

**BRUSH CREEK METROPOLITAN DISTRICT**

FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT

FOR THE YEAR END DECEMBER 31, 2025

**BASALT WATER CONSERVATION DISTRICT**  
**AUDITED FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2025

**Table of Contents**

|                                                                                                                                                      | <b><u>Page(s)</u></b> |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Independent Auditor's Report                                                                                                                         | A1 - A2               |
| Management's Discussion and Analysis                                                                                                                 | B1 - B8               |
| Basic Financial Statements:                                                                                                                          |                       |
| Government-Wide Financial Statements:                                                                                                                |                       |
| Statement of Net Position                                                                                                                            | C1                    |
| Statement of Activities                                                                                                                              | C2                    |
| Fund Financial Statements:                                                                                                                           |                       |
| Balance Sheet - Governmental Fund                                                                                                                    | C3                    |
| Reconciliation of the Balance Sheet of the Governmental Fund<br>to the Statement of Net Position                                                     | C4                    |
| Statement of Revenues, Expenditures, and<br>Changes in Fund Balance - Governmental Fund                                                              | C5                    |
| Reconciliation of the Statement of Revenues, Expenditures, and<br>Changes in Fund Balance of the Governmental Fund to the<br>Statement of Activities | C6                    |
| Statement of Net Position - Proprietary Fund                                                                                                         | C7                    |
| Statement of Revenues, Expenditures, and Changes in<br>Net Position - Proprietary Fund                                                               | C8                    |
| Statement of Cash Flows – Proprietary Fund                                                                                                           | C9                    |
| Notes to Financial Statements                                                                                                                        | D1 - D11              |
| Required Supplementary Information:                                                                                                                  |                       |
| Statement of Revenues, Expenditures, and Changes in Fund Balance<br>Budget & Actual - Governmental Fund                                              | E1                    |
| Additional Supplemental Information                                                                                                                  |                       |
| Budget and Actual Comparison<br>Budgetary Basis (Non-GAAP) With Reconciliation to GAAP Basis -<br>Proprietary Fund                                   | E2                    |

## MANAGEMENT DISCUSSION AND ANALYSIS

**BRUSH CREEK METROPOLITAN DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended December 31, 2025

The Brush Creek Metropolitan District (the "District") was formed for the purpose of providing certain public infrastructure and municipal services for the benefit of the residents and property owners within the District. The District is located within Pitkin County, Colorado. The District primarily serves the Brush Creek Village and Pioneer Springs portions of the Brush Creek planning area and the District maintains the water system for residents of Brush Creek Village and Pioneer Springs. It also provides road maintenance and snow removal on Juniper Hill Road, Medicine Bow Road and several smaller spur roads in the area. In addition, it provides trash removal services for residents of Brush Creek Village.

The management's discussion and analysis of the Brush Creek Metropolitan District's financial performance provide an overview of the District's financial activities for the current fiscal year. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year are as follows:

- The District's *overall* net position increased \$523,450 or 11% from the previous fiscal year.
- The District's *overall* General Revenues accounted for \$647,975 or 60% of all revenues. These general revenues include taxes, grants and entitlements not restricted to specific programs, interest earnings and non-program revenues. Program specific revenues, in the form of charges for services, accounted for \$435,406 or 40% of the District's total revenues of \$1,083,381.
- *Overall* the District had \$559,931 in expenses, of which \$435,406 or 78% were offset by program specific charges for water and trash services. General revenues were sufficient to provide for the remaining expenses.

**USING THE BASIC FINANCIAL STATEMENTS**

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District government, reporting the District's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Additional supplemental information has also been included to enhance the reader's understanding of the financial statements.

**BRUSH CREEK METROPOLITAN DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended December 31, 2025

**GOVERNMENT-WIDE STATEMENTS**

While this report contains all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the current fiscal year?" The statement of net position and statement of activities answer this question using the accrual basis of accounting, similar to the accounting system used by most private sector companies, which takes into account all of the current year's revenues and expenses regardless of when received or paid.

The focus of the government-wide financial statements is on the overall financial position and activities of the District; therefore, the statement of net position and the statement of activities are constructed around the concept of an overall primary reporting government, which includes all funds of the District. The statement of net position and the statement of activities report the District's *net position* and changes thereof. The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

The District's net position – the difference between assets plus deferred outflows, and liabilities plus deferred inflows – is one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. Other non-financial factors, however, such as changes in the District's property tax base and the condition of the infrastructure, are needed to assess the *overall health* of the District.

In the Statement of Net Position and the Statement of Activities, the District is divided into two kinds of activities:

***Governmental Activities*** –The activity of the District's road fund is reported as Governmental Activities, including interest and principal paid on outstanding bonds. Property taxes, specific ownership taxes, highway user taxes and interest income finance most of these activities.

***Business-Type Activities*** –The District's water and trash services are reported in Business-Type Activities, including interest and principal paid on outstanding bonds. The District charges fees to customers to cover the cost of the services it provides.

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant funds – not the District as a whole. The District's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

***Governmental Fund*** – The General (Road) Fund's activity is reported as a governmental fund, which focuses on how money flows into and out of this fund and the balances left at year-end available for spending. This fund is reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statement provides a detailed *short-term view* of the general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* and governmental *funds* in reconciliations following the fund financial statements.

**BRUSH CREEK METROPOLITAN DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended December 31, 2025

**FUND FINANCIAL STATEMENTS - CONTINUED**

**Proprietary Fund** – When the Enterprise (Water and Trash) Fund charges users for the water and trash services it provides, these services are reported in the proprietary fund. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statements of Activities. In fact, the District's enterprise fund is the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Further discussion of the fund financial statements begins in the Section entitled "The District's Funds."

**THE DISTRICT AS A WHOLE**

**STATEMENT OF NET POSITION**

The perspective of the Statement of Net Position is of the District as a whole. Both the governmental activities and the business-type activities are presented along with a total of the two, which represents the total primary government. Following is a summary of the District's net position for the current and prior fiscal year:

|                                              | Governmental<br>Activities |              | Business-Type<br>Activities |              | Total Primary<br>Government |              |
|----------------------------------------------|----------------------------|--------------|-----------------------------|--------------|-----------------------------|--------------|
|                                              | 2025                       | 2024         | 2025                        | 2024         | 2025                        | 2024         |
| <b>Assets:</b>                               |                            |              |                             |              |                             |              |
| Current Assets                               | \$ 3,473,949               | \$ 3,047,598 | \$ 959,015                  | \$ 706,211   | \$ 4,432,964                | \$ 3,753,809 |
| Capital Assets, Net                          | 487,680                    | 536,343      | 1,080,546                   | 1,162,896    | 1,568,226                   | 1,699,239    |
| Total Assets                                 | 3,961,629                  | 3,583,941    | 2,039,561                   | 1,869,107    | 6,001,190                   | 5,453,048    |
| <b>Liabilities:</b>                          |                            |              |                             |              |                             |              |
| Current Liabilities                          | 16,766                     | 10,793       | 17,809                      | 17,520       | 34,575                      | 28,313       |
| Total Liabilities                            | 16,766                     | 10,793       | 17,809                      | 17,520       | 34,575                      | 28,313       |
| <b>Deferred Inflows of Resources:</b>        |                            |              |                             |              |                             |              |
| Unavailable Revenue -<br>from Property Taxes | 493,509                    | 475,079      | -                           | -            | 493,509                     | 475,079      |
| Total Deferred Inflows                       | 493,509                    | 475,079      | -                           | -            | 493,509                     | 475,079      |
| <b>Net Position:</b>                         |                            |              |                             |              |                             |              |
| Net Investment in                            |                            |              |                             |              |                             |              |
| Capital Assets                               | 483,680                    | 532,343      | 1,080,546                   | 1,162,896    | 1,564,226                   | 1,695,239    |
| Restricted for Emergencies                   | 6,850                      | 7,050        | -                           | -            | 6,850                       | 7,050        |
| Unrestricted                                 | 2,960,824                  | 2,558,676    | 941,206                     | 688,691      | 3,902,030                   | 3,247,367    |
| Total Net Position                           | \$ 3,451,354               | \$ 3,098,069 | \$ 2,021,752                | \$ 1,851,587 | \$ 5,473,106                | \$ 4,949,656 |

*Total assets* increased primarily from increases in cash and investments.

As indicated earlier, net position may serve over time as a useful indicator of the District's financial health. The *net position* of the District's governmental activities increased \$353,285 and *net position* of business-type activities increased \$170,165 for an overall net position increase of \$523,450.

**BRUSH CREEK METROPOLITAN DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended December 31, 2025

**THE DISTRICT AS A WHOLE - CONTINUED**

***STATEMENT OF ACTIVITIES***

The perspective of the Statement of Activities is of the District as a whole. The Statement of Activities reflects general property taxes and service revenues and the cost of providing services to the District. The following summary reflects the overall change in net position for the current and prior fiscal year:

|                                             | Governmental<br>Activities |            | Business-Type<br>Activities |            | Total Primary<br>Government |            |
|---------------------------------------------|----------------------------|------------|-----------------------------|------------|-----------------------------|------------|
|                                             | 2025                       | 2024       | 2025                        | 2024       | 2025                        | 2024       |
| <u>Revenues:</u>                            |                            |            |                             |            |                             |            |
| Program Revenues:                           |                            |            |                             |            |                             |            |
| Charges for Services/Sales                  | \$ -                       | \$ -       | \$ 435,406                  | \$ 421,535 | \$ 435,406                  | \$ 421,535 |
| General Revenues:                           |                            |            |                             |            |                             |            |
| Taxes                                       | 516,025                    | 506,685    | -                           | -          | 516,025                     | 506,685    |
| Tap Fees                                    | -                          | -          | -                           | 25,000     | -                           | -          |
| Grants                                      | -                          | -          | -                           | 3,105      | -                           | 3,105      |
| Interest Income/Other                       | 111,478                    | 122,119    | 20,472                      | 12,571     | 131,950                     | 134,690    |
| Total Revenues                              | 627,503                    | 628,804    | 455,878                     | 462,211    | 1,083,381                   | 1,066,015  |
| <u>Expenses:</u>                            |                            |            |                             |            |                             |            |
| Program Expenses:                           |                            |            |                             |            |                             |            |
| Services, Operations, Maintenance           | 167,049                    | 197,429    | 287,040                     | 282,499    | 454,089                     | 479,928    |
| General & Administrative                    | 61,169                     | 68,129     | 44,673                      | 52,802     | 105,842                     | 120,931    |
| Total Expenses                              | 228,218                    | 265,558    | 331,713                     | 335,301    | 559,931                     | 600,859    |
| Net Increase (Decrease)<br>Before Transfers | 399,285                    | 363,246    | 124,165                     | 126,910    | 523,450                     | 465,156    |
| Transfers                                   | (46,000)                   | (40,000)   | 46,000                      | 40,000     | -                           | -          |
| Net Increase (Decrease)<br>in Net Position  | \$ 353,285                 | \$ 323,246 | \$ 170,165                  | \$ 166,910 | \$ 523,450                  | \$ 465,156 |

Overall *revenues* increased primarily due to increases in property tax collection and water service revenues. The increase in property tax collection is attributable to an increase in the general operating mil levy rate as the assessed valuation of properties within the District saw a decline.

Overall *expenses* decreased as compared to the prior year primarily due to decreased expenditures for snow removal, accounting services, consulting services, and water repairs and maintenance.

**BRUSH CREEK METROPOLITAN DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended December 31, 2025

**THE DISTRICT AS A WHOLE - CONTINUED**

***GOVERNMENTAL ACTIVITIES***

The operation of the road fund is the governmental activity of the District. As indicated in the following table, the dependence on taxes and other general revenues for these governmental activities is apparent, whereas 100% of the District's governmental activities are funded by taxes and other general revenues. The community as a whole is the primary support for the District's governmental (road) activities.

|                                        | Total Cost of Service |                   | Net Cost of Service |                   |
|----------------------------------------|-----------------------|-------------------|---------------------|-------------------|
|                                        | 2025                  | 2024              | 2025                | 2024              |
| Operations, Maintenance & Depreciation | \$ 167,049            | \$ 197,429        | \$ 167,049          | \$ 197,429        |
| Salaries and Management Services       | 61,169                | 68,129            | 61,169              | 68,129            |
| Total/Net Cost of Service              | <u>\$ 228,218</u>     | <u>\$ 265,558</u> | <u>\$ 228,218</u>   | <u>\$ 265,558</u> |

The dependence on taxes and other general revenues is apparent whereas 100% of governmental (road) activities are funded from general revenue sources.

***BUSINESS-TYPE ACTIVITIES***

The enterprise (water and trash) fund is the business-type activity of the District. Service fees are charged for water and trash services provided to the District. As with the governmental activity, the following table summarizes information from the Statement of Activities for the business-type activities, reflecting the total cost of program services and the remaining net cost of program services:

|                                        | Total Cost of Service |                   | Net Cost of Service |             |
|----------------------------------------|-----------------------|-------------------|---------------------|-------------|
|                                        | 2025                  | 2024              | 2025                | 2024        |
| Operations, Maintenance & Depreciation | \$ 287,040            | \$ 282,499        | \$ -                | \$ -        |
| Salaries and Management Services       | 44,673                | 52,802            | -                   | -           |
| Total/Net Cost of Services             | <u>\$ 331,713</u>     | <u>\$ 335,301</u> | <u>\$ -</u>         | <u>\$ -</u> |

As indicated above, the District's business-type activities had direct program revenues of \$435,406 in fiscal year 2025 and \$446,535 thousand in fiscal year 2024 to offset the cost of services provided to the District. The results of operations of the business-type activity for 2025 indicates the Water Fund generated sufficient revenues to be self-sustaining without drawing from Net Asset reserves.

**BRUSH CREEK METROPOLITAN DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended December 31, 2025

**THE DISTRICT'S FUNDS**

***GENERAL FUND***

The fund level financial statements focus on how services were financed in the short-term as well as what remains for future spending. For financial reporting purposes, the District's general fund is considered a governmental fund which represents road operations and maintenance of the Brush Creek Metropolitan District. The District's governmental fund is reported on the modified accrual basis of accounting.

At the fund level, under the modified accrual basis of accounting, both long-term obligations and accrued interest on these obligations are not presented as they are not due and payable in the current year. In addition, at the fund level, inflows from loans are presented as a revenue item while outflows for debt service payments are presented as an expenditure item, as these items represent current period financial resources and uses.

During the current fiscal year, the General Fund ending fund balance increased from \$2,565,726 to \$2,967,674 which is a total increase of \$401,948. This represents the excess of current period revenues (financial resources) over current period expenditures (financial uses).

The General Fund ending fund balance of \$2,967,674 consists of \$6,850 of statutorily required emergency reserves, \$5,613 non-spendable resources used for prepaid expenses and deposits, \$2,935,635 assigned for operating reserves and capital projects, and \$19,576 of net resources available for future spending. The District, pursuant to the TABOR Amendment, reserves funds for emergencies. The District reserves 3% of the total of all operational expenses every fiscal year. As operational expenses increase, this reserve will grow accordingly. At the end of each fiscal year, if the emergency reserves are not used the funds are carried into the next year's operational funds.

***PROPRIETARY FUND – ENTERPRISE FUND***

For financial reporting purposes, the District's enterprise fund is considered a proprietary fund which represents the water system and trash operations of the District. Proprietary Fund financial statements consist of a statement of fund net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows, and are prepared on an accounting basis that is similar to the basis used to prepare the government-wide financial statements.

During the fiscal year ended December 31, 2025, the ending net position of the Proprietary Fund increased from \$1,851,587 to \$2,021,752 which is a total increase of \$170,165. The District has assigned a portion the ending net position as unrestricted operating reserves for unexpected contingencies and capital reserves for future capital outlay and system maintenance.

In the Proprietary Fund, operating revenues generated were \$435,406 in 2025 and \$421,535 in 2024. Operating expenditures and direct costs incurred for water and trash services were \$331,713 in 2025 and \$335,301 in 2024. The overall change in net position for 2025 as compared to 2024 is \$170,165 and \$166,910 respectively.

**BRUSH CREEK METROPOLITAN DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended December 31, 2025

**GENERAL FUND BUDGET COMPARISONS**

The District's procedures in establishing budgetary data reflected in the financial statements are summarized in *Note 1 (E)* of the financial statements. The budgetary comparison schedule for the general fund is found in the section entitled "Required Supplementary Information" following the notes to financial statements. The Board of Directors and the management strive to budget appropriate amounts for each individual line item and provide all District services in the most economical manner. The District uses a line-item based budget which is designed to control line-item expenditures, but provide flexibility for overall budgetary management. It is not anticipated that the District's budget variances will have an effect on future services or liquidity.

***Governmental Fund Resources (Inflows)***

The District's general fund budgetary revenues and other financing sources in the amount of \$627,503 is less than budgetary expectations of \$642,945 by \$15,442, primarily due to decreased interest earnings as annual percentage yields dropped on reserve accounts.

***Charges to Appropriations (Outflows)***

The District's general fund budgetary expenditures and other financing uses of \$225,555 were \$131,858 less than the final appropriated balance of \$357,413. Budgetary savings primarily occurred in unused appropriations for fire mitigation, maintenance and snow removal, and capital outlay.

***Unappropriated Budgetary Fund Balance***

The General Fund's total ending fund balance carryover to fiscal year 2026 is \$2,967,674.

**CAPITAL ASSETS**

At the end of the fiscal year, the District had \$1,564,226 of capital assets. The following reflects the current and prior year capital asset balances, net of depreciation:

| (Net of Depreciation)          | Governmental Activities |                   | Business-type Activities |                     | Totals              |                     |
|--------------------------------|-------------------------|-------------------|--------------------------|---------------------|---------------------|---------------------|
|                                | 2025                    | 2024              | 2025                     | 2024                | 2025                | 2024                |
| Infrastructure:                |                         |                   |                          |                     |                     |                     |
| Land & Water Rights            | \$ -                    | \$ -              | \$ 138,116               | \$ 138,116          | \$ 138,116          | \$ 138,116          |
| Infrastructure - Roads         | 483,680                 | 532,343           | -                        | -                   | 483,680             | 532,343             |
| Collection/Distribution System | -                       | -                 | 942,430                  | 1,024,781           | 942,430             | 1,024,781           |
| Totals                         | <u>\$ 483,680</u>       | <u>\$ 532,343</u> | <u>\$ 1,080,546</u>      | <u>\$ 1,162,897</u> | <u>\$ 1,564,226</u> | <u>\$ 1,695,240</u> |

The *overall* decrease in net capital assets is the result of current year depreciation in excess of current year additions.

**DEBT ADMINISTRATION**

The District had no outstanding General Obligation Debt.

**BRUSH CREEK METROPOLITAN DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended December 31, 2025

**MAJOR INITIATIVES**

The District plans to continue water conservation strategies in 2026.

**ECONOMIC CONDITION AND OUTLOOK**

The District's Board of Directors considered several different factors when establishing 2026 budget appropriations, including changes in assessed property valuations within the District, changes in area growth, condition of the District's infrastructure, and overall economic conditions of the area. After approval of a temporary mill levy rate reduction of 6.949 mills, the District has levied 12.226 mills for 2025 taxes to be collected in fiscal year 2026.

The District, through voter approval, is permitted to collect, retain, and expend revenues notwithstanding certain restrictions under TABOR (*see Note 8*). Property taxes levied by the District constitute the largest source of revenue and, as such, the District's revenue can be affected by changes to the Assessed Value of property within the District.

As the population of the District grows, the level of operational services will increase as residents will require and benefit directly from services provided. In anticipation of future demands on the District's infrastructure, the Board has assigned reserves in both the general and proprietary funds for unexpected contingencies and for future capital improvements/system maintenance.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact:

Brush Creek Metropolitan District  
500 Juniper Hill Drive  
Aspen, CO 81611  
Tel: (970) 925-5195



Board of Directors  
Brush Creek Sanitation District  
Aspen, Colorado

## **INDEPENDENT AUDITOR'S REPORT**

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Brush Creek Metropolitan District as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Brush Creek Metropolitan District's basic financial statements as listed in the table of contents.

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, and each major fund of the Brush Creek Metropolitan District as of December 31, 2025 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Brush Creek Metropolitan District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Brush Creek Metropolitan District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Brush Creek Metropolitan District's ability to continue as a going concern for a reasonable period of time.

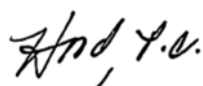
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 accounting standards generally accepted in the United States of America, which consisted of inquiries of management regarding 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.

### ***Supplemental Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Brush Creek Metropolitan District's basic financial statements. The proprietary fund budgetary comparison schedule listed as Supplemental Information in the table of contents is for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the proprietary fund budgetary comparison schedule is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.



HOOD, P.C.  
Glenwood Springs, Colorado  
August 7, 2026

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

**BRUSH CREEK METROPOLITAN DISTRICT****STATEMENT OF NET POSITION**

For the Year Ended December 31, 2025

|                                                  | Governmental<br>Activities | Business-Type<br>Activities | Totals              |
|--------------------------------------------------|----------------------------|-----------------------------|---------------------|
| <b><u>ASSETS</u></b>                             |                            |                             |                     |
| Current Assets:                                  |                            |                             |                     |
| Cash and Investments                             | \$ 2,987,778               | \$ 827,255                  | \$ 3,815,033        |
| Receivables:                                     |                            |                             |                     |
| Due from County Treasurer                        | 1,141                      | -                           | 1,141               |
| Accounts Receivable                              | -                          | 75,199                      | 75,199              |
| Intergovernmental Receivable                     | 27,422                     | -                           | 27,422              |
| Property Taxes Receivable                        | 493,509                    | -                           | 493,509             |
| Prepaid Expenditures                             | 1,613                      | 19,047                      | 20,660              |
| Due (to) From Other Funds                        | (37,514)                   | 37,514                      | -                   |
| Total Current Assets                             | <u>3,473,949</u>           | <u>959,015</u>              | <u>4,432,964</u>    |
| Non-Current Assets:                              |                            |                             |                     |
| Deposits-Revegetation Projects                   | 4,000                      | -                           | 4,000               |
| Intangible Water Rights                          | -                          | 138,116                     | 138,116             |
| Capital Assets - Net of Accumulated Depreciation | <u>483,680</u>             | <u>942,430</u>              | <u>1,426,110</u>    |
| Total Non-Current                                | <u>487,680</u>             | <u>1,080,546</u>            | <u>1,568,226</u>    |
| Total Assets                                     | <u>3,961,629</u>           | <u>2,039,561</u>            | <u>6,001,190</u>    |
| <b><u>LIABILITIES</u></b>                        |                            |                             |                     |
| Current Liabilities:                             |                            |                             |                     |
| Accounts Payable                                 | 16,766                     | 9,744                       | 26,510              |
| Design Review Deposits                           | -                          | 8,065                       | 8,065               |
| Total Current Liabilities                        | <u>16,766</u>              | <u>17,809</u>               | <u>34,575</u>       |
| Deferred Inflows of Resources:                   |                            |                             |                     |
| Unavailable Revenues - Property Tax              | <u>493,509</u>             | <u>-</u>                    | <u>493,509</u>      |
| Total Deferred Inflow                            | <u>493,509</u>             | <u>-</u>                    | <u>493,509</u>      |
| Total Liabilities                                | <u>510,275</u>             | <u>17,809</u>               | <u>528,084</u>      |
| <b><u>NET POSITION</u></b>                       |                            |                             |                     |
| Invested in Capital Assets, Net of Related Debt  | 483,680                    | 1,080,546                   | 1,564,226           |
| Restricted for Emergencies                       | 6,850                      | -                           | 6,850               |
| Unrestricted                                     | <u>2,960,824</u>           | <u>941,206</u>              | <u>3,902,030</u>    |
| Total Net Position                               | <u>\$ 3,451,354</u>        | <u>\$ 2,021,752</u>         | <u>\$ 5,473,106</u> |

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

# BRUSH CREEK METROPOLITAN DISTRICT

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

|                                         | <u>Expenses</u>          | <u>Charges For<br/>Services</u> | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>               |
|-----------------------------------------|--------------------------|---------------------------------|------------------------------------|-------------------------------------|----------------------------|
| Governmental Activities:                |                          |                                 |                                    |                                     |                            |
| Services, Operations, Maintenance       | \$ 167,049               | \$ -                            | \$ (167,049)                       |                                     | \$ (167,049)               |
| General Government                      | 61,169                   | -                               | (61,169)                           |                                     | (61,169)                   |
| Total Governmental Activities           | <u>228,218</u>           | <u>-</u>                        | <u>(228,218)</u>                   |                                     | <u>(228,218)</u>           |
| Business-Type Activities:               |                          |                                 |                                    |                                     |                            |
| Water & Trans Services                  | <u>331,713</u>           | <u>435,406</u>                  |                                    | <u>\$ 103,693</u>                   | <u>103,693</u>             |
| Total Business-Type Activities          | <u>331,713</u>           | <u>435,406</u>                  |                                    | <u>103,693</u>                      | <u>103,693</u>             |
| Total Primary Government                | <u><u>\$ 559,931</u></u> | <u><u>\$ 435,406</u></u>        | <u>(228,218)</u>                   | <u>103,693</u>                      | <u>(124,525)</u>           |
| General Revenues:                       |                          |                                 |                                    |                                     |                            |
| Property Taxes Levied                   |                          |                                 | 475,127                            | -                                   | 475,127                    |
| Specific Ownership Taxes                |                          |                                 | 13,476                             | -                                   | 13,476                     |
| Highway Users Tax                       |                          |                                 | 27,422                             | -                                   | 27,422                     |
| Interest and Other Income               |                          |                                 | <u>111,478</u>                     | <u>20,472</u>                       | <u>131,950</u>             |
| Total General Revenues                  |                          |                                 | <u>627,503</u>                     | <u>20,472</u>                       | <u>647,975</u>             |
| Change in Net Position Before Transfers |                          |                                 | 399,285                            | 124,165                             | 523,450                    |
| Transfers (To)/From Other Funds         |                          |                                 | <u>(46,000)</u>                    | <u>46,000</u>                       | <u>-</u>                   |
| Change in Net Position                  |                          |                                 | 353,285                            | 170,165                             | 523,450                    |
| Net Position - Beginning of Year        |                          |                                 | <u>3,098,069</u>                   | <u>1,851,587</u>                    | <u>4,949,656</u>           |
| Net Position - End of Year              |                          |                                 | <u><u>\$ 3,451,354</u></u>         | <u><u>\$ 2,021,752</u></u>          | <u><u>\$ 5,473,106</u></u> |

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

## FUND FINANCIAL STATEMENTS

**BRUSH CREEK METROPOLITAN DISTRICT****BALANCE SHEET****GOVERNMENTAL FUND**

For the Year Ended December 31, 2025

|                                                                        | Governmental<br>Activities |
|------------------------------------------------------------------------|----------------------------|
| Assets:                                                                |                            |
| Cash and Investments                                                   | \$ 2,987,778               |
| Receivables:                                                           |                            |
| Due from County Treasurer                                              | 1,141                      |
| Intergovernmental Receivable                                           | 27,422                     |
| Property Taxes Receivable                                              | 493,509                    |
| Prepaid Expenditures                                                   | 1,613                      |
| Due (to) from Other Funds                                              | (37,514)                   |
| Deposits-Revegetation Projects                                         | 4,000                      |
| Total Assets                                                           | <u>\$ 3,477,949</u>        |
| Liabilities:                                                           |                            |
| Accounts Payable                                                       | <u>\$ 16,766</u>           |
| Total Liabilities                                                      | <u>16,766</u>              |
| Deferred Inflows of Resources:                                         |                            |
| Unavailable Revenues - Property Tax                                    | <u>493,509</u>             |
| Total Deferred Inflow of Resources                                     | <u>493,509</u>             |
| Fund Balance:                                                          |                            |
| Non-Spendable                                                          | 5,613                      |
| Restricted for Emergencies                                             | 6,850                      |
| Assigned - Operating Reserves                                          | 1,388,874                  |
| Assigned - Capital Projects                                            | 1,546,761                  |
| Unassigned                                                             | <u>19,576</u>              |
| Total Fund Balance                                                     | <u>2,967,674</u>           |
| Total Liabilities, Deferred Inflows of Resources,<br>and Fund Balances | <u>\$ 3,477,949</u>        |

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

**BRUSH CREEK METROPOLITAN DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET OF THE**  
**GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION**  
For the Year Ended December 31, 2025

|                                        |    |           |
|----------------------------------------|----|-----------|
| Total Fund Balance - Governmental Fund | \$ | 2,967,674 |
|----------------------------------------|----|-----------|

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds:

|                                         |    |             |  |
|-----------------------------------------|----|-------------|--|
|                                         | \$ | 1,827,130   |  |
| Governmental Capital Assets             |    |             |  |
| Less Accumulated Depreciation           |    | (1,343,450) |  |
|                                         |    | 483,680     |  |
| Net Position of Governmental Activities | \$ | 3,451,354   |  |

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

**BRUSH CREEK METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUND**  
For the Year Ended December 31, 2025

|                                                                               | Governmental<br>Activities |
|-------------------------------------------------------------------------------|----------------------------|
| Revenues:                                                                     |                            |
| Property Taxes                                                                | \$ 475,127                 |
| Specific Ownership Taxes                                                      | 13,476                     |
| Hghway Users Tax                                                              | 27,422                     |
| Interest & Other Income                                                       | 111,478                    |
| Total Revenues                                                                | <u>627,503</u>             |
| Expenditures:                                                                 |                            |
| <i>Administration:</i>                                                        |                            |
| Accounting and Auditing                                                       | 22,880                     |
| County Treasurer Fees                                                         | 23,865                     |
| Directors' Fees                                                               | 5,600                      |
| Insurance                                                                     | 2,271                      |
| Office Expense                                                                | 3,031                      |
| Payroll Taxes/Fees                                                            | 462                        |
| Website                                                                       | 3,060                      |
| Total Administration                                                          | <u>61,169</u>              |
| <i>Public Works:</i>                                                          |                            |
| Management - Operations                                                       | 14,394                     |
| Road Maintenance/Weed Control/Signs                                           | 70,152                     |
| Snow Removal                                                                  | 33,840                     |
| Total Public Works                                                            | <u>118,386</u>             |
| Total Expenditures                                                            | <u>179,555</u>             |
| Excess Revenues Over (Under) Expenditures                                     | 447,948                    |
| Other Financing Sources (Uses)                                                |                            |
| Transfer (to)/from Water Enterprise Fund                                      | <u>(46,000)</u>            |
| Excess Revenues Over (Under) Expenditures &<br>Other Financing Sources (Uses) | 401,948                    |
| Fund Balance - Beginning of Year                                              | <u>2,565,726</u>           |
| Fund Balance - End of Year                                                    | <u><u>\$ 2,967,674</u></u> |

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

**BRUSH CREEK METROPOLITAN DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2025**

|                                                 |    |         |
|-------------------------------------------------|----|---------|
| Net Change in Fund Balance - Governmental Funds | \$ | 401,948 |
|-------------------------------------------------|----|---------|

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

Governmental Funds report capital outlays as expenditures; however, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount by which capital outlay exceeded depreciation in the current year:

|                                                   |                          |    |                 |                       |
|---------------------------------------------------|--------------------------|----|-----------------|-----------------------|
|                                                   | Capitalized Expenditures | \$ | 24,181          |                       |
|                                                   | Depreciation             |    | <u>(72,844)</u> | <u>(48,663)</u>       |
| Change in Net Position of Governmental Activities |                          | \$ |                 | <u><u>353,285</u></u> |

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

**BRUSH CREEK METROPOLITAN DISTRICT**  
**STATEMENT OF FUND NET POSTION**  
**PROPRIETARY FUND**  
For the Year Ended December 31, 2025

|                                                  | <u>Business-Type</u>       |
|--------------------------------------------------|----------------------------|
| Current Assets:                                  |                            |
| Cash and Investments                             | \$ 827,255                 |
| Accounts Receivable                              | 75,199                     |
| Prepaid Expenditures                             | 19,047                     |
| Due to/from Other Funds                          | <u>37,514</u>              |
| Total Current Assets                             | <u>959,015</u>             |
| Capital Assets:                                  |                            |
| Intangible Water Rights                          | 138,116                    |
| Capital Assets - Net of Accumulated Depreciation | <u>942,430</u>             |
| Total Capital Assets                             | <u>1,080,546</u>           |
| Total Assets                                     | <u><u>\$ 2,039,561</u></u> |
| Current Liabilities:                             |                            |
| Accounts Payable                                 | \$ 9,744                   |
| Design Review Deposits                           | <u>8,065</u>               |
| Total Current Liabilities                        | <u>17,809</u>              |
| Net Position:                                    |                            |
| Invested in Capital Assets, Net of Related Debt  | 1,080,546                  |
| Unrestricted - Operating Revenue                 | 483,821                    |
| Unrestricted - Capital Projects                  | 228,593                    |
| Unrestricted                                     | <u>228,792</u>             |
| Total Net Position                               | <u>2,021,752</u>           |
| Total Liabilities and Net Position               | <u><u>\$ 2,039,561</u></u> |

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

**BRUSH CREEK METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND NET POSITION - PROPRIETARY FUND**  
For the Year Ended December 31, 2025

|                                        | Business-Type<br>Activities |
|----------------------------------------|-----------------------------|
| Revenues:                              |                             |
| Water Revenue                          | \$ 330,247                  |
| Trash Revenues                         | 101,800                     |
| Finance Charges and Other              | 3,359                       |
| Total Operating Revenues               | <u>435,406</u>              |
| Cost of Sales:                         |                             |
| Water Purchases                        | 39,569                      |
| Trash Collection                       | 72,993                      |
| Total Cost of Sales                    | <u>112,562</u>              |
| Operating Expense:                     |                             |
| Collection, Treatment & Transmission   | 92,127                      |
| Administration                         | 44,673                      |
| Depreciation                           | 82,351                      |
| Total Operating Expenses               | <u>219,151</u>              |
| Operating Income (Loss)                | <u>103,693</u>              |
| Non-Operating Revenues (Expense):      |                             |
| Interest Income                        | 20,472                      |
| Transfer from General Fund             | 46,000                      |
| Total Non-Operating Revenues (Expense) | <u>66,472</u>               |
| Change in Net Position                 | 170,165                     |
| Total Net Position - Beginning         | <u>1,851,587</u>            |
| Total Net Position - Ending            | <u><u>\$ 2,021,752</u></u>  |

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

**BRUSH CREEK METROPOLITAN DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
For the Year Ended December 31, 2025

|                                                                   |                                 |
|-------------------------------------------------------------------|---------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                      |                                 |
| Cash Received from Customers                                      | \$ 439,580                      |
| Cash Payments for Goods and Services                              | <u>(250,240)</u>                |
| Net Cash Provided By Operating Activities                         | <u>189,340</u>                  |
| <b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING</b>          |                                 |
| Interfund Financing, Net                                          | <u>36,375</u>                   |
| Total Cash flow from Non-Capital and Related Financing Activities | <u>36,375</u>                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                      |                                 |
| Interest on Investments                                           | <u>20,472</u>                   |
| Net Cash Provided From Investing Activities                       | <u>20,472</u>                   |
| <b>NET INCREASE (DECREASE) IN CASH</b>                            | <b>246,187</b>                  |
| <b>CASH AT BEGINNING OF YEAR</b>                                  | <b><u>581,068</u></b>           |
| <b>CASH AT END OF YEAR</b>                                        | <b><u><u>\$ 827,255</u></u></b> |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</b>      |                                 |
| Operating Income (Loss)                                           | \$ 103,693                      |
| <i>Adjustments:</i>                                               |                                 |
| Depreciation                                                      | 82,351                          |
| (Increase) Decrease in Accounts Receivables                       | 4,174                           |
| (Increase) Decrease in Prepaid Expenses                           | (1,165)                         |
| Increase (Decrease) in Accounts Payable                           | <u>287</u>                      |
| Net Cash (Used) by Operating Activities                           | <u><u>\$ 189,340</u></u>        |

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

## NOTES TO THE FINANCIAL STATEMENTS

**BRUSH CREEK METROPOLITAN DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2025

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The accounting policies of the Brush Creek Metropolitan District, herein referred to as the District, conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Significant accounting policies of the District are described below.

A. Financial Reporting Entity

The Brush Creek Metropolitan District was organized pursuant to provisions set forth in the Colorado Special District Act. The governing body of the District consists of a five member Board of Directors that is elected by the registered voters within the District. The District operates a water system, provides trash collection services, and maintains roads within the District.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes. The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the District's reporting entity, nor is the District a component unit of any other government. The District's financial statements include the accounts of all District operations.

B. Basis of Presentation

**GOVERNMENT-WIDE STATEMENTS**

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of inter-fund activities. These statements distinguish between the *governmental* and *business-type activities* of the District.

**BRUSH CREEK METROPOLITAN DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2025

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

**B. Basis of Presentation (continued)**

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Program revenues include charges paid by the recipients of goods or services offered by the programs. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**FUND FINANCIAL STATEMENTS**

Fund financial statements provide information about the District's funds, for which separate statements for each fund category – *governmental and proprietary* – are presented. During the fiscal year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the District at this more detailed level. The emphasis of fund financial statements is on major funds, each displayed in a separate column. The funds are outlined in the following paragraphs.

**Governmental Funds**

Governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are included on their balance sheets. The reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. The District's has one governmental fund which is the General Fund:

***General Fund***

The General Fund consists of the Road Fund. It accounts for the funding and tax base needed to support capital improvements and maintenance for the road system in the District.

**Proprietary Funds**

Proprietary fund *operating revenues and expenses* are related to providing management and operational services within the District. Revenues and expenses arising from capital and non-capital financing activities and from investing activities are presented as non-operating revenues or expenses. The funds included in this category are as follows:

***Enterprise Fund - Water Fund***

The enterprise fund consists of the Water Fund. It accounts for the public water and trash service operations within the District.

**BRUSH CREEK METROPOLITAN DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2025

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

C. Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, consist of property taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual-basis of accounting*. Under this method, revenues are recognized when measurable and available. The following material revenue sources are considered susceptible to accrual because they are both measurable and available to finance expenditures of the current period:

- Property Taxes
- Specific Ownership Taxes

Taxpayer-assessed local property and specific ownership taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, which is recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

D. Property Taxes Receivable and Deferred Inflows of Resources

Property taxes are levied on December 15, and attach as an enforceable lien on property on January 1<sup>st</sup> of the following year. They may be paid in either one installment (no later than April 30<sup>th</sup>) or two equal installments (not later than February 28<sup>th</sup> and June 15<sup>th</sup>) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16<sup>th</sup>. Property taxes are levied and collected on behalf of the District by Pitkin County and are reported as revenue when received by the County Treasurer. Property taxes levied in the current year and payable in the following year are reported as a receivable at December 31. However, since the taxes are not available to pay current liabilities, the receivable is recorded as a deferred inflow of resources.

**BRUSH CREEK METROPOLITAN DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2025

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

E. Budgets and Budgetary Accounting

The District uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 15, the District Secretary submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. A "Notice of Budget" is published when the budget is received.
2. Public hearings are held to obtain taxpayer comments.
3. Prior to December 15, the Board adopts, by resolution, the budget for the ensuing fiscal year and certifies the tax levy.
4. On or before December 31, the Board adopts an annual appropriating resolution in which such sums of money are appropriated as the Board deems necessary to defray all expenses and liabilities of the District during the ensuing year.
5. Annual appropriated budgets are adopted for all funds. The level of control at which expenditures exceed appropriations is at the fund level. The District's general fund budget is adopted on a basis consistent with generally accepted accounting principles for governmental entities. The District's proprietary (enterprise) fund budget is adopted on a non-GAAP basis, which provides that debt principal payments and capital outlay are treated as expenditures.
6. After adoption of the budget ordinance, the District may make by ordinance the following changes: a) supplemental appropriations to the extent of revenues in excess of the estimated budget; b) emergency appropriations; c) reduction of appropriations for which originally estimated revenues are insufficient.
7. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on the final, legally amended budget.
8. Budget appropriations lapse at the end of each year.

The District legally adopted annual budgets for all of the District's funds.

**BRUSH CREEK METROPOLITAN DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2025

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

F. Cash and Cash Equivalents / Fair Value of Financial Instruments

For the purposes of the statement of cash flows for the proprietary fund, all short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash.

The District reports its investments using the fair value measurements established by generally accepted accounting principles. As such, fair value hierarchy categorizes the inputs used to measure the fair value into three levels. Level 1 inputs are quoted market prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At fiscal year-end the District had no Level 2 or 3 investments.

G. Capital Assets/Depreciation

All capital assets purchased or acquired with an original cost in excess of capitalization thresholds set by the District are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date of donation. Repairs and maintenance are recorded as expenditures as incurred; while additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Interest costs incurred during construction of capital assets are capitalized as part of the historical cost of acquiring or constructing the qualifying assets. Depreciation is provided on the straight-line basis over the following estimated useful lives.

|                |            |
|----------------|------------|
| Equipment      | 5 years    |
| Infrastructure | 5-40 years |

H. Allowance for Doubtful Accounts

The District evaluates outstanding accounts receivable at the end of each fiscal year. The District believes that all accounts are collectible, therefore, no allowance for bad debt is reflected in the financial statements.

**BRUSH CREEK METROPOLITAN DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2025

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

I. Net Position and Fund Balances –

In the government-wide financial statements, net position is classified in the following categories for both governmental and business-type activities:

*Invested in Capital Assets, Net of Related Debt* – this category groups all capital assets into one component. Accumulated depreciation and the outstanding debt balances that are attributable to (already invested in) the acquisition, construction or improvement of these assets reduce this category.

*Restricted* – assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by various enabling legislation.

*Unrestricted* – represents the amount which is not restricted for any purpose. It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

In the fund financial statements, governmental fund balances are classified as follows:

*Nonspendable* – amounts that cannot be spent because they are either in non-spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of permanently restricted funds to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, when applicable.

*Restricted* – when constraints are placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation. As discussed in *Note 8*, Colorado voters passed an amendment to the State Constitution, one of the provisions of which requires local governments to establish an emergency reserve calculated at 3% of certain expenditures. These funds may only be expended in cases of emergencies as defined by the amendment, and are used to fund appropriations only after unrestricted resources are depleted.

*Committed* – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the Board of Directors). These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

*Assigned* – amounts constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The District has assigned operating reserves for unexpected contingencies and capital reserves for future capital outlay.

*Unassigned* – the residual for the general fund.

It is the District's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available. Committed and assigned amounts are considered to have been spent first when an expenditure is incurred for purposes for which such categories and unassigned amounts are available.

**BRUSH CREEK METROPOLITAN DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2025

*NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

J. Contributed Capital

Grants and contributions in the enterprise fund which may be used for either operations or capital expenditures at the discretion of the District are recognized as non-operating revenues. If expenditure of funds is the prime factor for determining eligibility for contributed funds, revenue or contributed capital is recognized at the time of making the expenditure.

K. Internal Balances

To the extent that operating expenses of the District's general fund are paid by the proprietary fund (or vice-verse) and/or transfers are made between the funds and these advances have not been repaid as of year-end, balances of interfund amounts receivable or payable are recorded.

L. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

*NOTE 2 - CASH AND INVESTMENTS*

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

As of December 31, 2025, the District's bank deposits were entirely covered by federal depository insurance (FDIC) or collateralized under PDPA in accordance with state statute. The District had bank balances of \$3,816,464 of which \$250,000 was covered by FDIC insurance and \$3,566,464 by PDPA as described above.

**BRUSH CREEK METROPOLITAN DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2025

*NOTE 2 - CASH AND INVESTMENTS (continued)*

A summary of the District's cash and cash equivalents at December 31, 2025 are classified below:

|                                 | General<br>Fund | Enterprise<br>Fund | Total        |
|---------------------------------|-----------------|--------------------|--------------|
| Checking Accounts               | \$ 2,987,778    | \$ 828,686         | \$ 3,816,464 |
| Less Outstanding Items          | -               | (1,431)            | (1,431)      |
| Total Cash and Cash Equivalents | \$ 2,987,778    | \$ 827,255         | \$ 3,815,033 |

The District has not adopted a formal investment policy; however, the District invests public funds in a manner which will provide the highest investment return with the maximum security, meet daily cash flow demands, and conform to all federal, state and local statutes governing the investment of public funds. This policy applies to the investment of all financial assets of all funds of the District over which it exercises financial control. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities, including securities issued by FNMA (federal national mortgage association), GNMA (governmental national mortgage association), FHLMC (federal home loan mortgage corporation), the federal farm credit bank, the federal land bank, the export-import bank, and by the Tennessee Valley authority, and certain international agency securities, including the World Bank.
- . General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- . Bankers' acceptances of certain banks
- . Certain securities lending agreements
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools
- . The investing local government's own securities including certificates of participation and lease obligations.

**BRUSH CREEK METROPOLITAN DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2025

*NOTE 2 - CASH AND INVESTMENTS (continued)*

Deposit and Investment Risk Disclosures

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified. The District's policy places no limit on the amount it may invest in any one issuer; however the District maintains general guidelines for investments to ensure proper diversification by security type and institution. All investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by the Public Depository Protection Act, or are investments in mutual fund or external investment pools, and therefore not subject to concentration of credit risk. The District has no deposits subject to custodial credit risk.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District maintains an investment policy that limits investment maturities as means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows as approved by the Board. The District has no investments that were subject to material interest rate risk as described above.

The District was not subject to foreign currency risk as of fiscal year-end.

*NOTE 3 - CAPITAL ASSETS*

A summary of changes in the District's Capital Assets follows:

|                                     | Balance<br>1/1/25   | Additions          | Dispositions | Balance<br>12/31/25   |
|-------------------------------------|---------------------|--------------------|--------------|-----------------------|
| <u>Governmental Activities</u>      |                     |                    |              |                       |
| Depreciable Assets:                 |                     |                    |              |                       |
| Infrastructure - Roads/Other        | \$ 1,802,949        | \$ 24,181          | \$ -         | \$ 1,827,130          |
| Less Accumulated Depreciation       | <u>(1,270,606)</u>  | <u>(72,844)</u>    | <u>-</u>     | <u>\$ (1,343,450)</u> |
| Net Capital Assets                  | <u>\$ 532,343</u>   | <u>\$ (48,663)</u> | <u>\$ -</u>  | <u>\$ 483,680</u>     |
| <br><u>Business-Type Activities</u> |                     |                    |              |                       |
| Non-Depreciable Assets:             |                     |                    |              |                       |
| Land & Water Rights                 | \$ 138,116          | \$ -               | \$ -         | \$ 138,116            |
| Depreciable Assets:                 |                     |                    |              |                       |
| Collection/Distribution System      | 3,334,449           | -                  | -            | \$ 3,334,449          |
| Less Accumulated Depreciation       | <u>(2,309,668)</u>  | <u>(82,351)</u>    | <u>-</u>     | <u>\$ (2,392,019)</u> |
| Net Capital Assets                  | <u>\$ 1,162,897</u> | <u>\$ (82,351)</u> | <u>\$ -</u>  | <u>\$ 1,080,546</u>   |

Depreciation expense of \$72,844 has been recorded in governmental activities and \$82,351 in business-type activities.

**BRUSH CREEK METROPOLITAN DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2025

*NOTE 4 - INTERGOVERNMENTAL AGREEMENTS*

*Water Purchases Agreement*

The District has a water supply agreement with Snowmass Water and Sanitation District for water purchases. The term of the water supply agreement is perpetual except upon breach of either party or by mutual consent.

*NOTE 5 - RISK MANAGEMENT*

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors and omissions; injuries to employees; or acts of God. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (the Pool) which is sponsored by the Special District Association of Colorado. The Pool provides property and general liability, automobile physical damage and liability, public official's liability and machinery coverage to its members. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded coverage in the last three years. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

*NOTE 6 - COMMITMENTS*

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, and Statement No. 96, *Subscription-Based Information Technology Arrangements*, require recognition of certain items on the government-wide Statement of Net Assets and related note disclosures. Under these requirements, the District must determine whether a contract falls under these requirements at inception and subsequently measure, classify and recognize such commitments with contractual terms longer than twelve months. When applicable, right-to-use assets and associated obligations are included as Right-to-use Assets and Present Value of Liability, respectively, in the Statement of Net Assets. Any assets represent the District's right to use an underlying asset for the contract term and any associated liabilities represent the District's obligation to make payments, subject to annual appropriation. Operating right-of-use assets and associated liabilities are recognized based on the present value of future minimum payments to be made over the expected term, generally using the risk-free discount rate at the commencement date in determining the present value of future payments

The District has identified no commitments for leases or subscription-based information technology arrangements requiring recognition or disclosure under the requirements of GASB.

*NOTE 7 - CONTINGENCIES*

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2025.

**BRUSH CREEK METROPOLITAN DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
December 31, 2025

*NOTE 8 -        TABOR AMENDMENT – Revenue and Spending Limitation Amendment*

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer’s Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations, which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

In the November 2001 election, the District’s electorate voted to allow the District to collect, retain and expend revenues notwithstanding any of TABOR’s restrictions.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of spending (excluding bonded debt service). The required reserve at December 31, 2025 is approximately \$6,850.

The District’s management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

*NOTE 9 -        SUBSEQUENT EVENTS*

Management has evaluated events subsequent to December 31, 2025 through the issuance date of this report. There have been no material events noted during this period that would impact the result reflected in this report or the District’s results going forward.

## REQUIRED SUPPLEMENTARY INFORMATION

**BRUSH CREEK METROPOLITAN DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET & ACTUAL - GOVERNMENTAL FUND**  
For the Year Ended December 31, 2025

|                                                                               | Original<br>Budget  | Final Budget        | Actual Amount       | Variance<br>Favorable<br>(Unfavorable) |
|-------------------------------------------------------------------------------|---------------------|---------------------|---------------------|----------------------------------------|
| Revenues:                                                                     |                     |                     |                     |                                        |
| Property Taxes                                                                | \$ 475,066          | \$ 475,066          | \$ 475,127          | \$ 61                                  |
| Specific Ownership Taxes                                                      | 14,503              | 14,503              | 13,476              | (1,027)                                |
| Hghway Users Tax                                                              | 28,376              | 28,376              | 27,422              | (954)                                  |
| Interest & Other Income                                                       | 125,000             | 125,000             | 111,478             | (13,522)                               |
| Total Revenues                                                                | <u>642,945</u>      | <u>642,945</u>      | <u>627,503</u>      | <u>(15,442)</u>                        |
| Expenditures:                                                                 |                     |                     |                     |                                        |
| Administration:                                                               |                     |                     |                     |                                        |
| Accounting and Auditing                                                       | 29,650              | 29,650              | 22,880              | 6,770                                  |
| Consulting                                                                    | 10,500              | 10,500              | -                   | 10,500                                 |
| County Treasurer Fees                                                         | 22,700              | 22,700              | 23,865              | (1,165)                                |
| Directors' Fees                                                               | 6,000               | 6,000               | 5,600               | 400                                    |
| Insurance                                                                     | 4,000               | 4,000               | 2,271               | 1,729                                  |
| Management - Administration                                                   | 500                 | 500                 | -                   | 500                                    |
| Office Expense                                                                | 5,003               | 5,003               | 3,031               | 1,972                                  |
| Payroll Taxes/Fees                                                            | 550                 | 550                 | 462                 | 88                                     |
| Website                                                                       | 2,760               | 2,760               | 3,060               | (300)                                  |
| Total Administration                                                          | <u>81,663</u>       | <u>81,663</u>       | <u>61,169</u>       | <u>20,494</u>                          |
| Public Works:                                                                 |                     |                     |                     |                                        |
| Fire Mitigation                                                               | 10,000              | 10,000              | -                   | 10,000                                 |
| Management - Operations                                                       | 15,750              | 15,750              | 14,394              | 1,356                                  |
| Road Maintenance/Weed Control/Signs                                           | 91,000              | 91,000              | 70,152              | 20,848                                 |
| Snow Removal                                                                  | 88,000              | 88,000              | 33,840              | 54,160                                 |
| Capital Outlay                                                                | 25,000              | 25,000              | -                   | 25,000                                 |
| Total Public Works                                                            | <u>229,750</u>      | <u>229,750</u>      | <u>118,386</u>      | <u>111,364</u>                         |
| Total Expenditures                                                            | <u>311,413</u>      | <u>311,413</u>      | <u>179,555</u>      | <u>131,858</u>                         |
| Excess Revenues Over (Under) Expenditures                                     | 331,532             | 331,532             | 447,948             | 116,416                                |
| Other Financing Sources (Uses)                                                |                     |                     |                     |                                        |
| Transfer (to)/from Water Enterprise Fund                                      | <u>(46,000)</u>     | <u>(46,000)</u>     | <u>(46,000)</u>     | <u>-</u>                               |
| Excess Revenues Over (Under) Expenditures &<br>Other Financing Sources (Uses) | 285,532             | 285,532             | 401,948             | 116,416                                |
| Fund Balance - Beginning of Year                                              | <u>2,530,496</u>    | <u>2,530,496</u>    | <u>2,565,726</u>    | <u>35,230</u>                          |
| Fund Balance - End of Year                                                    | <u>\$ 2,816,028</u> | <u>\$ 2,816,028</u> | <u>\$ 2,967,674</u> | <u>\$ 151,646</u>                      |

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

## ADDITIONAL SUPPLEMENTAL INFORMATION

**BRUSH CREEK METROPOLITAN DISTRICT**  
**BUDGET AND ACTUAL COMPARISON**  
**BUDGETARY BASIS (NON-GAAP) WITH RECONCILIATION TO GAAP BASIS**  
**PROPRIETARY FUND**  
For the Year Ended December 31, 2025

|                                                     | Original<br>Budget         | Final Budget               | Governmental<br>Activities | Variance<br>Favorable<br>(Unfavorable) |
|-----------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------------------|
| Revenues & Other Financing Sources - Budget Basis:  |                            |                            |                            |                                        |
| Water Sales and Service                             | \$ 300,000                 | \$ 300,000                 | \$ 330,247                 | \$ 30,247                              |
| Trash Service                                       | 101,600                    | 101,600                    | 101,800                    | 200                                    |
| Finance Charges and Other                           | 1,500                      | 1,500                      | 3,359                      | 1,859                                  |
| Interest Income                                     | 16,000                     | 16,000                     | 20,472                     | 4,472                                  |
| Other Financing Source - Transfer                   | 46,000                     | 46,000                     | 46,000                     | -                                      |
| Total Revenues                                      | <u>465,100</u>             | <u>465,100</u>             | <u>501,878</u>             | <u>36,778</u>                          |
| Expenditures & Other Financing Uses - Budget Basis: |                            |                            |                            |                                        |
| Cost of Sales:                                      |                            |                            |                            |                                        |
| Water Purchases                                     | 55,000                     | 55,000                     | 39,569                     | 15,431                                 |
| Trash Collection                                    | 67,680                     | 67,680                     | 72,992                     | (5,312)                                |
| Collection, Treatment, & Transmission:              |                            |                            |                            |                                        |
| Info Share/Server Maintenance                       | 7,000                      | 7,000                      | 3,786                      | 3,214                                  |
| Management - Operations                             | 15,750                     | 15,750                     | 16,774                     | (1,024)                                |
| Repairs and Maintenance                             | 60,000                     | 60,000                     | 39,235                     | 20,765                                 |
| Utilities/Telephone/Misc.                           | 4,700                      | 4,700                      | 7,534                      | (2,834)                                |
| Water Testing                                       | 25,000                     | 25,000                     | 22,263                     | 2,737                                  |
| Accounting and Auditing                             | 29,650                     | 29,650                     | 22,880                     | 6,770                                  |
| Consulting                                          | 17,250                     | 17,250                     | 6,232                      | 11,018                                 |
| Insurance                                           | 17,000                     | 17,000                     | 15,262                     | 1,738                                  |
| Office Expense/Misc                                 | -                          | -                          | 300                        | (300)                                  |
| Capital Outlay                                      | 40,000                     | 40,000                     | 2,535                      | 37,465                                 |
| Total Expenditures & Other Financing Uses           | <u>339,030</u>             | <u>339,030</u>             | <u>249,362</u>             | <u>89,668</u>                          |
| Reconciliation to GAAP                              |                            |                            |                            |                                        |
| Adjustments:                                        |                            |                            |                            |                                        |
| Depreciation                                        | <u>(125,294)</u>           | <u>(125,294)</u>           | <u>(82,351)</u>            | <u>42,943</u>                          |
| Total Adjustments                                   | <u>(125,294)</u>           | <u>(125,294)</u>           | <u>(82,351)</u>            | <u>42,943</u>                          |
| Net Income GAAP Basis                               | 776                        | 776                        | 170,165                    | 169,389                                |
| Fund Balance - Beginning of Year                    | <u>1,758,287</u>           | <u>1,758,287</u>           | <u>1,851,587</u>           | <u>93,300</u>                          |
| Fund Balance - End of Year                          | <u><u>\$ 1,759,063</u></u> | <u><u>\$ 1,759,063</u></u> | <u><u>\$ 2,021,752</u></u> | <u><u>\$ 262,689</u></u>               |

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