43,301,330

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

This page intentionally left blank.

,

CITY OF BRUSH, COLORADO
Statement of Activities
For the Year Ended December 31, 2019

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 1,062,468	\$ 298,320	\$ 40,735	
Public safety	1,445,302	10	5,867	\$ 50,000
Public works	1,065,626		358,081	
Culture and recreation	956,934	252,076	63,904	160,499
Total governmental activities	4,530,330	550,406	468,587	210,499
Business-type activities				
Water	1,053,459	1,473,170		14,000
Trash and garbage	538,612	572,914		
Waste Water	1,403,464	1,694,228		14,700
Storm water	284,113	314,564		
Golf course	546,416	324,258		
Total business-type activities	3,826,064	4,379,134	-	28,700
Total	\$ 8,356,394	\$ 4,929,540	\$ 468,587	\$ 239,199

General revenues and transfers

Taxes

 Property taxes, levied for general purposes

 Sales and use taxes

 Specific ownership taxes

 Franchise taxes

 Cigarette taxes

Unrestricted interest on investments

Sale of assets

Miscellaneous

Transfers

 Total general revenues and transfers

 Change in net position

 Net position at beginning of year

 Net position at end of year

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

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (723,413)		\$ (723,413)
(1,389,425)		(1,389,425)
(707,545)		(707,545)
(480,455)		(480,455)
(3,300,838)	\$ -	(3,300,838)
	433,711	433,711
	34,302	34,302
	305,464	305,464
	30,451	30,451
	(222,158)	(222,158)
-	581,770	581,770
(3,300,838)	581,770	(2,719,068)
685,491		685,491
2,846,414		2,846,414
91,428		91,428
277,132		277,132
5,543		5,543
55,491	68,967	124,458
	19,957	19,957
757,508	779,223	1,536,731
(243,560)	243,560	-
4,475,447	1,111,707	5,587,154
1,174,609	1,693,477	2,868,086
11,388,392	19,516,794	30,905,186
<u>\$ 12,563,001</u>	<u>\$ 21,210,271</u>	<u>\$ 33,773,272</u>

CITY OF BRUSH, COLORADO
Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	Other Governmental Funds	Total
Assets			
Cash	\$ 258,307	\$ 389,283	\$ 647,590
Investments	2,548,981	1,286,354	3,835,335
Police bond cash	7,792		7,792
Cash with county treasurer	6,875		6,875
Accrued interest receivable	23,799	13,000	36,799
Property tax receivable	807,444	55,078	862,522
Accounts receivable	454,119	108,598	562,717
Grants receivable			-
Due from other funds	120,000	7,984	127,984
Inventory	62,203		62,203
Total assets	\$ 4,289,520	\$ 1,860,297	\$ 6,149,817
Liabilities			
Accounts payable	\$ 59,556	\$ 246,813	\$ 306,369
Payroll liabilities	43,995		43,995
Police bond account	7,792		7,792
Due to other funds		7,984	7,984
Due to other agencies	325		325
Unearned revenues	5,400		5,400
Total liabilities	117,068	254,797	371,865
Deferred inflows of resources			
Deferred property tax revenues	807,444	55,078	862,522
Total deferred inflows of resources	807,444	55,078	862,522
Fund balance			
Nonspendable inventory	62,203		62,203
Restricted	56,001	1,496,963	1,552,964
Committed	6,350	53,459	59,809
Assigned	419,440		419,440
Unassigned	2,821,014		2,821,014
Total fund balance	3,365,008	1,550,422	4,915,430
Total liabilities, deferred inflows of resources and fund balance	\$ 4,289,520	\$ 1,860,297	\$ 6,149,817

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

CITY OF BRUSH, COLORADO
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds	\$ 4,915,430
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	7,833,333
Long-term liabilities and related deferred outflows and inflows of resources are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(185,762)</u>
Net position of the governmental activities	<u><u>\$ 12,563,001</u></u>

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

CITY OF BRUSH, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Other Governmental Funds	Total
Revenues			
Taxes	\$ 3,146,019	\$ 759,989	\$ 3,906,008
Licenses and permits	139,331		139,331
Intergovernmental	501,891	61,050	562,941
Fines and forfeitures	41,058		41,058
Charges for services	246,594	8,901	255,495
Miscellaneous	862,525	181,141	1,043,666
Total revenues	4,937,418	1,011,081	5,948,499
Expenditures			
Current			
General government	1,023,956		1,023,956
Public safety	1,267,604	2,553	1,270,157
Public works	793,963	260	794,223
Culture and recreation	754,959	54,297	809,256
Capital outlay	212,681	437,319	650,000
Total expenditures	4,053,163	494,429	4,547,592
Excess of revenues over (under) expenditures	884,255	516,652	1,400,907
Other financing sources (uses)			
Transfers in	74,497		74,497
Transfers out	(270,000)	(57)	(270,057)
Total other financing sources (uses)	(195,503)	(57)	(195,560)
Net change in fund balances	688,752	516,595	1,205,347
Fund balance at beginning of year	2,676,256	1,033,827	3,710,083
Fund balance at end of year	\$ 3,365,008	\$ 1,550,422	\$ 4,915,430

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

CITY OF BRUSH, COLORADO
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - governmental funds	\$ 1,205,347
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	(6,726)
In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(12,518)
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.	<u>(11,494)</u>
Change in net position of governmental activities	<u><u>\$ 1,174,609</u></u>

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

CITY OF BRUSH, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2019

	Business-type Activities - Enterprise Funds			
	Water Fund	Trash and Garbage Fund	Waste Water Fund	Storm Water Fund
Assets				
Current assets				
Cash	\$ 84,478	\$ 80,400	\$ 148,018	\$ 128,459
Investments	1,994,063	250,512	1,707,539	486,354
Accrued interest receivable	16,954	116	6,064	2,843
Accounts receivable	377,664			
Other receivables	18,836	1,344	537	
Inventory	38,704	13,923		
Total current assets	2,530,699	346,295	1,862,158	617,656
Restricted assets				
Cash				
Noncurrent assets				
Property, plant and equipment				
Land and improvements	1,137,812	1,475	652,537	
Building and improvements	179,138	85,117		
Water system	7,253,050			
Waste water plant and sewer system			14,233,871	
Equipment	751,949	395,433	579,991	3,066,092
Office equipment	127,286			
Water rights stock	1,520,105			
Construction in progress				
Subtotal	10,969,340	482,025	15,466,399	3,066,092
Accumulated depreciation	(4,664,149)	(304,149)	(3,018,818)	(644,708)
Total noncurrent assets	6,305,191	177,876	12,447,581	2,421,384
Total assets	\$ 8,835,890	\$ 524,171	\$ 14,309,739	\$ 3,039,040

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

Golf Course Fund	Total
\$ 33,817	\$ 475,172
	4,438,468
	25,977
	377,664
1,035	21,752
22,930	75,557
57,782	5,414,590
585,000	585,000
302,743	2,094,567
439,765	704,020
	7,253,050
	14,233,871
177,841	4,971,306
	127,286
	1,520,105
930,366	930,366
1,850,715	31,834,571
(186,214)	(8,818,038)
1,664,501	23,016,533
<u>\$ 2,307,283</u>	<u>\$ 29,016,123</u>

(continued)

CITY OF BRUSH, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2019

	Business-type Activities - Enterprise Funds			
	Water Fund	Trash and Garbage Fund	Waste Water Fund	Storm Water Fund
(continued)				
Liabilities				
Current liabilities				
Accounts payable	\$ 26,966	\$ 10,972	\$ 26,542	\$ 1,586
Payroll liabilities	4,946	4,813	3,052	765
Due to other funds				
Due to other entity			525	
Sales tax payable				
Unearned lease revenues	64,800			
Accrued interest payable			70,935	
Current portion of note payable			455,000	
Current portion of capital lease obligation				
Total current liabilities	96,712	15,785	556,054	2,351
Long-term liabilities				
Accrued compensated absences	45,515	25,738	3,397	9,000
Note payable			5,876,079	
Capital lease obligation				
Total long-term liabilities	45,515	25,738	5,879,476	9,000
Total liabilities	142,227	41,523	6,435,530	11,351
Net position				
Net investment in capital assets	6,305,191	177,876	6,116,502	2,421,384
Restricted for debt service			240,060	
Unrestricted (deficit)	2,388,472	304,772	1,517,647	606,305
Total net position	8,693,663	482,648	7,874,209	3,027,689
Total liabilities and net position	\$ 8,835,890	\$ 524,171	\$ 14,309,739	\$ 3,039,040

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

Golf Course Fund	Total
\$ 457,754	\$ 523,820
345	13,921
120,000	120,000
	525
1,244	1,244
	64,800
10,878	81,813
	455,000
<u>47,803</u>	<u>47,803</u>
638,024	1,308,926
	83,650
	5,876,079
<u>537,197</u>	<u>537,197</u>
<u>537,197</u>	<u>6,496,926</u>
1,175,221	7,805,852
1,079,501	16,100,454
585,000	825,060
<u>(532,439)</u>	<u>4,284,757</u>
<u>1,132,062</u>	<u>21,210,271</u>
<u>\$ 2,307,283</u>	<u>\$ 29,016,123</u>

CITY OF BRUSH, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds			
	Water Fund	Trash and Garbage Fund	Waste Water Fund	Storm Water Fund
Operating revenues				
Charges for services	\$ 1,473,170	\$ 572,914	\$ 1,694,228	\$ 314,564
Operating expenses				
Salaries	217,993	148,778	102,490	38,347
Employee benefits	94,328	85,909	41,222	17,146
Supplies	18,295	7,506	18,794	2,219
Professional services	285,337	96,610	400,065	34,098
Telephone	840	138	2,895	117
Lab fees	5,370			
Medical	200	280	1,185	
Utilities	54,649	3,087	91,307	
Association dues	614		669	
Travel and training	379		547	
Computer and radio maintenance	9,149	2,961	6,722	2,787
Advertising	1,363	56	859	
Building maintenance	612	2,998	47	
Licenses and permits	35,491		21,892	
Insurance - general	19,909	1,269	42,209	8,105
Well electricity	17,878			
System maintenance & materials	82,098		176,092	31,242
Purchase of trash containers		20,104		
Landfill contract		103,458		
Fuel and oil	7,228	16,682	4,497	7,087
Repairs & maintenance - vehicle	9,959	19,336	2,244	3,904
Ground maintenance				
Restaurant				
Bar				
Cart repairs and rental				
Miscellaneous				
Noncapital outlay	1,490		8,814	
Depreciation and amortization	190,277	29,440	321,777	139,061
Total operating expenses	1,053,459	538,612	1,244,327	284,113
Operating income (loss)	419,711	34,302	449,901	30,451

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

Golf Course Fund	Total
\$ 324,258	\$ 4,379,134
177,615	685,223
36,636	275,241
386	47,200
16,509	832,619
	3,990
	5,370
475	2,140
32,384	181,427
	1,283
474	1,400
2,108	23,727
2,954	5,232
2,964	6,621
1,750	59,133
1,373	72,865
	17,878
	289,432
	20,104
	103,458
2,331	37,825
1,682	37,125
51,251	51,251
80,861	80,861
34,440	34,440
2,597	2,597
1,780	1,780
6,600	16,904
62,044	742,599
<u>519,214</u>	<u>3,639,725</u>
(194,956)	739,409

(continued)

CITY OF BRUSH, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds			
	Water Fund	Trash and Garbage Fund	Waste Water Fund	Storm Water Fund
(continued)				
Nonoperating revenues (expenses)				
Interest on investments	37,947	2,499	21,194	7,320
Plant investment fee	263,925		294,000	
Surcharge fee	61,270		45,740	
Farm income	29,031		22,132	
Rental income	7,500		5,850	
DOW lease	5,040		3,360	
Water rights	3,622			
Easement	4,259			
Convenience fee	3,403			
Farm expense			(1,897)	
Golf course income				
Golf course expense				
Gain on sale of assets	5,987		13,970	
Interest and fiscal charges			(157,240)	
Total nonoperating revenues (expenses)	421,984	2,499	247,109	7,320
Income (loss) before transfers and capital contributions	841,695	36,801	697,010	37,771
Capital contributions	14,000		14,700	
Transfers in				
Transfers out	(222,470)	(10,605)	(37,690)	(3,675)
Change in net position	633,225	26,196	674,020	34,096
Net position at beginning of year	8,060,438	456,452	7,200,189	2,993,593
Net position at end of year	<u>\$ 8,693,663</u>	<u>\$ 482,648</u>	<u>\$ 7,874,209</u>	<u>\$ 3,027,689</u>

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

Golf Course Fund	Total
7	68,967
	557,925
	107,010
	51,163
	13,350
	8,400
	3,622
	4,259
	3,403
	(1,897)
30,091	30,091
(16,323)	(16,323)
	19,957
(10,879)	(168,119)
2,896	681,808
(192,060)	1,421,217
48,000	76,700
470,000	470,000
	(274,440)
325,940	1,693,477
806,122	19,516,794
<u>\$ 1,132,062</u>	<u>\$ 21,210,271</u>

CITY OF BRUSH, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds			
	Water Fund	Trash and Garbage Fund	Waste Water Fund	Storm Water Fund
Cash flows from operating activities				
Receipts from customers	\$ 1,424,165	\$ 572,591	\$ 1,712,674	\$ 314,564
Internal activity				
Payments to suppliers	(628,374)	(354,491)	(806,332)	(121,476)
Payments to employees	(222,282)	(144,510)	(101,691)	(37,528)
Net cash provided by operating activities	573,509	73,590	804,651	155,560
Cash flows from noncapital financing activities				
Miscellaneous revenues	61,270		45,740	
Transfers in				
Transfers out	(222,470)	(10,605)	(37,690)	(3,675)
Net cash provided (used) by noncapital financing activities	(161,200)	(10,605)	8,050	(3,675)
Cash flows from capital and related financing activities				
Purchase of capital assets	(300,457)		(148,879)	
Capital contributed from tap fees	14,000		14,700	
Plant investment fees	263,925		294,000	
Proceeds from sale of assets	34,643		80,834	
Capital lease proceeds				
Principal paid on capital debt			(445,000)	
Interest and fiscal charges			(180,703)	
Net cash provided (used) by capital and related financing activities	12,111	-	(385,048)	-
Cash flows from investing activities				
Golf course income/(loss)				
Farm income/(loss) - net	29,031		20,235	
Rental and easement income	20,224		9,210	
Interest on investments	17,758	2,030	5,598	3,605
Sale of investments	1,381,751	150,321	700,643	280,000
Purchase of investments	(1,980,000)	(250,000)	(1,175,000)	(380,000)
Net cash provided (used) by investing activities	(531,236)	(97,649)	(439,314)	(96,395)

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

Golf Course Fund	Total
\$ 326,708	\$ 4,350,702
120,000	120,000
(258,200)	(2,168,873)
(181,294)	(687,305)
7,214	1,614,524
470,000	107,010
	470,000
	(274,440)
470,000	302,570
(470,654)	(919,990)
	28,700
	557,925
	115,477
585,000	585,000
	(445,000)
	(180,703)
114,346	(258,591)
13,768	13,768
	49,266
	29,434
7	28,998
	2,512,715
13,775	(3,785,000)
13,775	(1,150,819)

(continued)

CITY OF BRUSH, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

(continued)	Business-type Activities - Enterprise Funds			
	Water Fund	Trash and Garbage Fund	Waste Water Fund	Storm Water Fund
Net change in cash and cash equivalents	(106,816)	(34,664)	(11,661)	55,490
Cash and cash equivalents at beginning of year	191,294	115,064	159,679	72,969
Cash and cash equivalents at end of year	<u>\$ 84,478</u>	<u>\$ 80,400</u>	<u>\$ 148,018</u>	<u>\$ 128,459</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 419,711	\$ 34,302	\$ 449,901	\$ 30,451
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	190,277	29,440	321,777	139,061
Change in assets and liabilities				
Receivables	(49,005)	(323)	18,446	
Interfund items				
Inventory	(240)	978		
Accounts payable	12,109	178	11,261	(15,536)
Payroll liabilities	4,946	4,747	2,803	765
Other liabilities			(336)	
Accrued compensated absences	(4,289)	4,268	799	819
Net cash provided by operating activities	<u>\$ 573,509</u>	<u>\$ 73,590</u>	<u>\$ 804,651</u>	<u>\$ 155,560</u>
Noncash capital financing activities				
Capital assets contributed from other funds				
Cash and cash equivalents at end of year consist of:				
Cash	\$ 84,478	\$ 80,400	\$ 148,018	\$ 128,459
Restricted cash				
Total	<u>\$ 84,478</u>	<u>\$ 80,400</u>	<u>\$ 148,018</u>	<u>\$ 128,459</u>

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

Golf Course Fund	Total
605,335	507,684
<u>13,482</u>	<u>552,488</u>
<u>\$ 618,817</u>	<u>\$ 1,060,172</u>
\$ (194,956)	\$ 739,409
62,044	742,599
2,450	(28,432)
120,000	120,000
5,229	5,967
13,548	21,560
1,703	14,964
875	539
<u>(3,679)</u>	<u>(2,082)</u>
<u>\$ 7,214</u>	<u>\$ 1,614,524</u>
<u>\$ 48,000</u>	<u>\$ 48,000</u>
\$ 33,817	\$ 475,172
<u>585,000</u>	<u>585,000</u>
<u>\$ 618,817</u>	<u>\$ 1,060,172</u>

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Brush, Colorado have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the City's financial statements.

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements should present the City of Brush, Colorado (the primary government) and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the City's financial statements to be misleading or incomplete. Based on the foregoing criteria, the City has no component units.

B. Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally 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.

Government-wide financial statements report information about the reporting government as a whole, excluding fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as general revenues.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basic Financial Statements (continued)

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary. The City does not have any fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column in the financial section of the basic financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. The City has collected nearly 100% of all property taxes at December 31. Grants and similar items are recognized 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 collectible 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 after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Property taxes, franchise taxes, licenses, 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.

The City reports the following major governmental funds:

General Fund

This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

Additionally, the City reports the following nonmajor funds:

Special Surplus and Deficiency Fund

This fund presently accounts for the emergency reserves required under the Tabor amendment (Note 7).

Conservation Trust Fund

This fund was established by the City to provide for an accounting of those funds received through the State of Colorado Lottery Fund Program. The State requires that these funds be expended in the areas of parks and recreation development.

Police Forfeiture and Confiscation Fund

This fund is used to account for monies collected from the sale of evidence seized by the Police department (Note 7).

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Capital Improvement Fund

This fund accounts for capital outlay acquisitions of the governmental fund types.

Fire Equipment Improvement Fund

This fund accounts for the acquisition of fire equipment and building improvements.

Joslin-Needham Fund

This fund is established to provide for separate accountability of monies contributed to the City by the Joslin-Needham Family Foundation earmarked for particular projects.

Cemetery Perpetual Care Fund

This fund is established to accumulate funds for the perpetual care and maintenance of the City's cemetery grounds. Current Council resolutions also allow capital purchases in this fund.

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

The City reports the following major proprietary funds:

Water Fund

This fund was established to account for the operation of a City-owned and operated public water system.

Waste Water Fund

This fund was established to account for the operation of a City-owned and operated public sewer system.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Trash and Garbage Fund

This fund was established to provide for separate accountability of fees derived from the City-operated public trash system.

Storm Water Fund

This fund was established to provide for separate accountability of fees derived for the use of street and storm sewer cleaning.

Golf Course Fund

This fund was established to account for the operations of a City-owned and operated public golf course.

D. Budgets

Annually appropriated budgets were adopted for all funds. Budgets are adopted on a basis consistent with generally accepted accounting principles except for depreciation, debt service, and capital outlay. All governmental funds and proprietary funds are budgeted on the modified accrual basis of accounting. All appropriations lapse at year end. In the budget versus actual statements, the actual results of operations are presented on the budgetary basis of accounting for proper comparison to the budget.

Colorado statutes provide the following timetable which is followed in the adoption of the budgets:

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

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets (continued)

- (4) Property taxes are due by April 30 of each year if paid in full, or in two installments due February 28 and June 15 of each year.
- (5) Liens are placed on property for which taxes are delinquent in November of each year.

The actual results of operations are presented in accordance with generally accepted accounting principles, which differ in certain respects from those practices used in the preparation of the 2019 budget (Note 7). For purposes of preparing the budgetary comparison schedules, the actual results of operations have been adjusted to a basis consistent with the City's budgeted revenues and expenditures.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the enterprise funds consider cash on hand, demand deposits, and short-term investments with an original maturity of three months or less to be cash and cash equivalents (Note 2).

F. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at year end are planned to be eliminated in the subsequent year. Long-term interfund loans are classified as "interfund note receivable/payable." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

G. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond year end are recorded as prepaid items for enterprise funds.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Encumbrances

The City does not utilize encumbrance accounting.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, street lights, and similar items) 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 cost of more than \$5,000 and an estimated useful life in excess of five years. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value as of the date of the donation.

The costs of normal maintenance and repairs that do not add to the value or capacity of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statements of Net Assets. A composite depreciation rate is used for infrastructure assets. Depreciation on the remaining capital assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	25-50 years
Improvements Other than Buildings	15-50 years
Water Distribution System	10-50 years
Sewer Collection System	10-50 years
Machinery and Equipment	5-20 years
Vehicles	5-15 years
Infrastructure	20-80 years

K. Compensated Absences

Accumulated vacation leave is reported as a liability for all leave related to past employee service for which payment to the employee is considered probable. Vested vacation and sick pay benefits are accrued when incurred. A liability for unused sick leave benefits is accrued only if the employees are eligible or it is probable that the employee will be compensated for the benefits through cash payments upon termination or retirement. The sick leave liability is estimated based on the City's assumptions concerning the probability for making payments for sick leave and its vested payment policy (vesting method).

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Compensated Absences (continued)

Accumulated vacation leave and payments for sick leave that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay the benefit. Accumulated vacation leave and sick leave termination payments for proprietary fund types are recorded as fund liabilities.

L. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditure/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers (Note 12).

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Net Position

Net Position comprises the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

If both restricted and unrestricted resources are available to use for the same purpose, it is the City’s policy to use restricted resources first, and then unrestricted resources as they are needed.

O. Fund Balance Classifications

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Balance Classifications (continued)

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the city council (the City's highest level of decision-making authority),

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the city council through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the City applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

P. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

Note 2: DEPOSITS AND INVESTMENTS

Cash and Deposits

Colorado State statutes govern the City's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 2: DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits might not be returned to it. The City does not have deposit policy for custodial credit risk. As of year-end, the City had total deposits of \$9,091,504, of which \$750,000 was insured and \$8,341,504 was collateralized with securities held by the pledging institution’s trust department or agent in the City’s name.

At year-end, the City had the following investments:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investment in CSAFE	<u>\$ 1,063,106</u>	<u>\$ 1,063,106</u>	<u>-</u>	<u>-</u>

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least on nationally recognized rating agency at the time of purchase. The City has no investment policy that would further limit its investment choices. At year-end, the City’s investment in CSAFE was rated AAAM by Standard and Poor’s and AAA by Moody’s rating services. CSAFE is an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00.

Note 3: RECEIVABLES

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Receivables</u>
Utility accounts	\$ -	\$ 377,664	\$ 377,664
Property taxes	862,522	-	862,522
Accounts	562,717	21,752	584,469
Interest	<u>36,799</u>	<u>25,977</u>	<u>62,776</u>
Total	<u>\$ 1,462,038</u>	<u>\$ 425,393</u>	<u>\$ 1,887,431</u>

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental activities				
Non-depreciable assets:				
Land	\$ 492,622	\$ -	\$ -	\$ 492,622
Depreciable assets:				
Buildings	3,351,781	-	-	3,351,781
Equipment	2,457,162	288,571	(20,344)	2,725,389
Vehicles	1,300,122	112,685	(56,779)	1,356,028
Infrastructure	4,816,861	135,711	(2,936)	4,949,636
Land improvements	1,024,420	-	-	1,024,420
Other	18,735	-	-	18,735
Less accumulated depreciation	<u>(5,621,644)</u>	<u>(543,693)</u>	<u>80,059</u>	<u>(6,085,278)</u>
Net depreciable capital assets	<u>7,347,437</u>	<u>(6,726)</u>	<u>-</u>	<u>7,340,711</u>
Governmental activities capital assets, net	<u>\$ 7,840,059</u>	<u>\$ (6,726)</u>	<u>\$ -</u>	<u>\$ 7,833,333</u>
Business-type activities				
Non-depreciable assets:				
Land	\$ 1,936,804	\$ -	\$ (95,520)	\$ 1,841,284
Water right stocks	1,520,105	-	-	1,520,105
Construction in progress	<u>-</u>	<u>930,366</u>	<u>-</u>	<u>930,366</u>
Total non-depreciable assets	3,456,909	930,366	(95,520)	4,291,755
Depreciable assets:				
Buildings	695,359	8,661	-	704,020
Equipment	5,041,556	105,830	(48,794)	5,098,592
Systems	21,128,475	358,446	-	21,486,921
Land improvements	253,283	-	-	253,283
Less accumulated depreciation	<u>(8,124,233)</u>	<u>(742,599)</u>	<u>48,794</u>	<u>(8,818,038)</u>
Net depreciable capital assets	<u>18,994,440</u>	<u>(269,662)</u>	<u>-</u>	<u>18,724,778</u>
Business-type activities capital assets, net	<u>\$ 22,451,349</u>	<u>\$ 660,704</u>	<u>\$ (95,520)</u>	<u>\$ 23,016,533</u>

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 4: CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 13,121
Public safety	151,406
Public works	271,003
Culture and recreation	<u>108,163</u>
Total governmental activities	543,693
Business-type activities	
Water	190,277
Trash and garbage	29,440
Waste water	321,777
Storm water	139,061
Golf course	<u>62,044</u>
Total business-type activities	<u>742,599</u>
Total depreciation expense	<u>\$ 1,286,292</u>

Note 5: NOTES/LEASES PAYABLE

Business-Type Activities

Waste Water Fund - Note

During 2010 the City received a \$9,465,000 loan from the Colorado Water Resources and Power Development Authority.

Payments are due semi-annually on February 1 and August 1 beginning February 1, 2011 and ending August 1, 2031. The net effective interest rate is 2.50%.

The City may prepay the loan repayments, in whole or in part (but if in part, in the amount of \$100,000 or any integral multiple of \$100,000) upon prior written notice of not less than ninety days.

The loan agreement with Colorado Water Resources and Power Development Authority contains several covenants including the establishment and maintenance of an operations and maintenance reserve fund in an amount equal to three months of operation and maintenance expenses. The City has restricted \$240,060 of net position in satisfaction of the three-month renewal and maintenance reserve requirement at year-end. The City must also maintain waste water rates, fees and other charges that will cover operation and maintenance expenses and at least 110% of debt services for the calendar year. The City believes it has met this requirement for the year ended December 31, 2019.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 5: NOTES/LEASES PAYABLE (continued)

The City’s outstanding note with CWRPDA in the amount of \$6,105,000 is secured with collateral of the net revenue from operation and use of the system as defined in the loan agreement. This outstanding note contains (1) a provision that in an event of default as defined in the loan agreement, the Authority shall have the right to take any action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce the performance and observance of any duty, covenant, obligation, or agreement including, without limitation, appointment ex parte of a receiver of the system.

Details of the note are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 455,000	\$ 170,244
2021	465,000	160,194
2022	475,000	150,055
2023	485,000	144,986
2024	485,000	140,291
2025	490,000	135,401
2026	500,000	126,556
2027	510,000	117,919
2028	520,000	109,471
2029	545,000	82,295
2030	575,000	55,032
2031	<u>600,000</u>	<u>27,595</u>
Total	<u>\$ 6,105,000</u>	<u>\$ 1,420,039</u>

Golf Course Fund – Capital Lease Obligation

In August 2019, the City entered into an agreement with Farmers Stat Bank of Brush to finance a lease obligation. The lease proceeds are to be used to purchase a new sprinkler system for the golf course. The agreement calls for a lease term of ten years. Annual payments of \$73,912 are due August 1st of each year, with a final payment due in August 2029. The average interest rate over the lease term is 4.50%. The capital lease obligation is secured by the sprinkler system owned by the City. The cost of the sprinkler system capitalized with this lease is \$585,000.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 5: NOTES/LEASES PAYABLE (continued)

The lease agreement contains a provision that, in the event of default, the lessor may (1) terminate the lease term and may give notice to the City to return the leased property with fifteen days of the date of such notice and may then exercise all rights and remedies of a security party under the Colorado Uniform Commercial Code with respect to the leased property (2) recover from the City rentals which would have otherwise been payable hereunder, allocable to any period in which the City continues to use the leased property, or (3) take whatever action at law or in equity may appear necessary or desirable to enforce its right in and to the leased property under the lease. The City shall pay the lessor all costs and expenses, including reasonable attorney fees, incurred by the lessor in exercising any of its rights or remedies hereunder or enforcing any of the terms, conditions and provisions hereof.

The following is a schedule by years of future minimum lease payments under the capital leases above, together with the present value of the net minimum lease payments at year-end:

<u>Year ended December 31,</u>	<u>Debt service requirement</u>
2020	\$ 73,912
2021	73,912
2022	73,912
2023	73,912
2024	73,912
2025-2029	<u>369,557</u>
Total minimum lease payments	739,117
Less amount representing interest	<u>(154,117)</u>
Present value of future net minimum lease payments	<u>\$ 585,000</u>

Note 6: CHANGES IN LONG-TERM DEBT

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental Activities					
Compensated absences	\$ 197,267	\$ 12,518	\$ -	\$ 209,785	\$ -
Net pension liability	<u>227,374</u>	<u>169,085</u>	<u>-</u>	<u>396,459</u>	<u>-</u>
Total	<u>\$ 424,641</u>	<u>\$ 181,603</u>	<u>\$ -</u>	<u>\$ 606,244</u>	<u>\$ -</u>

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 6: CHANGES IN LONG-TERM DEBT (continued)

Business-type Activities	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Compensated absences	\$ 85,732	\$ -	\$ (2,082)	\$ 83,650	\$ -
Premium on note payable	245,184	-	(19,105)	226,079	-
Note payable	6,550,000	-	(445,000)	6,105,000	455,000
Capital lease obligation	<u>-</u>	<u>585,000</u>	<u>-</u>	<u>585,000</u>	<u>47,803</u>
Total	<u>\$ 6,880,916</u>	<u>\$ 585,000</u>	<u>\$ (466,187)</u>	<u>\$ 6,999,729</u>	<u>\$ 502,803</u>

For the governmental activities, the net pension liability and compensated absences are generally liquidated by the general fund. The total amount of interest cost incurred and expensed was \$157,240.

Note 7: COMMITMENTS AND CONTINGENCIES

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. In, November, 2000, the City's electorate approved a resolution to permit the City to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatever, without limitation, in 2000 and all subsequent years, notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution, provided however, that no local tax rate or property mill levy shall be increased at any time, nor shall any new tax be imposed, without the prior consent of voters of the City. TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance.

The City has restricted \$182,000 of fund balance as a result of Article X, Section 20 (TABOR) of the Colorado Constitution and believes it is in compliance with the provisions of the TABOR Amendment.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 8: BUDGETARY DATA

The City may authorize Supplemental appropriations during the budget year. During 2019, the following supplemental appropriations were enacted.

Fund	Amount
General Fund	\$ 100,000
Water Fund	200,000
Golf Course Fund	885,000
Joslin Needham Fund	<u>108,000</u>
Totals	<u>\$ 1,293,000</u>

The actual results of operations are presented in accordance with generally accepted accounting principles which differ in certain respects from those practices used in the preparation of the 2019 budget. For purposes of preparing the budgetary comparison schedules, the actual results of operations have been adjusted to a basis consistent with the City's budgeted revenues and expenditures. Adjustments necessary to convert the net income/revenues in excess of expenditures at the end of year on the GAAP basis to the budgetary basis are as follows:

	Water Fund	Trash and Garbage Fund	Waste Water Fund	Storm Water Fund	Golf Course Fund
Change in net position - GAAP basis	\$ 633,225	\$ 26,196	\$ 674,020	\$ 34,096	\$ 325,940
Depreciation and amortization	190,277	29,440	321,777	139,061	62,044
Capital lease Proceeds	-	-	-	-	585,000
Principal payment Amortized premium	-	-	(445,000)	-	-
Accrued interest	-	-	(19,105)	-	-
Capital outlay	<u>(300,457)</u>	<u>-</u>	<u>(148,879)</u>	<u>-</u>	<u>(953,966)</u>
Budgetary basis	<u>\$ 523,045</u>	<u>\$ 55,636</u>	<u>\$ 378,455</u>	<u>\$ 173,157</u>	<u>\$ 19,018</u>

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 9: PENSION FUNDS

Statewide Defined Benefit Plan

Summary of significant accounting policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Defined Benefit Plan and additions to/deductions from Fire & Police Statewide Defined Benefit Plan's fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the pension plan

Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980.

Employers once had the option to elect to withdraw from the Plan, but a change in state statutes permitted no further withdrawals after January 1, 1988.

Colorado Revised Statutes Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at www.fppaco.org.

Benefits provided. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 9: PENSION FUNDS (continued)

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions. Contribution rates for the SWDB Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership.

Members of the SWDB Plan and their employers are contributing at the rate of 10 percent and 8 percent, respectively, of base salary for a total contribution rate of 18 percent in 2018. In 2014, the members elected to increase the member contribution rate to the SWDB Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22 percent of base salary in 2018. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the reentry group also had their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 5 percent and 4 percent, respectively, of base salary for a total contribution rate of 9 percent in 2018. Per the 2014 member election, members of the affiliate social security group will have their required member contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Contributions to the Plan from the City were \$47,639.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 9: PENSION FUNDS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019 the City reported a liability of \$86,817 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2018, the City's proportion was .0687 percent, which was a decrease of .0192 percent from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$20,818. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 131,584	\$ 1,122
Changes of assumptions or other inputs	89,533	-
Net difference between projected and actual earnings on pension plan investments	62,167	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	34,974	8,437
Contributions subsequent to the measurement date	<u>47,639</u>	<u>-</u>
Total	<u>\$ 365,897</u>	<u>\$ 9,559</u>

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 9: PENSION FUNDS (continued)

\$47,639 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31, _____	Amount
2020	\$ 59,410
2021	39,088
2022	31,546
2023	56,975
2024	31,213
2025	31,762
2026	27,055
2027	21,299
2028	<u>10,351</u>
Totals	<u>\$ 308,699</u>

Actuarial assumptions. The collective total pension liability as of December 31, 2018 is based upon the January 1, 2019 actuarial valuation, which was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial valuation date	January 1, 2019	January 1, 2018
Actuarial method	Entry age normal	Entry age normal
Amortization method	N/A	Level % of payroll, open
Amortization period	N/A	30 years
Long-term investment rate of return*	7.0%	7.5%
Projected salary increases*	4.25% - 11.25%	4.0% - 14.0%
Cost of living adjustments (COLA)	0%	0%
*Includes inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 9: PENSION FUNDS (continued)

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment protected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

At least every five years the FPPA’s Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA’s actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the rollforward calculation of total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions for December 31, 2018. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Target Allocation</u>	<u>Rate of Return</u>
Global Equity	37%	8.03%
Equity Long/Short	9%	6.45%
Private Markets	24%	10.00%
Fixed Income	15%	2.90%
Absolute Return	9%	5.08%
Managed Futures	4%	5.35%
Cash	<u>2%</u>	2.52%
Total	<u>100%</u>	

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 9: PENSION FUNDS (continued)

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 3.71 percent (based on the weekly rate closest to but not later than the measurement date of the “state and local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

Sensitivity of the City’s proportionate share of the net pension liability/(asset) to changes in the discount rate. Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the City’s proportionate share of the net pension liability, calculated using a Single Discount Rate of 7.00 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease	Current Discount	1% Increase
	<u>(6.00%)</u>	<u>(7.00)</u>	<u>(8.00)</u>
Proportionate share of the net pension liability (asset)	\$ <u>336,666</u>	\$ <u>86,817</u>	\$ <u>(120,428)</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

Payables to the pension plan

The City did not report any payables to the pension plan at year-end.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 9: PENSION FUNDS (continued)

Brush Combined Volunteer Pension Fund

Summary of significant accounting policies

Pensions. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (income), information about the fiduciary net position of the Brush Combined Volunteer Pension Fund and additions to/deductions from Brush Combined Volunteer Pension Fund's net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the pension plan

Plan administration. The City's defined benefit pension plan for volunteers currently provides normal retirement, funeral, disability retirement and survivor benefits to plan members and beneficiaries. The plan is affiliated with the Fire and Police Member's Benefit Fund, an agent multiple-employer pension plan administered by the Fire and Police Pension Association (FPPA) of Colorado. Title 31, Article 30 of the Colorado Revised Statutes assigns the authority to establish and amend the benefit provisions of the plans that participate in FPPA to the respective member entities. The FPPA issues a publicly available financial report that includes financial statements and required supplementary information for Public Employee Retirement System (PERS) Affiliated Local Plans that can be obtained at www.fppaco.org.

The City and the Brush Rural Fire Protection District formed an intergovernmental agreement in 2003 to consolidate the City and Rural pension plans into one, effect January 1, 2004. All of the plan assets are managed and benefits paid by FPPA. The City reports its proportionate share of the combined Pension Plan on its financial statements that include the net pension liability of the plan.

Plan membership. At year-end, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	37
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	<u>23</u>
Total	<u>66</u>

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 9: PENSION FUNDS (continued)

Benefits provided. The plan provides retirement and death benefits. Any firefighter who has both reached the age of 50 and completed 20 years of active service shall be eligible for a monthly pension (currently \$260 per month). Vesting for reduced monthly pension benefits begins at 10 years of service, with full pension after 20 years. The plan provides for a lump-sum burial benefit of \$520 upon the death of an active or retired firefighter. The plan also provides disability monthly benefit ranging from \$130 to \$260 and survivor monthly benefit on \$130.

Contributions. Contribution requirements of the plan are established under Title 31, Article 30 of the Colorado Revised Statutes. The plan is noncontributory regarding participants. Contributions to the plan for the year ended December 31, 2019 included \$26,774 from the State of Colorado matching funds, \$21,804 from Brush Rural Fire Protection District and \$18,385 from the City.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019 the City reported a proportionate share of net pension liability of \$309,642. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2019. The proportionate share was determined by the total contributions of the City and the Brush Rural Fire Protection District made in 2019.

For the year ended December 31, 2019, the City recognized pension expense of \$56,699. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3,844	\$ -
Changes in assumptions or other inputs	19,331	-
Net difference between projected and actual earnings on pension plan investments	15,802	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	6,782	-
Contributions subsequent to the measurement date	<u>18,385</u>	<u>-</u>
Total	<u>\$ 64,144</u>	<u>\$ -</u>

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 9: PENSION FUNDS (continued)

\$18,385 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2020	\$ 22,978
2021	16,246
2022	970
2023	<u>5,565</u>
Totals	<u>\$ 45,759</u>

Actuarial assumptions. The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	Level dollar open*
Remaining amortization period	20 years*
Asset valuation method	5-year smoothed fair value
Inflation	2.50%
Salary increases	N/A
Investment rate of return	7.00%
Retirement age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 9: PENSION FUNDS (continued)

*Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of a regularly scheduled experience study in 2018. The primary changes were:

- Reduced the inflation assumption from 7.5 percent to 7.0 percent.
- Revised the mortality tables.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund’s target asset allocation of December 31, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Tem Expected Rate of Return</u>
Cash	2.00%	2.52%
Fixed Income	15.00%	2.90%
Managed Futures	4.00%	5.35%
Absolute Return	9.00%	5.08%
Equity Long/Short	9.00%	6.45%
Global Equity	37.00%	8.03%
Private Markets	<u>24.00%</u>	10.00%
Totals	<u>100%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made based on the actuarially determined rates based on the Fire & Police Pension Association Board of Directors’ funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 9: PENSION FUNDS (continued)

Sensitivity of the City's net pension liability to changes in the discount rate. The following presents the City's net pension liability calculated using the discount rate of 7.00 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00 percent) or 1-percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount (7.00%)	Current 1% Increase (8.00%)
Net pension liability (asset)	\$ 383,021	\$ 309,642	\$ 248,554

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Brush Rural Fire Protection District Volunteer Pension Fund financial report.

Payables to the pension plan

The City did not report any payables to the pension plan at year-end.

Defined Contribution Plan

The City participates in the City of Brush, Colorado Money Purchase Pension Plan (the Plan), a defined contribution plan administered by Great West Retirement. Benefit terms, including contribution requirements, for the Plan are established and may be amended by City Council. The City is required to contribute 5% of covered employee's salary, while employees are not required to make any contributions. For the year, the City recognized pension expense of \$73,703. Employee vesting begins at two years with 20% and continues at 20% per year until fully vested in year six.

Note 10: DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In 1998 this plan moved all assets into a trust for the exclusive benefit of the participants and their beneficiaries, as required by the Internal Revenue Code.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 11: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City participates in the Colorado Intergovernmental Risk Sharing Agency (herewith referred to as "CIRSA"). CIRSA is a separate legal entity established by member municipalities pursuant to the provisions of Colorado Revised Statute and the Colorado Constitution. The purposes of CIRSA are to provide members defined liability and property coverages and to assist members to prevent and reduce losses and injuries to municipal property and to person or property which might result in claims being made against members of CIRSA, their employees or officers.

The City recognized as an expense/expenditure the amounts paid to CIRSA annually in the amounts of \$150,978 for the Worker's Compensation Pool and \$128,906 for the Property/Casualty Pool. Contingent liability claims for the coverage have not been recognized to date after reviewing claim history and the remoteness of potential loss in excess of actual contributions by the City.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability or loss to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

CIRSA is a separate legal entity and the City does not approve its budgets nor does it have the ability to significantly affect the operations of the unit. CIRSA is affiliated and shares facilities with Colorado Intergovernmental Risk Sharing Agency for Worker's Compensation (CIRSA/WC).

The City carries airport liability and boiler and machinery coverage through commercial carriers.

Note 12: GRANTS

The City receives financial assistance from various 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audit could become a liability of the City. However, in the opinion of the City, any such disallowed claims will not have a material effect on the financial statements or on the overall financial position of the City at December 31, 2019.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 13: INTERFUND TRANSFERS AND BALANCES

All interfund borrowings and transfers are as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
General Fund	Golf Course Fund	\$ 120,000
Other Governmental Funds	Other Governmental Funds	<u>7,984</u>
Totals		<u>\$ 127,984</u>

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 57
General Fund	Water Fund	22,470
General Fund	Trash & Garbage Fund	10,605
General Fund	Waste Water Fund	37,690
General Fund	Storm Water Fund	3,675
Golf Course Fund	General Fund	270,000
Golf Course Fund	Water Fund	<u>200,000</u>
Totals		<u>\$ 544,497</u>

The transfer between the general fund and other governmental funds is for earnings on Cemetery Perpetual Care investments. The transfer from the enterprise funds to the General Fund are annual transfers for community enhancement projects which includes the City's economic development efforts. The General Fund and Water Fund also transferred funds to the Golf Course Fund to help subsidize the cost of a new sprinkler system.

Note 14: OTHER SIGNIFICANT MATTERS

Conduit Debt

Financing Agreement

On March 1, 1997, the City of Brush provided for the advance refunding of the 1985 Series Industrial Development Revenue Bond with the issuance of an \$8,964,000, 1997 Series Industrial Development Revenue Bond (Training Centers International, Ltd.)

The bonds and interest appurtenant thereto do not constitute debt or indebtedness of the City under Colorado law and shall never constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 14: OTHER SIGNIFICANT MATTERS (continued)

Other Financing Agreement

On October 21, 1994, the City of Brush provided for the issuance of a \$6,065,000, 1994 Series Industrial Development Revenue Bond (Eben Ezer Lutheran Care Center).

On August 9, 2004, the City of Brush provided for the issuance of a \$5,450,000, 2004A and B Series Industrial Development Revenue Bond (Eben Ezer Lutheran Care Center). The issuance of these bonds was for the repayment of the 1994 Series Industrial Development Revenue Bond.

The bonds and interest appurtenant thereto do not constitute debt or indebtedness of the City under Colorado law and shall never constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

Note 15: FUND BALANCE CLASSIFICATIONS

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
Emergencies	\$ 182,000	\$ -	\$ -
Bicentennial celebration	3,462	-	-
Tricentennial celebration	2,118	-	-
Park improvements	98,101	17,287	-
Police equipment	134	-	-
Police improvements	7,154	-	-
Street improvements	861,252	6,350	-
Fire equipment	398,743	-	-
Cemetery maintenance	-	36,172	-
Community enhancements	-	-	167,056
General equipment	-	-	252,384
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 1,552,964</u>	<u>\$ 59,809</u>	<u>\$ 419,440</u>

Restricted fund balances

TABOR requires an emergency reserve be set aside for 2019 in the amount of 3% or more of its fiscal year spending. At December 31, 2019, the City has restricted \$131,579 in the Special Surplus and Deficiency Fund and \$50,421 in the General Fund for emergencies.

In addition, the General Fund ending fund balance is restricted in the amount of \$3,462 and \$2,118 for funds held on behalf of the City of Brush Bi and Tri-Centennial Committee, respectively.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 15: FUND BALANCE CLASSIFICATIONS (continued)

The City presently levies a four percent (4%) sales tax. The sales tax is collected by the Colorado Department of Revenue and remitted to the City in the month following receipt by the Department of Revenue. The Department of Revenue receives the sales tax approximately one month after collection by the vendors. The citizens of Brush passed a ballot initiative for an increase of sales tax in November of 2006, increasing the sales tax rate by six-tenths of a percent from the previous three percent. The 2007 increase is specifically for street maintenance, improvements, and other related municipal purposes. The money is to be deposited in the Capital Improvement Fund. All amounts not spent at year-end are restricted for the purposes designated by the legislation. At December 31, 2019 the amount of fund balance restricted for street maintenance was \$861,252. This amount is restricted by enabling legislation.

The citizens of Brush passed a ballot initiative for an increase of sales tax in November of 2014, increasing the sales tax rate by four-tenths of a percent from the previous three and six-tenths percent. Along with the increased sales tax revenues, the City has also established a separate mill levy specifically for the purchase of fire equipment and building improvements. The money is to be deposited in the Fire Equipment Fund. All amounts not spent at year-end are restricted for the purposes designated by legislation. At December 31, 2019 the amount of fund balance restricted for fire equipment and building improvements is \$398,743.

The City receives monies from the State under the Colorado lottery program to be spent for park and recreation purposes only. At December 31, 2019 the amount of fund balance restricted in the Conservation Trust Fund for park maintenance and improvements was \$98,101.

The City has received funds from drug related court cases which the police department has been involved in. By state statute, expense is to be used for police equipment replacement. At December 31, 2019 the amount of fund balance restricted in the Police Forfeiture and Confiscation Fund for police drug enforcement equipment was \$134.

The City received evidence funds at the time of police arrests. At December 31, 2019 the amount of fund balance restricted in the Police Forfeiture and Confiscation Fund from evidence seizures was \$7,154.

CITY OF BRUSH, COLORADO
Notes to Financial Statements

Note 16: NET POSITION CLASSIFICATIONS

At year end, the government wide statement of net position reports the following restricted net position:

<u>Restricted For</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Emergencies	\$ 182,000	\$ -	\$ 182,000
Bicentennial Celebration	3,462	-	3,462
Tricentennial Celebration	2,118	-	2,118
Park Improvements	98,101	-	98,101
Police Equipment	134	-	134
Police Improvements	7,154	-	7,154
Street Improvements	861,252	-	861,252
Fire Equipment	398,743	-	398,743
Debt Service	-	825,060	825,060
	<u>-</u>	<u>825,060</u>	<u>825,060</u>
Total	<u>\$ 1,552,964</u>	<u>\$ 825,060</u>	<u>\$ 2,378,024</u>

Note 17: OPERATING LEASES

In August 2019, the City entered into an operating lease agreement with the Brush Rural Fire Protection District to lease the vested rights to the city-owned fire department building. The leased building has a cost of \$1,596,541, accumulated depreciation of \$39,913, and carrying costs of \$1,556,628.

Future minimum rentals to be received under this lease as of December 31, 2019 are as follows:

<u>Year ended December 31,</u>	
2020	\$ 30,578
2021	30,578
2022	30,578
2023	30,578
2024	30,578
2025-2029	<u>152,890</u>
Total	<u>\$ 305,780</u>

Note 18: BUDGET VIOLATION

Expenses in the Golf Course Fund exceeded appropriations by \$28,928 which may be a violation of local government budget laws.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) – Police Statewide Defined Benefit Plan
- Schedule of City Contributions – Police Statewide Defined Benefit Plan
- Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) – Brush Combined Volunteer Fire Pension Plan
- Schedule of City Contributions – Brush Combined Volunteer Fire Pension Plan
- General Fund – Budgetary Comparison Schedule
- Fire Equipment Improvement Fund – Budgetary Comparison Schedule
- Notes to the Required Supplementary Information

CITY OF BRUSH, COLORADO
Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset) ¹
Police Statewide Defined Benefit Plan
December 31, 2019

	2019	2018	2017	2016
City's proportion of the net pension liability/(asset)	0.0687%	0.0879%	0.0980%	0.0979%
City's proportionate share of the net pension liability/(asset)	\$ 86,817	\$ (126,485)	\$ 35,394	\$ (1,725)
City's covered payroll	\$ 460,995	\$ 510,449	\$ 502,160	\$ 480,214
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	18.8%	-24.8%	7.0%	-0.4%
Plan fiduciary net position as a percentage of the total pension liability	95.2%	106.3%	98.2%	100.1%

* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

¹ Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

<u>2015</u>	<u>2014</u>
0.0831%	0.0949%
\$ (93,757)	\$ (84,870)
\$ 371,990	\$ 413,228
-25.2%	-20.5%
106.8%	105.8%

CITY OF BRUSH, COLORADO
Schedule of City Contributions ¹
Police Statewide Defined Benefit Plan
December 31, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 47,639	\$ 36,880	\$ 40,836	\$ 40,172
Contributions in relation to the contractually required contribution	<u>(47,639)</u>	<u>(36,880)</u>	<u>(40,836)</u>	<u>(40,172)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 595,492	\$ 460,995	\$ 510,449	\$ 502,160
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%

¹ Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 38,417	\$ 29,759	\$ 33,058
<u>(38,417)</u>	<u>(29,759)</u>	<u>(33,058)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 480,214	\$ 371,990	\$ 413,228
8.00%	8.00%	8.00%

CITY OF BRUSH, COLORADO
Schedule of the City's Proportionate Share of the Net Pension Liability ¹
Brush Combined Volunteer Fire Pension Plan
December 31, 2019

	2019	2018	2017	2016
City's proportion of the net pension liability	46%	44%	44%	44%
City's proportionate share of the net pension liability	\$ 309,642	\$ 227,374	\$ 250,493	\$ 229,944
City's covered payroll	N/A	N/A	N/A	N/A
City's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	53.70%	62.47%	58.47%	60.53%

* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

¹ Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

<u>2015</u>	<u>2014</u>
44%	44%
\$ 218,325	\$ 213,008
N/A	N/A
N/A	N/A
62.37%	62.47%

CITY OF BRUSH, COLORADO
Schedule of City Contributions ¹
Brush Combined Volunteer Fire Pension Plan
December 31, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 18,385	\$ 17,810	\$ 16,740	\$ 16,662
Contributions in relation to the contractually required contribution	<u>(18,385)</u>	<u>(17,810)</u>	<u>(16,740)</u>	<u>(16,662)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A

¹ Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 17,316	\$ 18,687	\$ 17,278
<u>(17,316)</u>	<u>(18,687)</u>	<u>(17,278)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
N/A	N/A	N/A
N/A	N/A	N/A

CITY OF BRUSH, COLORADO
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 2,527,070	\$ 2,527,070	\$ 3,146,019	\$ 618,949
Licenses and permits	131,900	131,900	139,331	7,431
Intergovernmental	404,100	404,100	501,891	97,791
Fines and forfeitures	30,200	30,200	41,058	10,858
Charges for services	199,700	199,700	246,594	46,894
Miscellaneous	825,280	825,280	862,525	37,245
Total revenues	4,118,250	4,118,250	4,937,418	819,168
Expenditures				
Current				
General government	1,254,285	1,254,285	1,023,956	230,329
Public safety	1,415,990	1,415,990	1,267,604	148,386
Public works	968,300	968,300	793,963	174,337
Culture and recreation	835,950	835,950	754,959	80,991
Capital outlay	347,625	347,625	212,681	134,944
Total expenditures	4,822,150	4,822,150	4,053,163	768,987
Excess of revenues over (under) expenditures	(703,900)	(703,900)	884,255	1,588,155
Other financing sources (uses)				
Transfers in	365,015	365,015	74,497	(290,518)
Transfers out	(389,075)	(489,075)	(270,000)	219,075
Total other financing sources (uses)	(24,060)	(124,060)	(195,503)	(71,443)
Net change in fund balance	\$ (727,960)	\$ (827,960)	688,752	\$ 1,516,712
Fund balance at beginning of year			2,676,256	
Fund balance at end of year			\$ 3,365,008	

CITY OF BRUSH, COLORADO
Notes to the Required Supplementary Information

Note 1: BUDGETARY DATA

Annual budgets are established for all funds of the City as required by its local code. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles except for the enterprise funds in which capital and principal retirement expenses are treated as operating expenses and depreciation expense is not budgeted.

An appropriated budget for the entity as a whole is prepared on a detailed basis. Revenues are budgeted by source. Expenditures are budgeted by department and the major divisions thereof and by each independent office and agency and by the principal objects of expenditure. The legal level of control is considered to be the entity as a whole and expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review and approval by City council. Within these control levels, management may transfer appropriations without City council approval. Revisions to the budget were made throughout the year.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before October 15th of each year, or in conformity with the general state law, the budget is submitted to the City council a budget which shall be a complete financial plan for the ensuing fiscal year.
- At the same time the budget is submitted, an appropriation ordinance making a levy in mills upon all taxable property within the City for the ensuing fiscal year.
- A public hearing on the budget shall be held by City council two weeks after its submission. Notice of the time and place of said hearing shall be published within three days after the submission of the budget.
- Prior to December 15th, or in conformity with the general state law, the City council shall adopt the budget and the tax levy ordinance.
- Any portion of any annual appropriation remaining unexpended and unencumbered at the close of the budget year shall be declared surplus and included in the budget for the ensuing year as those appropriations lapse at year-end.

CITY OF BRUSH, COLORADO
Notes to the Required Supplementary Information

Note 2: FACTORS AFFECTING TRENDS IN AMOUNTS REPORTED IN THE PENSION SCHEDULES – POLICE STATEWIDE DEFINED BENEFIT PLAN

Information about factors that significantly affect trends in the amounts reported in the pension schedules is available in FPPA's comprehensive annual financial report which can be obtained at www.fppaco.org/annual-reports.html.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- General Fund – Budgetary Comparison Schedules of Revenues and Expenditures
- Combining Statements and Budgetary Comparison Schedules – Nonmajor
- Governmental Funds
- Budgetary Comparison Schedules – Enterprise Funds

This page intentionally left blank.

Budgetary Comparison Schedules – General Fund

The General Fund accounts for all transactions of the City not required to be accounted for in other funds. This fund represents an accounting of the City's ordinary operations financed primarily from tax dollars and intergovernmental aid. It is the most significant fund in relation to the City's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

CITY OF BRUSH, COLORADO
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Taxes				
Property taxes	\$ 639,770	\$ 639,770	\$ 641,718	\$ 1,948
Specific ownership taxes	80,000	80,000	91,428	11,428
Sales taxes	1,575,000	1,575,000	2,013,437	438,437
Use taxes	8,000	8,000	122,304	114,304
Gas and electric franchise	180,000	180,000	234,813	54,813
Phone franchise	3,300	3,300	1,560	(1,740)
TV franchise	41,000	41,000	40,759	(241)
Total taxes	2,527,070	2,527,070	3,146,019	618,949
Licenses and permits				
Liquor	10,000	10,000	11,674	1,674
Amusement	500	500	360	(140)
Building and plumbing	115,500	115,500	118,318	2,818
Animal and miscellaneous	5,900	5,900	8,979	3,079
Total licenses and permits	131,900	131,900	139,331	7,431
Intergovernmental				
Highway users tax	160,000	160,000	182,852	22,852
Severance tax	20,000	20,000	97,208	77,208
Morgan County - road fund rebate	140,000	140,000	164,035	24,035
State Highway 34 maintenance	11,100	11,100	11,194	94
Grant income	13,000	13,000	40,735	27,735
School liaison	60,000	60,000	5,867	(54,133)
Total intergovernmental	404,100	404,100	501,891	97,791
Fines and forfeitures				
Court fines	30,200	30,200	41,058	10,858
Total fines and forfeitures	30,200	30,200	41,058	10,858

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Charges for services				
Zoning	500	500	3,418	2,918
Cemetery	32,000	32,000	28,561	(3,439)
Swimming pool	29,300	29,300	32,456	3,156
Other recreation activities	115,900	115,900	148,644	32,744
Park fees	22,000	22,000	33,515	11,515
Total charges for services	199,700	199,700	246,594	46,894
Miscellaneous				
Interest on investments	10,420	10,420	38,410	27,990
Farm income	2,220	2,220	2,220	-
Airport rent	500	500	11,891	11,391
Lease income	9,000	9,000	3,194	(5,806)
Administrative fees	753,140	753,140	673,465	(79,675)
Local grants and donations	35,000	35,000	55,353	20,353
Miscellaneous	15,000	15,000	77,992	62,992
Total miscellaneous	825,280	825,280	862,525	37,245
Total revenues	<u>\$ 4,118,250</u>	<u>\$ 4,118,250</u>	<u>\$ 4,937,418</u>	<u>\$ 819,168</u>

CITY OF BRUSH, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
General government				
Legislative				
Council salaries	\$ 21,600	\$ 21,600	\$ 21,600	\$ -
Employee benefits	1,735	1,735	1,747	(12)
Travel	7,000	7,000	3,558	3,442
Dues	300	300		300
Computer maintenance	1,200	1,200	800	400
Total legislative	31,835	31,835	27,705	4,130
City clerk				
Clerk's salary	61,900	61,900	50,649	11,251
Employee benefits	17,300	17,300	14,217	3,083
Supplies	800	800	80	720
Telephone	50	50	16	34
Dues	370	370	170	200
Travel	2,000	2,000	850	1,150
Advertising			35	(35)
Elections	6,000	6,000	1,518	4,482
Records management	7,400	7,400	6,141	1,259
Total city clerk	95,820	95,820	73,676	22,144
Executive				
Mayor's salaries	7,200	7,200	7,200	-
Employee benefits	630	630	566	64
Travel	1,500	1,500	1,530	(30)
Dues	200	200		200
Computer maintenance	200	200	200	-
Total executive	9,730	9,730	9,496	234
City administrator				
Salaries	101,250	101,250	101,251	(1)
Employee benefits	49,765	49,765	46,899	2,866
Telephone	2,000	2,000	1,736	264
Dues	3,100	3,100	1,266	1,834
Travel	3,700	3,700	2,963	737
Fuel and oil	250	250	187	63
Repairs and maintenance			27	(27)
Total city administrator	160,065	160,065	154,329	5,736

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Administration				
Salaries	216,050	216,050	208,986	7,064
Employee benefits	78,365	78,365	75,806	2,559
Supplies	16,000	16,000	12,228	3,772
Professional services	32,000	32,000	21,882	10,118
Pension contributions	18,375	18,375	18,385	(10)
Telephone	6,500	6,500	6,201	299
Utilities	10,000	10,000	6,660	3,340
Dues	4,000	4,000	3,519	481
Travel and training	10,000	10,000	4,460	5,540
Advertising	6,000	6,000	7,893	(1,893)
Insurance and bonds - general	53,495	53,495	71,165	(17,670)
Radio & computer maintenance	4,500	4,500	13,544	(9,044)
Contributions	30,500	30,500	31,036	(536)
Employee incentive program	19,000	19,000	23,940	(4,940)
Subdivision development	49,475	49,475		49,475
Fuel and oil	400	400	259	141
Repairs & maintenance - auto	100	100	213	(113)
Miscellaneous	5,000	5,000	12,726	(7,726)
Total administration	559,760	559,760	518,903	40,857
Community development				
Salaries	88,500	88,500	39,356	49,144
Employee benefits	20,980	20,980	8,843	12,137
Supplies	2,400	2,400	1,912	488
Professional services	110,000	110,000	44,866	65,134
Telephone	350	350	434	(84)
Dues	1,700	1,700	335	1,365
Travel and training	3,400	3,400	1,643	1,757
Building & radio maintenance	7,060	7,060	5,824	1,236
Safety reimbursement	250	250		250
Tree board	5,800	5,800	7,111	(1,311)
Community outreach	3,000	3,000	2,962	38
Historic preservation	1,000	1,000		1,000
Fuel and oil	450	450	310	140
Repairs & maintenance - auto	500	500	287	213
Community enhancement	57,600	57,600	27,067	30,533
Total community development	302,990	302,990	140,950	162,040

(continued)

CITY OF BRUSH, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2019

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Marketing				
Salaries	46,000	46,000	57,221	(11,221)
Employee benefits	26,140	26,140	27,103	(963)
Supplies	2,300	2,300	305	1,995
Telephone	250	250	108	142
Dues	775	775	435	340
Computer maintenance			75	(75)
Travel and training	3,500	3,500	2,456	1,044
Advertising	3,000	3,000	422	2,578
Economic development	11,195	11,195	10,129	1,066
Fuel and oil	600	600	643	(43)
Repairs & maintenance - auto	325	325		325
Total marketing	94,085	94,085	98,897	(4,812)
Total general government	1,254,285	1,254,285	1,023,956	230,329
Public safety				
Police				
Salaries - permanent	643,305	643,305	622,802	20,503
Salaries - clerical/code enforcer	95,735	95,735	88,111	7,624
Employee benefits	340,825	340,825	322,798	18,027
Supplies	36,600	36,600	32,412	4,188
Legal fees	18,000	18,000	12,824	5,176
Professional services	4,500	4,500	1,889	2,611
Telephone	14,000	14,000	9,555	4,445
Utilities	7,500	7,500	5,681	1,819
Dues	1,500	1,500	875	625
Travel and training	14,000	14,000	13,290	710
Advertising	1,500	1,500	833	667
Repairs & maintenance - general	34,000	34,000	18,329	15,671
Recruiting	1,800	1,800		1,800
Animal control	11,075	11,075	6,427	4,648
Investigations	14,000	14,000	9,840	4,160
School liaison	1,700	1,700	123	1,577
Policing and emergency services	7,000	7,000	2,655	4,345
K-9 program	3,000	3,000	596	2,404
Fuel and oil	24,000	24,000	25,254	(1,254)
Repairs & maintenance - auto	24,000	24,000	20,858	3,142
Total police	1,298,040	1,298,040	1,195,152	102,888

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
Fire Department				
Fringe benefits	10,650	10,650	10,215	435
Repairs, maintenance and supplies	33,650	33,650	33,125	525
Telephone	4,000	4,000	1,876	2,124
Utilities	8,500	8,500	5,246	3,254
Professional services	1,500	1,500	258	1,242
Dues	2,400	2,400	920	1,480
Travel and training	10,000	10,000	5,683	4,317
Advertising	7,000	7,000	509	6,491
Building maintenance	9,000	9,000	4,888	4,112
Fireworks	8,000	8,000	295	7,705
Radio & computer maintenance	9,000	9,000	4,160	4,840
Fuel and oil	5,000	5,000	1,221	3,779
Repairs & maintenance - auto	9,250	9,250	4,056	5,194
Total fire department	117,950	117,950	72,452	45,498
Total public safety	1,415,990	1,415,990	1,267,604	148,386
Public works				
Streets				
Salaries	251,300	251,300	227,408	23,892
Employee benefits	194,035	194,035	148,708	45,327
Supplies	28,150	28,150	14,432	13,718
Professional services	3,000	3,000	459	2,541
Medical	1,000	1,000	1,595	(595)
Telephone	1,100	1,100	994	106
Electrical - street lights	105,000	105,000	90,554	14,446
Dues	400	400	1,040	(640)
Travel and training	5,000	5,000	245	4,755
Advertising	200	200	403	(203)
Building maintenance	9,000	9,000	1,872	7,128
Radio & computer maintenance	800	800		800
Street repair	37,000	37,000	13,794	23,206
Forestry	4,000	4,000	1,292	2,708
Alley maintenance	1,000	1,000	245	755
Sidewalk maintenance	7,000	7,000	1,544	5,456
Pest and weed abatement	42,000	42,000	32,641	9,359
Snow removal	12,500	12,500	3,306	9,194

(continued)

CITY OF BRUSH, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2019

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Streets (continued)				
Christmas lights	3,000	3,000	152	2,848
Fuel and oil	25,000	25,000	24,685	315
Repairs & maintenance - auto	64,000	64,000	23,238	40,762
Total streets	794,485	794,485	588,607	205,878
Airport facilities				
Supplies	6,500	6,500	369	6,131
Electric	800	800	2,245	(1,445)
Building maintenance	3,000	3,000	51,805	(48,805)
Insurance	3,100	3,100	2,178	922
Improvements	12,000	12,000		12,000
Total airport facilities	25,400	25,400	56,597	(31,197)
Cemetery				
Salaries	75,125	75,125	79,727	(4,602)
Employee benefits	32,990	32,990	32,150	840
Supplies	23,500	23,500	22,767	733
Medical	600	600	922	(322)
Telephone	2,200	2,200	2,488	(288)
Utilities	3,200	3,200	2,552	648
Travel and training	200	200		200
Advertising	600	600	8	592
Building maintenance			(264)	264
Foundations and burial service	3,000	3,000	27	2,973
Fuel and oil	3,000	3,000	4,736	(1,736)
Repairs & maintenance - auto	4,000	4,000	3,646	354
Total cemetery	148,415	148,415	148,759	(344)
Total public works	968,300	968,300	793,963	174,337

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Culture and recreation				
Recreation department				
Salaries	295,665	295,665	244,616	51,049
Employee benefits	65,270	65,270	55,513	9,757
Supplies	3,050	3,050	1,553	1,497
Telephone	2,500	2,500	1,888	612
Utilities	2,800	2,800	2,488	312
Dues	250	250	225	25
Travel and training	2,000	2,000	1,951	49
Advertising	1,500	1,500	328	1,172
Building & field maintenance	27,250	27,250	26,496	754
Copy/computer maintenance	6,000	6,000	2,954	3,046
Adult programs	4,525	4,525	638	3,887
Youth summer programs	33,150	33,150	24,748	8,402
Youth winter programs	21,700	21,700	10,677	11,023
Swimming pool programs	35,750	35,750	32,844	2,906
Special events programs	61,000	61,000	78,252	(17,252)
Fuel and oil	1,000	1,000	205	795
Repairs & maintenance - auto	1,000	1,000	841	159
Total recreation department	564,410	564,410	486,217	78,193
Parks				
Salaries	133,875	133,875	129,059	4,816
Employee benefits	49,315	49,315	48,583	732
Supplies	42,800	42,800	48,454	(5,654)
Medical	800	800	1,089	(289)
Utilities and telephone	33,000	33,000	34,867	(1,867)
Dues	500	500		500
Travel and training	500	500	250	250
Advertising	750	750		750
Fuel and oil	4,000	4,000	4,374	(374)
Repairs & maintenance - auto	6,000	6,000	2,066	3,934
Total parks	271,540	271,540	268,742	2,798
Total culture and recreation	835,950	835,950	754,959	80,991
Capital outlay	347,625	347,625	212,681	134,944
Total expenditures	4,822,150	4,822,150	4,053,163	768,987

This page intentionally left blank.

**Combining Statements and Budgetary Comparison Schedules –
Nonmajor Governmental Funds**

The City reports the following nonmajor governmental funds:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Special Surplus and Deficiency Fund – This fund presently accounts for the emergency reserves required under the TABOR amendment.
- Conservation Trust Fund – This fund was established by the City to provide for an accounting of those funds received through the State of Colorado Lottery Fund Program. The State requires that these funds be expended in the areas of parks and recreation development.
- Police Forfeiture and Confiscation Fund – This fund is used to account for monies collected from the sale of evidence seized by the Police department (Note 7).
- Capital Improvement Fund – This fund accounts for capital outlay acquisitions of the governmental fund types.
- Fire Equipment Improvement Fund – This fund accounts for the acquisition of fire equipment and building improvements.
- Joslin-Needham Fund – This fund is established to provide for separate accountability of monies contributed to the City by the Joslin-Needham Family Foundation earmarked for particular projects.
- Cemetery Perpetual Care Fund – This fund is established to accumulate funds for the perpetual care and maintenance of the City's cemetery grounds. Current Council resolutions also allow capital purchases in this fund.

CITY OF BRUSH, COLORADO
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2019

	Special Revenue Funds			
	Special Surplus and Deficiency Fund	Conservation Trust Fund	Police Forfeiture and Confiscation Fund	Capital Improvement Fund
Assets				
Cash	\$ 4,447	\$ 106,085	\$ 7,288	\$ 53,456
Investments	125,000			736,354
Accrued interest receivable	2,132			6,392
Property tax receivable				
Accounts receivable				921
Sales tax receivable				64,129
Due from other funds				
Total assets	\$ 131,579	\$ 106,085	\$ 7,288	\$ 861,252
Liabilities				
Accounts payable				
Due to other funds		\$ 7,984		
Total liabilities	\$ -	7,984	\$ -	\$ -
Deferred inflows of resources				
Deferred property tax revenues				
Total deferred inflows of resources	-	-	-	-
Fund balance				
Restricted	131,579	98,101	7,288	861,252
Committed				
Total fund balance	131,579	98,101	7,288	861,252
Total liabilities, deferred inflows of resources and fund balance	\$ 131,579	\$ 106,085	\$ 7,288	\$ 861,252

Special Revenue Funds

Fire Equipment Improvement Fund	Joslin Needham Fund	Cemetery Perpetual Care Fund	Total
\$ 162,356	\$ 20,273	\$ 35,378	\$ 389,283
425,000			1,286,354
4,476			13,000
55,078			55,078
2		794	1,717
42,752			106,881
	7,984		7,984
<u>\$ 689,664</u>	<u>\$ 28,257</u>	<u>\$ 36,172</u>	<u>\$ 1,860,297</u>
\$ 235,843	\$ 10,970		\$ 246,813
			7,984
235,843	10,970	\$ -	254,797
55,078			55,078
55,078	-	-	55,078
398,743			1,496,963
	17,287	36,172	53,459
398,743	17,287	36,172	1,550,422
<u>\$ 689,664</u>	<u>\$ 28,257</u>	<u>\$ 36,172</u>	<u>\$ 1,860,297</u>

CITY OF BRUSH, COLORADO
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2019

	Special Revenue Funds			
	Special Surplus and Deficiency Fund	Conservation Trust Fund	Police Forfeiture and Confiscation Fund	Capital Improvement Fund
Revenues				
Taxes				\$ 431,668
Intergovernmental revenue		\$ 61,050		
Charges for services				
Miscellaneous	\$ 2,287	53	\$ 15	10,000
Total revenues	2,287	61,103	15	441,668
Expenditures				
Public safety			1,178	
Public works				260
Culture and recreation		8,744		
Capital outlay				135,711
Total expenditures	-	8,744	1,178	135,971
Excess of revenues over (under) expenditures	2,287	52,359	(1,163)	305,697
Other financing uses				
Transfers out				
Net change in fund balances	2,287	52,359	(1,163)	305,697
Fund balance at beginning of year	129,292	45,742	8,451	555,555
Fund balance at end of year	\$ 131,579	\$ 98,101	\$ 7,288	\$ 861,252

Special Revenue Funds

Fire Equipment Improvement Fund	Joslin Needham Fund	Cemetery Perpetual Care Fund	Total
\$ 328,321			\$ 759,989
			61,050
1		\$ 8,900	8,901
60,611	\$ 108,118	57	181,141
388,933	108,118	8,957	1,011,081
			2,553
1,375			260
	45,553		54,297
248,522	53,086		437,319
249,897	98,639	-	494,429
139,036	9,479	8,957	516,652
		(57)	(57)
139,036	9,479	8,900	516,595
259,707	7,808	27,272	1,033,827
\$ 398,743	\$ 17,287	\$ 36,172	\$ 1,550,422

CITY OF BRUSH, COLORADO
Special Surplus and Deficiency Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest on investments	\$ 700	\$ 700	\$ 2,287	\$ 1,587
Expenditures				-
Net change in fund balance	<u>\$ 700</u>	<u>\$ 700</u>	2,287	<u>\$ 1,587</u>
Fund balance at beginning of year			<u>129,292</u>	
Fund balance at end of year			<u>\$ 131,579</u>	

CITY OF BRUSH, COLORADO
Conservation Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
Revenues				
Colorado lottery funds	\$ 52,000	\$ 52,000	\$ 61,050	\$ 9,050
Interest on investments	10	10	53	43
Total revenues	52,010	52,010	61,103	9,093
Expenditures				
Culture and recreation				
Noncapital outlay			8,744	(8,744)
Capital outlay - pool improvements	18,750	18,750		18,750
Total expenditures	18,750	18,750	8,744	10,006
Net change in fund balance	\$ 33,260	\$ 33,260	52,359	\$ 19,099
Fund balance at beginning of year			45,742	
Fund balance at end of year			\$ 98,101	

CITY OF BRUSH, COLORADO
Police Forfeiture Confiscation Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Evidence seizures	\$ 1,000	\$ 1,000		\$ (1,000)
Forfeitures	200	200	\$ 9	(191)
Interest on investments			6	6
Total revenues	1,200	1,200	15	(1,185)
Expenditures				
Public safety				
Evidence seizures	200	200		200
Drug forfeiture	1,000	1,000	1,178	(178)
Total expenditures	1,200	1,200	1,178	22
Net change in fund balance	\$ -	\$ -	(1,163)	\$ (1,163)
Fund balance at beginning of year			8,451	
Fund balance at end of year			\$ 7,288	

CITY OF BRUSH, COLORADO
Capital Improvement Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales tax	\$ 310,000	\$ 310,000	\$ 426,125	\$ 116,125
Cigarette tax	4,800	4,800	5,543	743
Interest on investments	5,005	5,005	10,000	4,995
Total revenues	319,805	319,805	441,668	121,863
Expenditures				
Public works				
Street and drainage	230,000	230,000	135,971	94,029
Total expenditures	230,000	230,000	135,971	94,029
Net change in fund balance	\$ 89,805	\$ 89,805	305,697	\$ 215,892
Fund balance at beginning of year			555,555	
Fund balance at end of year			\$ 861,252	

CITY OF BRUSH, COLORADO
Fire Equipment Improvement Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
Revenues				
Property tax	\$ 43,745	\$ 43,745	\$ 43,773	\$ 28
Sales tax	205,000	205,000	284,548	79,548
Equipment and building rental			1	1
Joint venture	57,680	57,680	50,000	(7,680)
Lease purchase	39,040	39,040		(39,040)
Miscellaneous			6,051	6,051
Interest on investments	3,000	3,000	4,560	1,560
Total revenues	348,465	348,465	388,933	40,468
Expenditures				
Capital outlay				
Building			12,679	(12,679)
Equipment	278,735	278,735	235,843	42,892
Building lease			1,375	(1,375)
Lease purchase	39,040	39,040		39,040
Total expenditures	317,775	317,775	249,897	67,878
Net change in fund balance	\$ 30,690	\$ 30,690	139,036	\$ 108,346
Fund balance at beginning of year			259,707	
Fund balance at end of year			\$ 398,743	

CITY OF BRUSH, COLORADO
Joslin Needham Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Contributions		\$ 108,000	\$ 108,000	\$ -
Interest on investments	\$ 200	200	118	(82)
Total revenues	200	108,200	108,118	(82)
Expenditures				
Culture and recreation				
Noncapital outlay		25,000	45,553	(20,553)
Capital outlay		83,000	53,086	29,914
Total expenditures	-	108,000	98,639	9,361
Net change in fund balance	\$ 200	\$ 200	9,479	\$ 9,279
Fund balance at beginning of year			7,808	
Fund balance at end of year			\$ 17,287	

CITY OF BRUSH, COLORADO
Cemetery Perpetual Care Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Perpetual care sales	\$ 10,000	\$ 10,000	\$ 8,900	\$ (1,100)
Contributions	1,000	1,000		(1,000)
Interest on investments	1,500	1,500	57	(1,443)
Total revenues	12,500	12,500	8,957	(3,543)
Expenditures				
Public works				
Memorial	1,000	1,000		1,000
Total expenditures	1,000	1,000	-	1,000
Excess of revenues over (under) expenditures	11,500	11,500	8,957	(2,543)
Other financing uses				
Transfers out	(1,500)	(1,500)	(57)	1,443
Net change in fund balance	\$ 10,000	\$ 10,000	8,900	\$ (1,100)
Fund balance at beginning of year			27,272	
Fund balance at end of year			\$ 36,172	

Budgetary Comparison Schedules – Enterprise Funds

The City reports the following major proprietary funds:

Enterprise Funds – These funds are used to account for operations that provide services that are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

- Water Fund – This fund was established to account for the operation of a City-owned and operated public water system.
- Waste Water Fund – This fund was established to account for the operation of a City-owned and operated public sewer system.
- Trash and Garbage Fund – This fund was established to provide for separate accountability of fees derived from the City-operated public trash system.
- Storm Water Fund – This fund was established to provide for separate accountability of fees derived for the use of street and storm sewer cleaning.
- Golf Course Fund – This fund was established to account for the operations of a City-owned and operated public golf course.

CITY OF BRUSH, COLORADO
Water Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Operating revenues				
Water services	\$ 1,201,500	\$ 1,201,500	\$ 1,431,068	\$ 229,568
Delinquent fees	30,000	30,000	30,742	742
Miscellaneous	1,000	1,000	11,360	10,360
Total operating revenues	1,232,500	1,232,500	1,473,170	240,670
Operating expenses				
Salaries	245,700	245,700	217,993	27,707
Employee benefits	99,390	99,390	94,328	5,062
Supplies	30,250	30,250	18,295	11,955
Professional services	328,645	328,645	285,337	43,308
Telephone	1,500	1,500	840	660
Lab fees	20,000	20,000	5,370	14,630
Medical	350	350	200	150
Utilities	60,000	60,000	54,649	5,351
Association dues	600	600	614	(14)
Travel and training	3,000	3,000	379	2,621
Computer and radio maintenance	11,000	11,000	9,149	1,851
Advertising	1,300	1,300	1,363	(63)
Building maintenance	5,000	5,000	612	4,388
Licenses and permits	40,000	40,000	35,491	4,509
Insurance - general	20,415	20,415	19,909	506
Well electricity	40,000	40,000	17,878	22,122
Water system maintenance and materials	65,000	65,000	82,098	(17,098)
Line maintenance	20,000	20,000		20,000
Fuel and oil	12,000	12,000	7,228	4,772
Repairs & maintenance - vehicle	5,000	5,000	9,959	(4,959)
Noncapital outlay			1,490	(1,490)
Capital outlay	986,000	986,000	300,457	685,543
Total operating expenses	1,995,150	1,995,150	1,163,639	831,511
Operating income (loss)	(762,650)	(762,650)	309,531	1,072,181

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Nonoperating revenues (expenses)				
Interest on investments	10,000	10,000	37,947	27,947
Plant investment fee	257,240	257,240	263,925	6,685
Water surcharge			61,270	61,270
Farm income	28,000	28,000	29,031	1,031
Rental income	6,800	6,800	7,500	700
DOW lease	3,000	3,000	5,040	2,040
Water rights			3,622	3,622
Easement	6,000	6,000	4,259	(1,741)
Convenience fee	2,000	2,000	3,403	1,403
Gain on sale of assets			5,987	5,987
Water conservation	(40,000)	(40,000)		40,000
Bond payment	(79,175)	(79,175)		79,175
Total nonoperating revenues (expenses)	193,865	193,865	421,984	228,119
Net income (loss) before transfers and capital contributions	(568,785)	(568,785)	731,515	1,300,300
Transfers out	(22,470)	(222,470)	(222,470)	-
Capital contributions - tap fees	1,000	1,000	14,000	13,000
Change in net position	\$ (590,255)	\$ (790,255)	523,045	\$ 1,313,300
Adjustments to GAAP Basis				
Add capital purchases			300,457	
Deduct depreciation			(190,277)	
Change in net position - GAAP Basis			633,225	
Net position at beginning of year			8,060,438	
Net position at end of year			\$ 8,693,663	

CITY OF BRUSH, COLORADO
Trash and Garbage Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
Operating revenues				
Trash services	\$ 520,000	\$ 520,000	\$ 540,368	\$ 20,368
Sale of cans	5,000	5,000	8,920	3,920
Miscellaneous	14,000	14,000	23,626	9,626
Total operating revenues	539,000	539,000	572,914	33,914
Operating expenses				
Salaries	142,010	142,010	148,778	(6,768)
Employee benefits	86,650	86,650	85,909	741
Supplies	11,800	11,800	7,506	4,294
Professional services	96,710	96,710	96,610	100
Medical	800	800	280	520
Telephone	150	150	138	12
Utilities	6,000	6,000	3,087	2,913
Travel and training	600	600		600
Computer and radio maintenance	4,200	4,200	2,961	1,239
Building maintenance	2,000	2,000	2,998	(998)
Advertising	1,000	1,000	56	944
Insurance - general	1,260	1,260	1,269	(9)
Purchase of trash containers	30,000	30,000	20,104	9,896
Landfill contract	110,000	110,000	103,458	6,542
Fuel and oil	25,000	25,000	16,682	8,318
Repairs & maintenance - vehicle	12,000	12,000	19,336	(7,336)
Capital outlay	225,000	225,000		225,000
Total operating expenses	755,180	755,180	509,172	246,008
Operating income (loss)	(216,180)	(216,180)	63,742	279,922
Nonoperating revenues				
Capital lease proceeds	125,000	125,000		(125,000)
Interest on investments	1,500	1,500	2,499	999
Total nonoperating revenues	126,500	126,500	2,499	(124,001)
Net income (loss) before transfers	(89,680)	(89,680)	66,241	155,921

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Transfers out	(10,605)	(10,605)	(10,605)	-
Change in net position	<u>\$ (100,285)</u>	<u>\$ (100,285)</u>	55,636	<u>\$ 155,921</u>
Adjustments to GAAP Basis				
Deduct depreciation			(29,440)	
Change in net position - GAAP Basis			26,196	
Net position at beginning of year			456,452	
Net position at end of year			<u>\$ 482,648</u>	

CITY OF BRUSH, COLORADO
Waste Water Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
Operating revenues				
Sewer fees	\$ 1,625,000	\$ 1,625,000	\$ 1,685,205	\$ 60,205
Miscellaneous	1,000	1,000	9,023	8,023
Administrative fees	75	75		(75)
Total operating revenues	1,626,075	1,626,075	1,694,228	68,153
Operating expenses				
Salaries	160,660	160,660	102,490	58,170
Employee benefits	86,650	86,650	41,222	45,428
Supplies	35,000	35,000	18,794	16,206
Professional services	517,730	517,730	400,065	117,665
Medical	1,000	1,000	1,185	(185)
Telephone	3,000	3,000	2,895	105
Utilities	128,000	128,000	91,307	36,693
Association dues	1,500	1,500	669	831
Travel and training	7,000	7,000	547	6,453
Computer and radio maintenance	7,250	7,250	6,722	528
Advertising	500	500	859	(359)
Building maintenance	900	900	47	853
Insurance - general	42,525	42,525	42,209	316
Permits	20,890	20,890	21,892	(1,002)
Repairs and maintenance	65,000	65,000	41,157	23,843
Sanitary sewer cleaning	75,000	75,000	84,415	(9,415)
Manholes	20,000	20,000	824	19,176
Sewer lines	20,000	20,000	4,696	15,304
Line televising	45,000	45,000	45,000	-
Fuel and oil	9,000	9,000	4,497	4,503
Repairs & maintenance - vehicle	5,000	5,000	2,244	2,756
Noncapital outlay			8,814	(8,814)
Capital outlay	217,500	217,500	148,879	68,621
Total operating expenses	1,469,105	1,469,105	1,071,429	397,676
Operating income	156,970	156,970	622,799	465,829

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
Nonoperating revenues (expenses)				
Interest on investments	8,000	8,000	21,194	13,194
Surcharge fees	25,000	25,000	45,740	20,740
Rental income	4,800	4,800	5,850	1,050
Farm income	18,000	18,000	22,132	4,132
DOW lease	3,360	3,360	3,360	-
Plant investment fees	294,000	294,000	294,000	-
Gain on sale of assets			13,970	13,970
Farm expense	(7,000)	(7,000)	(1,897)	5,103
Principal paid on notes	(445,000)	(445,000)	(445,000)	-
Interest and fiscal charges	(180,705)	(180,705)	(180,703)	2
Total nonoperating revenues (expenses)	(279,545)	(279,545)	(221,354)	58,191
Net income (loss) before transfers and capital contributions	(122,575)	(122,575)	401,445	524,020
Transfers out	(37,690)	(37,690)	(37,690)	-
Capital contributions - tap fees	6,000	6,000	14,700	8,700
Change in net position	\$ (154,265)	\$ (154,265)	378,455	\$ 532,720
Adjustments to GAAP Basis				
Add capital purchases			148,879	
Add principal paid on notes			445,000	
Add amortized premium			19,105	
Add change in accrued interest			4,358	
Deduct depreciation			(321,777)	
Change in net position - GAAP Basis			674,020	
Net position at beginning of year			7,200,189	
Net position at end of year			\$ 7,874,209	

CITY OF BRUSH, COLORADO
Storm Water Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Service fees	\$ 310,000	\$ 310,000	\$ 311,081	\$ 1,081
Storm water assessment	3,160	3,160	2,896	(264)
Miscellaneous	100	100	587	487
Total operating revenues	313,260	313,260	314,564	1,304
Operating expenses				
Salaries	38,455	38,455	38,347	108
Employee benefits	17,640	17,640	17,146	494
Supplies	3,400	3,400	2,219	1,181
Professional services	37,280	37,280	34,098	3,182
Medical	100	100		100
Telephone	200	200	117	83
Travel and training	500	500		500
Computer and radio maintenance	3,000	3,000	2,787	213
Advertising	200	200		200
Insurance - general	8,985	8,985	8,105	880
Sewer cleaning	30,000	30,000	30,000	-
Line maintenance	5,000	5,000		5,000
Pond maintenance	5,000	5,000		5,000
Assessment maintenance	5,000	5,000	203	4,797
Curb and gutter maintenance	10,000	10,000	1,039	8,961
Fuel and oil	9,000	9,000	7,087	1,913
Repairs & maintenance - vehicle	10,000	10,000	3,904	6,096
Capital outlay	260,000	260,000		260,000
Total operating expenses	443,760	443,760	145,052	298,708
Operating income (loss)	(130,500)	(130,500)	169,512	300,012
Nonoperating revenues				
Interest on investments	2,500	2,500	7,320	4,820
Total nonoperating revenues	2,500	2,500	7,320	4,820
Net income (loss) before transfers	(128,000)	(128,000)	176,832	304,832

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Transfers out	(3,675)	(3,675)	(3,675)	-
Change in net position	<u>\$ (131,675)</u>	<u>\$ (131,675)</u>	173,157	<u>\$ 304,832</u>
Adjustments to GAAP Basis				
Deduct depreciation			(139,061)	
Change in net position - GAAP Basis			34,096	
Net position at beginning of year			2,993,593	
Net position at end of year			<u>\$ 3,027,689</u>	

CITY OF BRUSH, COLORADO
Golf Course Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
Operating revenues				
Membership dues	\$ 60,000	\$ 60,000	\$ 57,237	\$ (2,763)
Cart rental fees	18,000	18,000	20,917	2,917
Cart storage	5,100	5,100	4,240	(860)
Trail and license	6,000	6,000	5,835	(165)
Golf course fees	40,000	40,000	35,068	(4,932)
Restaurant income	140,000	140,000	106,314	(33,686)
Bar income	110,000	110,000	89,047	(20,953)
Miscellaneous	500	500	5,600	5,100
Total operating revenues	379,600	379,600	324,258	(55,342)
Operating expenses				
Salaries	213,600	213,600	177,615	35,985
Employee benefits	38,410	38,410	36,636	1,774
Supplies	5,400	5,400	386	5,014
Ground maintenance	47,000	47,000	51,251	(4,251)
Professional services	11,500	11,500	16,509	(5,009)
Medical	2,000	2,000	475	1,525
Utilities	34,100	34,100	32,384	1,716
Building maintenance	2,000	2,000	2,964	(964)
Travel and training	1,000	1,000	474	526
Computer maintenance	1,500	1,500	2,108	(608)
Advertising	4,500	4,500	2,954	1,546
Insurance - general	1,400	1,400	1,373	27
Licenses and permits	2,000	2,000	1,750	250
Cart repairs and rental	1,000	1,000	2,597	(1,597)
Restaurant	80,000	80,000	80,861	(861)
Bar	45,000	45,000	34,440	10,560
Fuel and oil	4,500	4,500	2,331	2,169
Repairs & maintenance - vehicle	7,000	7,000	1,682	5,318
Miscellaneous	2,000	2,000	1,780	220
Noncapital outlay			6,600	(6,600)
Capital outlay		885,000	953,966	(68,966)
Total operating expenses	503,910	1,388,910	1,411,136	(22,226)
Operating income (loss)	(124,310)	(1,009,310)	(1,086,878)	(77,568)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Nonoperating revenues (expenses)				
Tournament income	12,500	12,500	6,567	(5,933)
Golf lessons	500	500	800	300
Building and club rental	3,250	3,250	5,370	2,120
Merchandise sales	12,000	12,000	9,238	(2,762)
Handicap income	3,500	3,500	3,780	280
League fees	8,000	8,000	4,336	(3,664)
Interest on investments	50	50	7	(43)
Capital lease proceeds		585,000	585,000	-
Merchandise	(16,000)	(16,000)	(12,823)	3,177
Handicap dues	(4,500)	(4,500)	(3,500)	1,000
Interest and fiscal charges			(10,879)	(10,879)
Total nonoperating revenues (expenses)	19,300	604,300	587,896	(16,404)
Net loss before transfers and capital contributions	(105,010)	(405,010)	(498,982)	(93,972)
Transfers in	100,000	400,000	470,000	70,000
Capital contributions			48,000	48,000
Change in net position	\$ (5,010)	\$ (5,010)	19,018	\$ (23,972)
Adjustments to GAAP Basis				
Add capital outlay			953,966	
Deduct capital lease proceeds			(585,000)	
Deduct depreciation			(62,044)	
Change in net position - GAAP Basis			325,940	
Net position at beginning of year			806,122	
Net position at end of year			\$ 1,132,062	

This page intentionally left blank.

**Colorado Department of Highways
Local Highway Finance Report**

This calendar-year report of receipts and expenditures is required by the Colorado Department of Highways to maintain statewide accountability for moneys used for highway and street purposes. To ensure data accuracy, House Bill 1008 mandates that this report be included in the City's financial statements.

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

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Brush
	YEAR ENDING : December 31, 2019

This Information From The Records Of City of Brush:	Prepared By: Joanne Gosselink Phone: 970-842-5001
---	--

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	135,971
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	436,179
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	87,738
2. General fund appropriations	278,005	b. Snow and ice removal	2,586
3. Other local imposts (from page 2)	585,637	c. Other	0
4. Miscellaneous local receipts (from page 2)	26,796	d. Total (a. through c.)	90,324
5. Transfers from toll facilities		4. General administration & miscellaneous	15,733
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	393,790
a. Bonds - Original Issues		6. Total (1 through 5)	1,071,997
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	890,438	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	181,559	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,071,997	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,071,997

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

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	1,071,997	1,071,997	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
12/19

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	89,623	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	26,796
1. Sales Taxes	404,843	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	91,171	g. Other Misc. Receipts	
6. Total (1. through 5.)	496,014	h. Other	
c. Total (a. + b.)	585,637	i. Total (a. through h.)	26,796
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	181,559	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	0	d. Federal Transit Admin	
d. Other (Specify) - FASTER bill		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	181,559	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements			0
(3). System Preservation		135,971	135,971
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	135,971	135,971
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	135,971	135,971
			(Carry forward to page 1)

Notes and Comments: