City of Brush, Colorado

Financial Statements

For the Year ended December 31, 2025

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INTRODUCTORY SECTION

July 29, 2026

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

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

Lauer, Szabo & Associates, PC, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Brush's financial statements for the year ended December 31, 2025. The independent auditors report is located at the front of the financial section of this report.

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

Profile of the Government

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

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

The City of Brush provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; and recreational and cultural activities. Water, trash, waste water, storm water, and golf course services are provided and function as enterprise funds of the City of Brush and therefore has been included as an integral part of the City of Brush's financial statements. Additional information on all of these departments can be found in the notes to the financial statements (See Note A.2).

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

Local economy

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

City parks have expanded over the last few years with the addition of a golf course in 2015. The most recent updates to this golf course have been improvements to the clubhouse, parking lot and the 50-year-old sprinkler system. In 2024 the city began construction of the Prairie Trails Park Softball/Baseball Complex.

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

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

Retail is not as prominent as the City of Brush would like as sales tax drives our General Fund. The 2025 sales and use tax revenues increased by $294,903 (6.5%) from the prior year. City sales tax for 2025 increased $180,052 (5%). Sales tax revenues have seen steady growth over the last five years and there are still signs of economic growth in other areas. In 2025 the increased sales tax could be attributed to the cost of inflation.

For several years now housing has been a concern to the City. In 2017 the City began to notice increased residential growth. That growth continues. We are continuing to look at different opportunities for housing. We have secured the Local Planning Capacity grant funding from the State of Colorado Department of Local Affairs for continued support and assessment of various housing initiatives.

Long-term financial planning

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

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

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

The City continues to see rising cost in the purchase of fire trucks and other equipment for the fire department. In 2014 the City was able to pass a .4% sales tax ballot issue specific to the fire department for the purchase of equipment and building improvements effective January 1, 2015.

Major initiatives

The City of Brush recognizes the need for additional water supplies and at the same time understands the value of water conservation. In 2021 the council approved a new resolution to increase water rates by 10% for 2021, 2022, and 2023. 2024 saw an increase of 6%. In March of 2025 the council approved a resolution to increase water rates by 10%. The increase is necessary to help cover increasing costs of operations and for the future construction and implementation of a reverse osmosis facility.

The City of Brush recognizes the possibility of new industrial users and the age of our wastewater treatment plant. The City constantly monitors the available funds for future users and improvements. In 2022 a new resolution was passed to increase the wastewater rate by 7% and future increases for 2023, 2024 and 2025 will be 7% each year to help cover increasing costs of operations and future improvements.

Acknowledgements

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

Respectfully submitted,

Monty Torres	Christina Bostron
City Administrator	Finance Officer

BRUSH CITY OFFICIALS

ELECTED OFFICIALS

WARD	CITY COUNCIL	EXPIRES
1	Tyler Horton	January 2030
1	Nathan Tyree	January 2028
2	Vicky Quinlin	January 2030
2	Dan Scalise	January 2028
3	Justin Spradlin	January 2028
3	Nick Skiles	January 2030
At Large	Dana Sherman – Mayor	January 2030

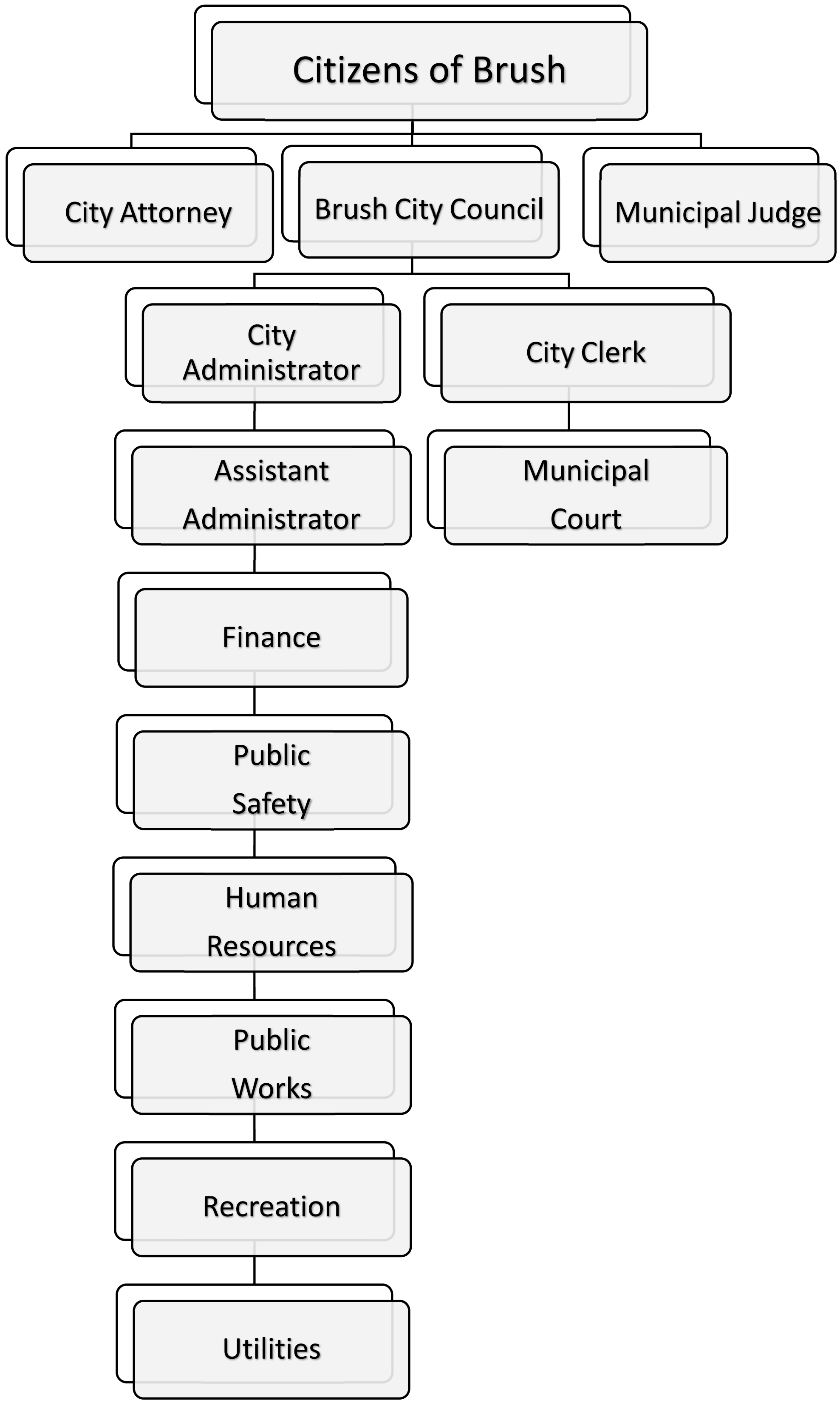
APPOINTED OFFICIALS

City Administrator	Monty Torres
City Clerk	Loranda Packard
City Attorney	Dan Krob
Municipal Judge	Steve Jones

DEPARTMENTAL OFFICIALS

Emergency Preparedness	Brandon Flecksteiner
Assistant City Administrator	Tyler Purvis
Finance Director	Christina (Chris) Bostron
Fire Chief	Ray Uhrick
Police Chief	Brandon Flecksteiner
Recreation Director	Lance Schwindt
Public Works Director	Dale Colerick

Functional Organizational Chart



FINANCIAL SECTION

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Independent Auditors' Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brush (the City) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City'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, each major fund, and the aggregate remaining fund information of the City as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, 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 the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

In performing the 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 City's internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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, budgetary comparison information and historical pension information listed in the table of contents 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 auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the local highway finance report are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
July 29, 2026

Management's Discussion and Analysis

As management of the City of Brush, we offer readers of the City of Brush financial statements this narrative overview and analysis of the financial activities of the City of Brush for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 2-4 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City of Brush exceeded its liabilities at the close of the most recent fiscal year by $47,817,730. Of this amount, $9,746,744 may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Brush's governmental funds reported combined ending fund balances of $8,900,150 an increase of $444,475 in comparison with the prior year. Of this amount $4,321,762 is available for spending at the government's discretion (unassigned, assigned and committed fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was $3,701,264 or 51% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Brush's basic financial statements. The City of Brush's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Brush's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements have no component units reported in them. These financial statements can be found on pages 20-23 of this report.

Condensed financial statements for government wide statements are as follows:

City of Brush Net Position

	Governmental activities		Business-type activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	10,704,991	10,205,660	4,349,412	3,964,346	15,054,403	14,170,006
Net pension asset						
Capital assets-net of accumulated depreciation	11,477,065	11,255,920	27,507,822	27,045,576	38,954,887	38,301,496
Total assets	22,152,056	21,461,580	31,857,234	31,009,922	54,009,290	52,471,502
Deferred outflow of resources						
Pension deferrals	503,647	512,467			503,647	512,467
Total assets and deferred outflows of resources	22,655,703	21,974,047	31,857,234	31,009,922	54,512,937	52,983,969
Liabilities						
Long-term liabilities outstanding	716,694	631,293	3,759,566	4,347,686	4,476,260	4,978,979
Other liabilities	631,799	648,886	263,823	474,069	895,622	1,122,955
Total liabilities	1,348,493	1,280,179	4,023,389	4,821,755	5,371,882	6,101,934
Deferred inflow of resources						
Pension deferrals	100,450	42,559			100,450	42,559
Leases	110,345	135,178	43,200		153,545	135,178
Deferred tax revenue	1,069,330	965,921			1,069,330	965,921
Total Deferred Inflows	1,280,125	1,143,658	43,200		1,323,325	1,143,658
Net position						
Net investment in capital assets	11,335,399	11,255,920	22,987,439	22,549,458	34,322,838	33,805,378
Restricted	3,423,113	2,560,885	325,035	343,190	3,748,148	2,904,075
Unrestricted	5,268,573	5,733,405	4,478,171	3,295,519	9,746,744	9,028,924
Total net position	20,027,085	19,550,210	27,790,645	26,188,167	47,817,730	45,738,377
Total liabilities, deferred outflows of resources & net position	22,655,703	21,974,047	31,857,234	31,009,922	54,512,937	52,983,969

City of Brush Changes in Net Position

	Governmental activities		Business-type activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	517,774	551,294	7,317,828	6,735,848	7,835,602	7,287,142
Operating grants	701,366	1,201,615	-	-	701,366	1,201,615
Capital grants	318,912	115,456	123,400	-	442,312	115,456
General Revenues						
Property taxes	947,757	905,195	-	-	947,757	905,195
Other	6,465,048	7,128,742	176,846	122,514	6,641,894	7,251,256
Total revenues	8,950,857	8,997,107	7,618,074	6,858,362	16,568,931	16,760,664
Program expenses						
General government	2,121,104	2,078,286	-	-	2,121,104	2,078,286
Public safety	2,964,791	2,239,406	-	-	2,964,791	2,239,406
Public works	1,975,574	1,759,532	-	-	1,975,574	1,759,532
Culture and recreation	1,076,080	1,132,047	-	-	1,076,080	1,132,047
Interest on long-term debt	7,339	-	-	-	7,339	-
Water	-	-	2,268,979	1,864,158	2,268,979	1,864,158
Trash and garbage	-	-	796,770	736,748	796,770	736,748
Waste water	-	-	1,766,186	1,809,334	1,766,186	1,809,334
Storm water	-	-	450,919	381,169	450,919	381,169
Golf course	-	-	1,061,836	1,045,190	1,061,836	1,045,190
Total expenses	8,144,888	7,209,271	6,344,690	5,836,599	14,489,578	13,045,870
Excess before transfers	805,969	1,787,836	1,273,384	1,021,763	2,079,353	2,809,599
Transfers	(329,094)	(534,940)	329,094	534,940	-	-
Change in net position	476,875	1,252,896	1,602,478	1,556,673	2,079,353	2,809,599
Net position – beginning of year	19,550,210	18,297,314	26,188,167	24,631,464	45,738,377	42,928,778
Net position – ending	20,027,085	19,550,210	27,790,645	26,188,167	47,817,730	45,738,377

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The City of Brush adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided on pages 94-102 for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 24-27 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 28-39 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-75 of the report. Notes to the required supplementary information can be found on pages 90.

Other information. Included in the basic financial statements and accompanying notes, this report presents information concerning the City of Brush's progress in funding its obligation to provide pension benefits to its employees. The information can be found in Note H on pages 59-72 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the general fund supplemental information. Combining and individual nonmajor fund statements and schedules can be found on pages 104-112 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Brush, assets exceeded liabilities by $47,817,730 at the close of 2025.

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

8% of the City of Brush's net position represent resources that are subject to external restrictions on how they may be used. There is $9,746,744 of unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental activities. Governmental activities increased the City of Brush's net position by $476,875, thereby accounting for 23% of the total growth in the net position of the City of Brush.

Business-type activities. Business-type activities increased the City of Brush's net position by $1,602,478. The increase to net position is 77% of the increase.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Brush's governmental funds reported combined ending fund balances of $8,900,150, an increase of $444,475 in comparison with the prior year. Approximately 42% of this total amount ($3,701,264) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted or designated to indicate that it is not available for new spending because it has already been committed for a variety of restricted purposes.

The general fund is the chief operating fund of the City of Brush. At the end of the current fiscal year, unassigned fund balance of the general fund was $3,701,264, while total fund balance reached $5,554,895. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 51% of total general fund expenditures, while total fund balance represents 76% of that same amount.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to $4,478,171. The total growth in net position for the Water, Trash and Garbage, Waste Water, Storm Water, and Golf Course funds was $281,005, $87,877, $1,091,764, $16,734, and $125,098, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Brush's business-type activities.

General Fund Budgetary Highlights

During the year actual revenues were more than budgeted revenues by $1,030,564 of which $738,516 can be attributed to taxes. During the year actual expenditures were less than budgeted expenditures by $389,128. The savings are attributed to the recreation department.

Capital Assets and Debt Administration

Capital assets. The City of Brush's investments in capital assets for its governmental and business-type activities as of December 31, 2025, amounts to $38,954,887 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, and streets.

Major capital asset events during the current fiscal year included festoon lighting, the downtown paver project, Prairie Park ball field improvements, various equipment and new police vehicles.

Additional information on the City of Brush's capital assets can be found in Note E on pages 53-55 of this report.

Long-term debt. At the end of the current fiscal year, the City of Brush will have total bonded debt outstanding of $3,250,000. This debt is paid with waste water revenues. There was $490,000 in principal paid on the waste water treatment plant loan which was secured through the Colorado Water & Power Authority.

The City also has a financed purchase agreement with a remaining balance owed of $265,145 at year-end. The loan proceeds were used to finance a new sprinkler system for the golf course. The City also financed the purchase of two police vehicles, with a remaining loan balance of $111,666 at year-end. A previous lease in the amount of $22,162 for the use of 28 golf carts was also paid off during the year.

Additional information on the City of Brush's long-term debt can be found in Note F on pages 55-58 of this report.

Economic Factors and Next Year's Budget and Rates.

The City of Brush continues to see growth in the business area. There was a 5% increase in sales tax for 2025, with a slight increase projected for 2026. In 2025 property taxes for the City of Brush increased by 5%.

During the current fiscal year, unassigned fund balance in the general fund decreased by $1,574,386. The City of Brush has appropriated $1,803,635 of the fund balance for spending in the 2026 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2026 fiscal year.

Requests for Information

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

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Basic Financial Statements

The basic financial statements of the City include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole.

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

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

CITY OF BRUSH, COLORADO
Statement of Net Position
December 31, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	$ 1,879,223	$ 1,213,768	$ 3,092,991
Certificates of deposit	5,212,579	2,104,289	7,316,868
Investments	252,134	1,008,020	1,260,154
Cash with county treasurer	6,138		6,138
Receivables	2,199,642	678,480	2,878,122
Internal balances	893,791	(893,791)	-
Inventory	51,895	238,646	290,541
Prepaid items	209,589		209,589
Capital assets, net of depreciation	11,447,065	27,507,822	38,954,887
Total assets	22,152,056	31,857,234	54,009,290
Deferred outflows of resources			
Pension deferrals	503,647		503,647
Total assets and deferred outflows of resources	$ 22,655,703	$ 31,857,234	$ 54,512,937
Liabilities			
Accounts payable	$ 130,835	$ 165,241	$ 296,076
Police bond account	8,647		8,647
Accrued salaries and benefits	116,685	51,848	168,533
Due to other agencies		5,775	5,775
Unearned grant revenues	368,999		368,999
Accrued interest payable	6,633	40,959	47,592
Noncurrent liabilities			
Due within one year	328,385	657,584	985,969
Due in more than one year	91,213	3,101,982	3,193,195
Net pension liability	297,096		297,096
Total liabilities	1,348,493	4,023,389	5,371,882
Deferred inflows of resources			
Deferred property tax revenues	1,069,330		1,069,330
Pension deferrals	100,450		100,450
Leases	110,345	43,200	153,545
Total deferred inflows of resources	1,280,125	43,200	1,323,325
Net position			
Net investment in capital assets	11,335,399	22,987,439	34,322,838
Restricted	3,423,113	325,035	3,748,148
Unrestricted	5,268,573	4,478,171	9,746,744
Total net position	20,027,085	27,790,645	47,817,730
Total liabilities, deferred inflows of resources and net position	$ 22,655,703	$ 31,857,234	$ 54,512,937

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

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CITY OF BRUSH, COLORADO
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	$ 2,121,104	$ 220,305	$ 98,785	$ 157,477
Public safety	2,964,791	24,833		
Public works	1,975,574	37,373	419,252	142,000
Culture and recreation	1,076,080	235,263	183,329	19,435
Interest on long-term debt	7,339			
Total governmental activities	8,144,888	517,774	701,366	318,912
Business-type activities				
Water	2,268,979	2,461,033		9,900
Trash and garbage	796,770	882,173		
Waste Water	1,766,186	2,818,156		
Storm water	450,919	454,491		
Golf course	1,061,836	701,975		113,500
Total business-type activities	6,344,690	7,317,828	-	123,400
Total	$ 14,489,578	$ 7,835,602	$ 701,366	$ 442,312

General revenues and transfers
Taxes
Property taxes, levied for general purposes
Sales and use taxes
Specific ownership taxes
Franchise taxes
Cigarette taxes
Unrestricted interest
Miscellaneous
Sale of assets
Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year

Net position at end of year

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

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (1,644,537)		$ (1,644,537)
(2,939,958)		(2,939,958)
(1,376,949)		(1,376,949)
(638,053)		(638,053)
(7,339)		(7,339)
(6,606,836)	$ -	(6,606,836)
	201,954	201,954
	85,403	85,403
	1,051,970	1,051,970
	3,572	3,572
	(246,361)	(246,361)
-	1,096,538	1,096,538
(6,606,836)	1,096,538	(5,510,298)
947,757		947,757
4,813,441		4,813,441
94,257		94,257
315,496		315,496
5,871		5,871
283,680	128,642	412,322
936,628	3,633	940,261
15,675	44,571	60,246
(329,094)	329,094	-
7,083,711	505,940	7,589,651
476,875	1,602,478	2,079,353
19,550,210	26,188,167	45,738,377
$ 20,027,085	$ 27,790,645	$ 47,817,730

CITY OF BRUSH, COLORADO
Balance Sheet
Governmental Funds
December 31, 2025

	General Fund	Capital Improvement Fund	Fire Equipment Fund	Grant Fund
Assets				
Cash	$ 241,535	$ 315,112	$ 748,154	$ 343,748
Certificates of deposit	3,512,015	915,000	630,000	
Investments	126,067	126,067		
Police bond cash	8,647			
Cash with county treasurer	6,138			
Accrued interest receivable	47,499	9,349	10,019	
Property tax receivable	1,001,046		68,284	
Accounts receivable	682,942	115,297	136,376	
Advances to other funds	893,791			
Lease receivable			110,345	
Inventory	51,895			
Prepaid items	209,589			
Total assets	$ 6,781,164	$ 1,480,825	$ 1,703,178	$ 343,748
Liabilities				
Accounts payable	$ 99,891		$ 14,047	$ 16,897
Police bond account	8,647			
Accrued salaries and benefits	116,685			
Unearned grant revenue				326,851
Total liabilities	225,223	$ -	14,047	343,748
Deferred inflows of resources				
Deferred property tax revenues	1,001,046		68,284	
Leases			110,345	
Total deferred inflows of resources	1,001,046	-	178,629	-
Fund balance				
Nonspendable	1,155,275			
Restricted	143,809	1,480,825	1,510,502	
Committed	12,530			
Assigned	542,017			
Unassigned	3,701,264			
Total fund balance	5,554,895	1,480,825	1,510,502	-
Total liabilities, deferred inflows of resources and fund balance	$ 6,781,164	$ 1,480,825	$ 1,703,178	$ 343,748

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

Other Governmental Funds	Total
$ 222,027	$ 1,870,576
155,564	5,212,579
	252,134
	8,647
	6,138
5,237	72,104
	1,069,330
13,248	947,863
	893,791
	110,345
	51,895
	209,589
$ 396,076	$ 10,704,991
	$ 130,835
	8,647
	116,685
$ 42,148	368,999
42,148	625,166
	1,069,330
	110,345
-	1,179,675
	1,155,275
287,977	3,423,113
65,951	78,481
	542,017
	3,701,264
353,928	8,900,150
$ 396,076	$ 10,704,991

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

Total fund balance - governmental funds	$ 8,900,150
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	11,447,065
Deferred outflows of resources are not financial resources and therefore are not reported as assets in governmental funds.	503,647
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(6,633)
Long-term liabilities and related deferred inflows of resources are not due and payable in the current period and therefore are not are reported as liabilities in the funds.	(817,144)
Net position of the governmental activities	$ 20,027,085

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

CITY OF BRUSH, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2025

	General Fund	Capital Improvement Fund	Fire Equipment Fund	Grant Fund
Revenues				
Taxes	$ 4,899,309	$ 716,824	$ 560,689	
Licenses and permits	163,678			
Intergovernmental	507,450			$ 444,011
Fines and forfeitures	29,612			
Charges for services	263,789		24,833	
Miscellaneous	1,144,793	39,263	38,703	19,435
Total revenues	7,008,631	756,087	624,225	463,446
Expenditures				
Current				
General government	2,019,788			
Public safety	2,448,316			
Public works	1,173,720	502,736		
Culture and recreation	989,955			
Capital outlay	660,313		91,376	463,446
Debt service				
Principal payments	26,380			
Interest and fiscal charges	706			
Total expenditures	7,319,178	502,736	91,376	463,446
Excess of revenues over (under) expenditures	(310,547)	253,351	532,849	-
Other financing sources (uses)				
Sale of assets	4,250		11,425	
Lease proceeds	138,046			
Transfers in	52,630			
Transfers out	(300,015)			
Total other financing sources (uses)	(105,089)	-	11,425	-
Net change in fund balances	(415,636)	253,351	544,274	-
Fund balance at beginning of year	5,970,531	1,227,474	966,228	-
Fund balance at end of year	$ 5,554,895	$ 1,480,825	$ 1,510,502	$ -

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

Other Governmental Funds	Total
	$ 6,176,822
	163,678
$ 64,133	1,015,594
	29,612
9,836	298,458
122,324	1,364,518
196,293	9,048,682
	2,019,788
150	2,448,466
	1,676,456
1,903	991,858
130,725	1,345,860
	26,380
	706
132,778	8,509,514
63,515	539,168
	15,675
	138,046
	52,630
(1,029)	(301,044)
(1,029)	(94,693)
62,486	444,475
291,442	8,455,675
$ 353,928	$ 8,900,150

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

Net change in fund balance - governmental funds	$ 444,475
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period.	191,145
The lease proceeds are reported as revenue in the governmental funds, however, they are reported as a long-term liability in the statement of net position.	(138,046)
Repayment of principal on leases are expenditures in the governmental funds, but the repayment reduces the long-term liability in the statement of net position.	26,380
In the statement of activities, certain operating expenses are measured by amounts incurred or earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	87,325
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the year.	(134,404)
Change in net position of governmental activities	$ 476,875

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

CITY OF BRUSH, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2025

	Business-type Activities - Enterprise Funds			
	Water Fund	Trash and Garbage Fund	Waste Water Fund	Storm Water Fund
Assets				
Current assets				
Cash	$ 307,261	$ 207,287	$ 573,535	$ 51,681
Certificates of deposit	460,000	200,903	1,350,000	93,386
Investments	251,920		630,033	126,067
Accrued interest receivable	6,425	2,591	10,065	5,121
Accounts receivable	645,488	915	1,837	275
Other receivables	2,383	945	933	260
Inventory	122,202	83,013		
Total current assets	1,795,679	495,654	2,566,403	276,790
Noncurrent assets				
Capital assets				
Nondepreciable:				
Land	1,143,512	1,475	652,537	
Water rights stock	1,982,072			
Construction in progress	538,015		363,525	
Depreciable:				
Land improvements				887,616
Building and improvements	477,260	85,117		
Water system	9,627,308			
Waste water plant and sewer system			15,200,666	4,023,322
Equipment	1,432,774	473,931	1,138,778	482,797
Office equipment	127,286			
Subtotal	15,328,227	560,523	17,355,506	5,393,735
Accumulated depreciation	(5,980,316)	(438,867)	(5,087,994)	(1,504,265)
Total noncurrent assets	9,347,911	121,656	12,267,512	3,889,470
Total assets	$ 11,143,590	$ 617,310	$ 14,833,915	$ 4,166,260

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

Golf Course Fund	Total
$ 74,004	$ 1,213,768
	2,104,289
	1,008,020
	24,202
	648,515
1,242	5,763
33,431	238,646
108,677	5,243,203
	1,797,524
	1,982,072
	901,540
1,352,417	2,240,033
809,612	1,371,989
	9,627,308
	19,223,988
627,828	4,156,108
	127,286
2,789,857	41,427,848
(908,584)	(13,920,026)
1,881,273	27,507,822
$ 1,989,950	$ 32,751,025

(continued)

CITY OF BRUSH, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2025

(continued)

	Business-type Activities - Enterprise Funds			
	Water Fund	Trash and Garbage Fund	Waste Water Fund	Storm Water Fund
Liabilities				
Current liabilities				
Accounts payable	$ 100,255	$ 14,721	$ 23,824	$ 2,431
Accrued interest payable			35,988	
Accrued salaries and benefits	17,850	9,555	9,452	2,199
Due to other funds				84,457
Due to other entities			5,775	
Current portion of accrued compensated absences	42,652	20,414	13,364	5,148
Current portion of notes payable			500,000	
Total current liabilities	160,757	44,690	588,403	94,235
Long-term liabilities				
Advances from other funds				809,334
Accrued compensated absences	17,479	8,354	2,151	3,960
Notes payable			2,861,447	
Total long-term liabilities	17,479	8,354	2,863,598	813,294
Total liabilities	178,236	53,044	3,452,001	907,529
Deferred inflows of resources				
Leases	43,200			
Total deferred inflows of resources	43,200	-	-	-
Net position				
Net investment in capital assets	9,347,911	121,656	8,906,065	2,995,679
Restricted for debt service			325,035	
Unrestricted	1,574,243	442,610	2,150,814	263,052
Total net position	10,922,154	564,266	11,381,914	3,258,731
Total liabilities, deferred inflows of resources and net position	$ 11,143,590	$ 617,310	$ 14,833,915	$ 4,166,260

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

Golf Course Fund	Total
$ 24,010	$ 165,241
4,971	40,959
12,792	51,848
	84,457
	5,775
14,026	95,604
61,980	561,980
117,779	1,005,864
	809,334
5,426	37,370
203,165	3,064,612
208,591	3,911,316
326,370	4,917,180
	43,200
-	43,200
1,616,128	22,987,439
	325,035
47,452	4,478,171
1,663,580	27,790,645
$ 1,989,950	$ 32,751,025

CITY OF BRUSH, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			
	Water Fund	Trash and Garbage Fund	Waste Water Fund	Storm Water Fund
Operating revenues				
Charges for services	$ 2,461,033	$ 882,173	$ 2,818,156	$ 454,491
Operating expenses				
Salaries	583,618	229,268	238,504	53,247
Employee benefits	255,422	156,117	128,094	23,299
Supplies	41,545	11,961	19,503	2,594
Professional services	598,056	130,190	444,646	42,682
Telephone	467	1,506	2,928	34
Lab fees	13,015			
Medical	987	1,079	125	
Utilities	68,384	4,405	110,117	
Association dues	790		237	
Travel and training	9,043	258	3,479	
Computer and radio maintenance	12,489	4,240	15,922	3,690
Advertising	429	16		
Building maintenance	9,645	1,909	2,371	
Licenses and permits	53,424		25,366	
Insurance	56,702	1,336	79,696	16,953
Well electricity	25,313			
System maintenance & materials	20,289		202,277	42,819
Purchase of trash containers		9,770		
Landfill contract		118,567		
Fuel and oil	11,255	29,301	6,237	8,895
Repairs & maintenance - vehicle	9,549	52,764	3,436	15,022
Farm expense	1,346		4,641	
Miscellaneous				
Ground maintenance				
Cart repairs and rental				
Merchandise				
Restaurant				
Bar				
Noncapital outlay	202,021	3,835	12,562	1,116
Depreciation and amortization	295,190	40,248	389,315	201,568
Total operating expenses	2,268,979	796,770	1,689,456	411,919
Operating income (loss)	192,054	85,403	1,128,700	42,572

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

Golf Course Fund	Total
$ 701,975	$ 7,317,828
402,051	1,506,688
95,100	658,032
1,876	77,479
30,041	1,245,615
2,105	7,040
	13,015
2,909	5,100
40,398	223,304
	1,027
240	13,020
1,492	37,833
391	836
8,859	22,784
1,175	79,965
12,324	167,011
	25,313
	265,385
	9,770
	118,567
10,399	66,087
5,625	86,396
	5,987
4,827	4,827
84,583	84,583
3,736	3,736
18,749	18,749
112,858	112,858
53,092	53,092
	219,534
154,848	1,081,169
1,047,678	6,214,802
(345,703)	1,103,026

(continued)

CITY OF BRUSH, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2025

(continued)	Business-type Activities - Enterprise Funds			
	Water Fund	Trash and Garbage Fund	Waste Water Fund	Storm Water Fund
Nonoperating revenues (expenses)				
Interest on investments	41,298	10,204	61,322	15,687
Sale of assets	44,571			
Insurance proceeds				
Interest and fiscal charges			(76,730)	(39,000)
Total nonoperating revenues (expenses)	85,869	10,204	(15,408)	(23,313)
Income (loss) before transfers and capital contributions	277,923	95,607	1,113,292	19,259
Capital contributions	22,900			
Transfers in				
Transfers out	(19,818)	(7,730)	(21,528)	(2,525)
Change in net position	281,005	87,877	1,091,764	16,734
Net position at beginning of year	10,641,149	476,389	10,290,150	3,241,997
Net position at end of year	$ 10,922,154	$ 564,266	$ 11,381,914	$ 3,258,731

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

Golf Course Fund	Total
131	128,642
	44,571
3,633	3,633
(14,158)	(129,888)
(10,394)	46,958
(356,097)	1,149,984
181,180	204,080
300,015	300,015
	(51,601)
125,098	1,602,478
1,538,482	26,188,167
$ 1,663,580	$ 27,790,645

CITY OF BRUSH, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			
	Water Fund	Trash and Garbage Fund	Waste Water Fund	Storm Water Fund
Cash flows from operating activities				
Receipts from customers	$ 2,427,729	$ 881,651	$ 2,827,915	$ 454,231
Payments to suppliers	(1,403,243)	(533,058)	(1,056,266)	(155,834)
Payments to employees	(563,848)	(217,379)	(229,811)	(51,195)
Net cash provided (used) by operating activities	460,638	131,214	1,541,838	247,202
Cash flows from noncapital financing activities				
Transfers in				
Transfers out	(19,818)	(7,730)	(21,528)	(2,525)
Net cash provided (used) by noncapital financing activities	(19,818)	(7,730)	(21,528)	(2,525)
Cash flows from capital and related financing activities				
Purchase of capital assets	(668,044)		(565,688)	(284,565)
Capital contributed from tap fees	9,900			
Insurance proceeds				
Principal paid on long-term debt			(490,000)	(81,209)
Interest paid on long-term debt			(102,865)	(39,000)
Net cash used by capital and related financing activities	(658,144)	-	(1,158,553)	(404,774)
Cash flows from investing activities				
Interest on investments	30,038	15,174	34,676	6,860
Sale of investments	460,000	150,000	600,000	90,000
Purchase of investments	(260,000)	(150,000)	(580,000)	
Net cash provided by investing activities	230,038	15,174	54,676	96,860

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

Golf Course Fund	Total
$ 701,768	$ 7,293,294
(488,724)	(3,637,125)
(390,148)	(1,452,381)
(177,104)	2,203,788
300,015	300,015
	(51,601)
300,015	248,414
	(1,518,297)
	9,900
3,633	3,633
(81,473)	(652,682)
(15,271)	(157,136)
(93,111)	(2,314,582)
131	86,879
	1,300,000
	(990,000)
131	396,879

(continued)

CITY OF BRUSH, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

(continued)	Business-type Activities - Enterprise Funds			
	Water Fund	Trash and Garbage Fund	Waste Water Fund	Storm Water Fund
Net change in cash and cash equivalents	12,714	138,658	416,433	(63,237)
Cash and cash equivalents at beginning of year	294,547	68,629	157,102	114,918
Cash and cash equivalents at end of year	$ 307,261	$ 207,287	$ 573,535	$ 51,681
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	$ 192,054	$ 85,403	$ 1,128,700	$ 42,572
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	295,190	40,248	389,315	201,568
Change in assets and liabilities				
Accounts receivable	(38,684)	(915)	(1,837)	(260)
Other receivables	8,980	393	11,596	
Inventory	(18,518)	(2,433)		
Accounts payable	5,446	(3,371)	7,617	1,270
Accrued salaries and benefits	17,850	9,555	9,452	2,199
Due to other entity			(2,246)	
Unearned lease revenues	(46,800)			
Accrued compensated absences	1,920	2,334	(759)	(147)
Deferred inflows of resources	43,200			
Net cash provided (used) by operating activities	$ 460,638	$ 131,214	$ 1,541,838	$ 247,202
Supplemental cash flows information				
Noncash capital financing activities				
Capital assets contributed from other funds	$ 13,000	$ -	$ -	$ -
Capital assets acquired with trade-in allowance	93,500	-	-	-
Construction in progress included in accounts payable	65,314	-	-	-
Total noncash capital financing activities	$ 171,814	$ -	$ -	$ -

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

Golf Course Fund	Total
29,931	534,499
44,073	679,269
$ 74,004	$ 1,213,768
$ (345,703)	$ 1,103,026
154,848	1,081,169
(207)	(41,903)
	20,969
4,290	(16,661)
(2,235)	8,727
12,792	51,848
	(2,246)
	(46,800)
(889)	2,459
	43,200
$ (177,104)	$ 2,160,588
$ 181,180	$ 194,180
	93,500
-	65,314
$ 181,180	$ 352,994

Note A – Summary of significant accounting policies

This summary of the City of Brush's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the City's accounting policies are described below.

A.1 – Reporting entity

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The City has examined other entities that could be included as defined in numbers 2 and 3 above. Based on these criteria, the City has no component units.

A.2 – Fund accounting

The City uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), major capital projects (capital projects fund), and the servicing of general long-term debt (debt service fund). The following are the City's major governmental funds:

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

Note A – Summary of significant accounting policies (Continued)

Capital Improvement Fund – This fund accounts for capital outlay acquisitions of the governmental fund types and is primarily funded by sales tax.

Fire Equipment Improvement Fund – This fund accounts for the acquisition of fire equipment and building improvements and is financed through property and sales tax.

Grant Fund – This fund was established to account for the activity of federal and state grants.

The following are the City's nonmajor governmental funds:

Special Surplus and Deficiency Fund – This fund presently accounts for the emergency reserves required under the Tabor amendment.

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

Police Forfeiture and Confiscation Fund – This fund is used to account for monies collected from the sale of evidence seized by the Police department.

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

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

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major proprietary funds:

Water Fund – This fund was established to account for the operation of a city-owned and operated public water system.

Waste Water Fund – This fund was established to account for the operation of a city-owned and operated public sewer system.

Note A – Summary of significant accounting policies (Continued)

Trash and Garbage Fund – This fund was established to provide for separate accountability of fees derived from the city-operated public trash system.

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

Golf Course Fund – This fund was established to account for the operations of a city-owned and operated public golf course.

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund financial statements – Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Note A – Summary of significant accounting policies (Continued)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting.

Revenues – exchange and nonexchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of fiscal year-end, except for state and federal grant revenues, which are considered available if collection is expected within six months of year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Note A – Summary of significant accounting policies (Continued)

Property taxes, sales taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

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

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

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

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

A.5 – Encumbrances

The City does not utilize encumbrance accounting.

A.6 – Cash and cash equivalents

For the purposes of the statement of cash flows, the City considers cash on hand, demand deposits, and short-term investments with an original maturity of three months or less to be cash and cash equivalents.

Note A – Summary of significant accounting policies (Continued)

A.7 – Interfund receivables/payables

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

A.8 – Receivables

Monthly charges for water, trash and garbage, wastewater and stormwater services are included with monthly utility billings. No allowance for doubtful accounts has been provided in the accompanying financial statements since substantially all accounts are deemed by management to be collectible.

A.9 – Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

A.10 – Prepaid Items

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

A.11 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

All capital assets with a unit cost greater than $5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received.

Note A – Summary of significant accounting policies (Continued)

Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) will be capitalized on a prospective basis beginning in 2004.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized during the year.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

A.12 – Compensated absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 101, “Compensated Absences.” In recognition of the varying work schedules of city employees and each employee’s diverse needs for time away from work, the City provides a general leave policy for its employees. Paid time off shall be accrued by regular employees and is determined by the work period that each employee is scheduled.

Vacation leave

The City grants full-time and regularly scheduled part-time employees paid vacation time which begins to accrue on the first day of employment, but which cannot be used until after the completion of 30 days of employment. Employees will earn varying hours of vacation time based on their position, length of employment or hours worked. The maximum amount of vacation time that an employee may accrue shall not exceed more than twice the employee's 12-month entitlement to annual vacation. No paid vacation time will accrue beyond this maximum amount. Once an employee reaches this ceiling, the employee ceases to earn or accrue any additional vacation time. In the event the employment terminates for any reason, the employee will be paid for all accrued and unused vacation time (not to exceed the maximum amount) at their then current rate of pay.

Note A – Summary of significant accounting policies (Continued)

Sick leave

The City grants all full and part-time employees paid health/illness time after they have completed at least 30 calendar working days of continuous service with the City. Paid health/illness time is accrued at a rate of one working day per month/twelve working days per year for regular full-time employees. Accrued health/illness time may not accrue beyond 120 days maximum for full-time employees. Accrued health/illness time and the maximum accrual for part-time employees is pro-rated based on the number of hours worked per week. Employees upon retirement shall receive monetary payment for one-fourth of their unused accumulated sick leave dependent on their age and longevity.

The entire compensated absences liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accrued compensated absences" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of the compensated absences is reported as a fund liability.

The amounts recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

A.13 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due. Bond premiums and discounts, and amounts deferred upon refunding are amortized over the life of the bonds using the straight-line method.

Note A – Summary of significant accounting policies (Continued)

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

A.14 – Leases

The City determines if an arrangement is a lease at inception. Leases are included in capital assets and lease liabilities in the statement of net position.

Lease assets represent the City's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments overs the lease term, less any lease incentives. Interest expense is recognized ratably of the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the City will exercise that option.

The City recognizes payments for short-term leases with a lease term of 12 months or less as expenses are incurred, and the leases are not included as lease liabilities or right-to-use lease assets in the statement of net position.

A.15 – Fund balance

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

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

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

Note A – Summary of significant accounting policies (Continued)

- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
- *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council (the City's highest level of decision-making authority),
- *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, an
- *Unassigned* fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications.

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

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

A.16 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

A.17 – Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are service charges for water, trash and garbage, wastewater and stormwater utility services, as well as golf course user fees. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note A – Summary of significant accounting policies (Continued)

A.18 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.19 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City council and that are either unusual in nature or infrequent in occurrence. The City had no transactions that qualify as extraordinary or special items during the year.

Note B – Cash and investments

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

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of year-end, the City had total deposits of $10,425,275, of which $750,000 was insured and $9,675,275 was collateralized with securities held by the pledging institution's trust department or agent in the City's name.

Note B – Cash and investments (Continued)

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the City's own investment policies and procedures. Investments of the City may include:

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

During the year, the City invested in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. Investments consist of U.S. Treasury and U.S. Agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. CSAFE is an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of $1.00. At year-end, the City had the following investments:

		Investment maturities (in years)		
Investment type	Fair value	Less than 1	1-5	6-10
Investment in CSAFE	$ 1,260,154	$ 1,260,154	$ -	$ -

Credit risk - State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least on nationally recognized rating agency at the time of purchase. The City has no investment policy that would further limit its investment choices. At year-end, the City's investment in CSAFE was rated AAAmmf by Fitch Ratings.

Note C – Receivables

Receivables at year-end consist of the following:

	Governmental Activities	Business-type Activities	Total Receivables
Utility accounts	$ -	$ 648,515	$ 648,515
Property taxes	1,069,330	-	1,069,330
Accounts	947,863	5,763	953,626
Leases	110,345	-	110,345
Interest	72,104	24,202	96,306
Total	$ 2,199,642	$ 678,480	$ 2,878,122

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Morgan County bills and collects property taxes for all taxing entities within the County. The tax receipts collected by the county are remitted to the City in the subsequent month.

Note D – Interfund transactions

The following is a summary of interfund borrowings and transfers for the year as presented in the fund financial statements:

Interfund Receivables	Interfund Payables	Amount
General Fund	Storm Water Fund	$ 893,791

The balance of $893,791 advanced to the Storm Water Fund from the General Fund resulted from a loan made to provide financing resources for the Cambridge Street storm water improvement project.

Transfers In	Transfers Out	Amount
General Fund	Water Fund	$ 19,818
General Fund	Trash & Garbage Fund	7,730
General Fund	Waste Water Fund	21,528
General Fund	Storm Water Fund	2,525
General Fund	Other Governmental Funds	1,029
Golf Course Fund	General Fund	300,015
Totals		$ 352,645

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

Note D – Interfund transactions (Continued)

Transfers from the enterprise funds to the General Fund are made annually to support community enhancement initiatives, including economic development efforts and capital projects. Transfers from the General Fund to the Golf Course Fund help subsidize the operations of the golf course. The transfer between the General Fund and Other Governmental Funds represents earnings on Cemetery Perpetual Care investments.

Note E – Capital assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 492,622	$ -	$ -	$ 492,622
Construction in progress	1,233,875	138,581	-	1,372,456
Total capital assets, not being depreciated	1,726,497	138,581	-	1,865,078
Capital assets, being depreciated:				
Buildings	4,000,579	31,945	-	4,032,524
Equipment	4,584,695	137,912	(200,035)	4,522,572
Vehicles	1,586,795	204,788	(35,825)	1,755,758
Infrastructure	6,885,908	142,000	-	7,027,908
Land improvements	1,233,463	236,033	-	1,469,496
Other	18,735	-	-	18,735
Total capital assets, being depreciated	18,310,175	752,678	(235,860)	18,826,993
Total capital assets	20,036,672	891,259	(235,860)	20,692,071
Less accumulated depreciation for:				
Buildings	(1,633,390)	(87,728)	-	(1,721,118)
Equipment	(2,792,036)	(220,627)	200,035	(2,812,628)
Vehicles	(1,151,703)	(129,391)	35,825	(1,245,269)
Infrastructure	(2,508,200)	(206,386)	-	(2,714,586)
Land improvements	(679,559)	(55,320)	-	(734,879)
Other	(15,864)	(662)	-	(16,526)
Total accumulated depreciation	(8,780,752)	(700,114)	235,860	(9,245,006)
Governmental activities capital assets, net	$ 11,255,920	$ 191,145	$ -	$ 11,447,065

Note E – Capital assets **(Continued)**

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 1,797,524	$ -	$ -	$ 1,797,524
Water rights stocks	1,982,072	-	-	1,982,072
Construction in progress	1,949,874	782,398	(1,830,732)	901,540
Total capital assets, not being depreciated	5,729,470	782,398	(1,830,732)	4,681,136
Capital assets, being depreciated:				
Buildings	1,350,397	21,592	-	1,371,989
Equipment	3,737,277	479,479	66,638	4,283,394
Right to use equipment	104,506	-	(104,506)	-
Systems	26,950,254	219,647	1,681,395	28,851,296
Land improvements	2,150,804	89,229	-	2,240,033
Total capital assets, being depreciated	34,293,238	809,947	1,643,527	36,746,712
Total capital assets	40,022,708	1,592,345	(187,205)	41,427,848
Less accumulated depreciation for:				
Buildings	(525,729)	(64,333)	-	(590,062)
Equipment	(1,929,924)	(273,117)	33,769	(2,169,272)
Right to use equipment	(84,338)	(20,168)	104,506	-
Systems	(9,753,493)	(624,096)	-	(10,377,589)
Land improvements	(683,648)	(99,455)	-	(783,103)
Total accumulated depreciation	(12,977,132)	(1,081,169)	138,275	(13,920,026)
Business-type activities capital assets, net	$ 27,045,576	$ 511,176	$ (48,930)	$ 27,507,822

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

Governmental activities	
General government	$ 30,648
Public safety	242,577
Public works	320,935
Culture and recreation	105,954
Total governmental activities	700,114

Note E – Capital assets (Continued)

Business-type activities	
Water	295,190
Trash and garbage	40,248
Waste water	389,315
Storm water	201,568
Golf course	154,848
Total business-type activities	1,081,169
Total depreciation expense	$ 1,781,283

Note F – Long-term debt

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

	Beginning Balances	Additions	Adjustments/ Reductions	Ending Balances	Due within one year
Governmental Activities					
Compensated absences	$ 401,890	$ -	$ (93,958)*	$ 307,932	$ 307,932
Financed purchase	-	138,046	(26,380)	111,666	20,453
Total	$ 401,890	$ 138,046	$ (120,338)	$ 419,598	$ 328,385
Business-type Activities					
Compensated absences	$ 130,515	$ 2,459*	$ -	$ 132,974	$ 95,604
Premium on note payable	130,553		(19,106)	111,447	-
Note payable	3,740,000	-	(490,000)	3,250,000	500,000
Financed purchase	324,456	-	(59,311)	265,145	61,980
Leases payable	22,162	-	(22,162)	-	-
Total	$ 4,347,686	$ 2,459	$ (590,579)	$ 3,759,566	$ 657,584

*The change in the compensated absences liability is presented as a net change.

Note F – Long-term debt (Continued)

Governmental Activities

General Fund – Financed Purchase

In January 2025, the City entered into a financing agreement with Unified Fleet Services, LLC in the amount of $138,046 to finance the purchase of two police vehicles. The agreement has a five-year term and bears interest at approximately 4.50%. Annual payments are due January 5th of each year, with a final payment due in January 2029. Payments are $27,086 for the first three years and increase to $37,901 for the final two years of the agreement. The financing agreement is secured by the financed police vehicles.

The following schedule represents the City's debt service requirements to maturity for its governmental activities at year-end:

	Financed Purchases	
Year ended December 31,	Principal	Interest
2026	$ 20,453	$ 6,633
2027	21,668	5,418
2028	33,770	4,131
2029	35,775	2,125
Total	$ 111,666	$ 18,307

Business-Type Activities

Waste Water Fund – Note Payable

During 2010 the City received a $9,465,000 loan from the Colorado Water Resources and Power Development Authority. Payments are due semi-annually on February 1 and August 1 beginning February 1, 2011 and ending August 1, 2031. The net effective interest rate is 2.50%.

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

Note F – Long-term debt (Continued)

The loan agreement with Colorado Water Resources and Power Development Authority contains several covenants including the establishment and maintenance of an operations and maintenance reserve fund in an amount equal to three months of operation and maintenance expenses. The City has restricted $325,035 of net position in satisfaction of the three-month renewal and maintenance reserve requirement at year-end. The City must also maintain waste water rates, fees and other charges that will cover operation and maintenance expenses and at least 110% of debt services for the calendar year. The City believes it has met this requirement for the year ended December 31, 2025.

The City's outstanding note with CWRPDA in the amount of $3,250,000 is secured with collateral of the net revenue from operation and use of the system as defined in the loan agreement. This outstanding note contains (1) a provision that in an event of default as defined in the loan agreement, the Authority shall have the right to take any action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce the performance and observance of any duty, covenant, obligation, or agreement including, without limitation, appointment ex parte of a receiver of the system.

On June 3, 2021, CWRPDA issued refunding State Revolving Fund (SRF) bonds Series 2023A. CWRDPA was legally obligated to pass through the savings from the refunding to its borrowers. This resulted in a credit of $396,562 issued to the City, which will reduce future debt service payments and is reflected in the table on the following page.

Golf Course Fund – Financed Purchase

In August 2019, the City entered into a financing agreement with Farmers State Bank of Brush in the amount of $585,000 to finance the purchase of a new sprinkler system for the golf course. The agreement has a ten-year term and bears interest at 4.50%. Annual payments of $73,912 are due August 1st of each year, with a final payment due in August 2029. The obligation is secured by the financed golf course sprinkler system.

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

Note F – Long-term debt (Continued)

The following schedule represents the City's debt service requirements to maturity for its business-type activities at year-end:

	Financed Purchases		Note Payable	
Year Ending December 31,	Principal	Interest	Principal	Interest
2026	$ 61,980	$ 11,931	$ 500,000	$ 89,870
2027	64,769	9,142	510,000	80,700
2028	67,667	6,245	520,000	74,130
2029	70,729	3,183	545,000	46,525
2030	-	-	575,000	22,210
2031	-	-	600,000	(11,020)
Totals	$ 265,145	$ 30,501	$ 3,250,000	$ 302,415

Note G – Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has affiliated with the Colorado Intergovernmental Risk Sharing Agency (CIRSA) to provide protection against losses incurred related to property, casualty, general liability and workers compensation claims. CIRSA is a separate legal entity established by member municipalities pursuant to the provisions of the Colorado Revised Statutes and the Colorado Constitution. The purposes of CIRSA are to provide members defined liability, property and workers compensation coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees, or officers. The City makes an annual contribution to CIRSA for its insurance coverage. For the year, the City's financial contribution to CIRSA was $350,443 for the Worker's Compensation Pool and $245,763 for the Property/Casualty Pool. Contingent liability claims for the coverage have not been recognized to date after reviewing claim history and the remoteness of potential loss in excess of actual contributions by the City. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

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

Note H – Pension Plans

The City is covered under four separate pension plans. In addition, employees may also make voluntary contributions to the deferred compensation plan as discussed in Note I.

Below is a summary of the deferred inflows/outflows, net pension assets and liabilities, and pension expense for the defined benefit plans.

	Deferred Outflows	Deferred Inflows	Net Pension Liability	Net Pension Asset	Pension Expense
SWDB	$ 409,133	$ 85,989	$ -	$ -	$ 189,032
Volunteer Fire	94,514	14,461	297,096	-	66,928
Total	$ 503,647	$ 100,450	$ 297,096	$ -	$ 255,960

The City's retirement plans and related disclosures are as follows:

Statewide Retirement Plan

Summary of significant accounting policies

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

General information about the pension plan

Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan. The Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The Plan currently has 229 participating employer fire and police departments.

The Defined Benefit Component and Social Security Component cover substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. Employers once had the option to withdraw from the Plan, but a change in state statutes eliminated this option effective January 1, 1998, unless the employer elects and is determined to be eligible to participate in the Statewide Money Purchase Plan.

Note H – Pension Plans (Continued)

In 2003, legislation was enacted that allows department who cover their firefighters and police officers in money purchase plans to elect coverage under the Plan. As of August 5, 2023, clerical and other personnel from fire districts whose services are auxiliary to fire protection may also participate in the Plan. As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the Plan.

The Plan assets are in the Fire & Police Members' Benefit Investment Fund Long-Term Pool and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Money Purchase Component assets). The Long-Term Pool is designed primarily for open plans with a longer time horizon, appropriate risk tolerance, and lower liquidity needs. The investment return assumption is 7.00 percent.

Members participating in DROP or in the Money Purchase Component choose among various investment options offered by an outside investment manager.

The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available annual comprehensive financial report that can be obtained on FPPA's website at http://www.FPPAco.org.

Benefits provided. The FPPA Board of Directors may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The Normal Retirement Age should not be less than age 55 or more than age 60. Any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Members with combined age and years of service totaling 80 or more, with a minimum age of 50 also qualify for a normal retirement pension.

A member is eligible for retirement after attainment of age 55 with at least five years of credited service.

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis.

The annual retirement benefit is 2.0 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent of the average of the member's highest three years' base salary for each year of service thereafter.

Note H – Pension Plans (Continued)

Beginning January 1, 2007, the annual normal retirement benefit for the Social Security Component is 1.0 percent of the average of the member's highest three years base salary for each year of credited service up to ten years plus 1.25 percent of the average of the member's highest three years' base salary for each year thereafter. Prior to 2007, the benefit for members of the Social Security Component will be reduced by the amount of social security income the member receives annually, calculated as if the social security benefit started as of age 62.

The annual retirement benefit of the Hybrid Defined Benefit Component is 1.9 percent of the average of the member's highest three years' base salary for each year of credited service through December 31, 2022 and 1.5 percent of the average of the member's highest three years' base salary for each year of credited service after January 1, 2023.

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost of living adjustment (COLA). COLAs may be compounding or non-compounding. The increase in benefits, if any, is based on the FPPA Board of Director's discretion. Compounding COLAs can range from 0 percent to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Upon termination, an employee may elect to have member contributions, along with 5.0 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

Contributions. Contribution rates for the Plan are set by statute. The FPPA Board of Directors may further increase the required contributions, equally between employer and member, upon approval through an election by both the employers and members.

Members of the Defined Benefit Component contribute 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2024, the total combined member and employer contribution was 22.0 percent.

Note H – Pension Plans (Continued)

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030. In 2024, the total minimum required member and employer contribution rate was 22.2 percent.

Members of the Social Security Component contribute 6.0 percent of base salary. Per the 2020 legislation, employer contribution rates will increase 0.25 percent annually through 2030 to a total of 6.5 percent of base salary. These increases result in a combined contribution rate of 12.5 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 11.00 percent.

The Hybrid Defined Benefit Component and Money Purchase Component members and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2023, the employer and member minimum contribution rates will increase by 0.125 percent annually until they reach a minimum rate of 9 percent each and at least a combined rate of 18 percent in 2030. In 2024, the total minimum combined member and employer contribution rate was 17.0 percent.

The Hybrid Defined Benefit Component sets contribution rates at a level that enables the defined benefits to be fully funded at the member's retirement date. The amount allocated to the Hybrid Defined Benefit Corporation is set annually by the FPPA's Board of Directors. The Hybrid Defined Benefit Component contribution rate from July 1, 2024 through June 30, 2025 is 14.56 percent. The Hybrid Defined Benefit Component contribution rate from July 1, 2023 through June 30, 2024 was 14.24 percent. Contributions in excess of those necessary to fund the defined benefit are allocated to the member's self-directed account in the Money Purchase Component.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

Within the Money Purchase Component, members are always fully vested in their own contribution, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service and to be 100 percent vested after five years of service or the attainment of age 55. Employer and member contributions are invested in funds at the discretion of members.

Note H – Pension Plans (Continued)

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

Contributions to the Plan from the City during the year ended December 31, 2025 were $95,149.

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

At December 31, 2025 the City reported a liability of $0 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

At December 31, 2024, the City's proportion was .0707 percent, which was an increase of .0147 percent from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized pension expense of $189,032. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 9,958	$ -
Changes in assumptions and other inputs	55,159	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	83,093	80,122
Difference between expected and actual experience	165,774	5,867
Contributions subsequent to measurement date	95,149	-
Totals	$ 409,133	$ 85,989

Note H – Pension Plans (Continued)

$95,149 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2026	$ 61,939
2027	96,743
2028	10,016
2029	10,422
2030	22,409
2031	21,434
2032	4,594
2033	438
Totals	$ 227,995

Actuarial assumptions. The actuarial valuations for the Statewide Retirement Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ended December 31, 2024. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial valuation date	January 1, 2025	January 1, 2024
Actuarial method	Entry age normal	Entry age normal
Amortization method	N/A	Level % of payroll, open
Amortization period	N/A	30 years
Long-term investment rate of return, net*	7.0%	7.0%
Projected salary increases*	4.25% - 11.75%	4.25% - 11.75%
Cost of living adjustments (COLA)	0%	0%
* Includes inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. The on-duty mortality rate is 0.00015.

Note H – Pension Plans (Continued)

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2023 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2024. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	33%	7.00%
Equity Long/Short	6%	6.20%
Private Markets	34%	8.80%
Fixed Income – Rates	7%	5.00%
Fixed Income – Credit	7%	6.50%
Absolute Return	9%	5.70%
Cash	4%	4.20%
Total	100%	

Note H – Pension Plans (Continued)

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

The COLA assumption reflects the true nature of Board's Benefit Policy which includes a variable COLA and supplemental payments. Consistent with Board's policy, the new COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00%, then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.08 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

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

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	$ 345,039	$ -	$ -

Note H – Pension Plans (Continued)

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

Payables to the pension plan

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

Brush Combined Volunteer Pension Fund

Summary of significant accounting policies

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

General information about the pension plan

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

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

Note H – Pension Plans (Continued)

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

Inactive plan members or beneficiaries currently receiving benefits	38
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	30
Total	72

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

Contributions. Contribution requirements of the plan are established under Title 31, Article 30 of the Colorado Revised Statutes. The plan is noncontributory regarding participants. Contributions to the plan for the year ended December 31, 2025 included $39,578 from the State of Colorado matching funds, $19,633 from Brush Rural Fire Protection District and $26,407 from the City.

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

At December 31, 2025, the City reported a proportionate share of net pension liability of $297,096. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. The proportionate share was determined by the total contributions of the City and the Brush Rural Fire Protection District made in 2024.

At December 31, 2024, the City's proportion was 50%, which was an increase of 1% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized pension expense of $66,928. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note H – Pension Plans (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 10,707	$ -
Changes in assumptions and other inputs	54,979	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,421	-
Difference between expected and actual experience	-	14,461
Contributions subsequent to measurement date	26,407	-
Totals	$ 94,514	$ 14,461

$26,407 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the subsequent year. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2026	$ 40,353
2027	20,099
2028	(4,555)
2029	(2,251)
Totals	$ 53,646

Actuarial assumptions. The total pension liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, open*
Remaining amortization period	20 years*
Asset valuation method	5-year smoothed fair value
Inflation	2.50%
Salary increases	N/A
Investment rate of return	7.00%

Note H – Pension Plans (Continued)

Retirement age	50% per year of eligibility until 100% at age 65.
Mortality	**Pre-retirement**: Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, projected with the MP-2020 Ultimate projection scale, 60% multiplier for off-duty mortality. **Post-retirement**: Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, projected with the MP-2020 Ultimate projection scale. **Disabled**: Pub-2010 Public Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, set forward five years projected with MP-2020 Ultimate projection scale, with minimum probability of 3.5% for males and 2.5% for females.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation of December 31, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Liquidity	4.00%	4.2%
Fixed Income – Rates	7.00%	5.0%
Fixed Income – Credit	7.00%	6.5%
Diversifiers	9.00%	5.7%
Long Short	6.00%	6.2%
Global Public Equity	33.00%	7.0%
Private Markets	34.00%	8.8%
Totals	100.00%	

Note H – Pension Plans (Continued)

Discount rate. The discount rate used to measure the total pension liability was 5.68%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 4.08% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 5.68%. Projected cash flows used in determining the Single Discount Rate are available upon request.

Sensitivity of the City's net pension liability to changes in the discount rate. The following presents the City's net pension liability calculated using a single discount rate of 5.68%, as well as what the City's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (4.68%)	Current Discount (5.68%)	1% Increase (6.68%)
Proportionate share of the net pension liability (asset)	$ 392,218	$ 297,096	$ 218,809

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

Payables to the pension plan

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

<u>Note H – Pension Plans</u> (Continued)

Defined Contribution Plan

The City participates in the City of Brush, Colorado Money Purchase Pension Plan (the Plan), a defined contribution plan administered by Empower Retirement. Benefit terms, including contribution requirements, for the Plan are established and may be amended by City Council. The City is required to contribute 5% of covered employee's salary, while employees are not required to make any contributions. For the year, the City recognized pension expense of $109,132. Employee vesting begins at two years with 20% and continues at 20% per year until fully vested in year six.

<u>Note I – Deferred compensation plan</u>

The City has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is available to all City employees. Employees defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death or financial hardship.

Amendments to the laws governing Section 457 deferred compensation plans substantially became effective January 1, 1997. The City approved plan amendments such that plan assets are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted for any other purpose.

<u>Note J – Commitments and contingencies</u>

Federal and state funding

The City receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the City under specified voting requirements by the entire electorate.

Note J – Commitments and contingencies (Continued)

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

TABOR is complex and subject to judicial interpretation. The City believes it is in compliance with the requirements of TABOR. However, the City has made certain interpretations of TABOR's language in order to determine its compliance. The City has reserved funds in the amount of $282,000 for the emergency reserve.

Local Government Budget Law

Expenditures in the Police Forfeiture Confiscation Fund and the Golf Course Fund exceeded appropriations by $150 and $7,334, respectively, and may be in violation of Colorado Local Government Budget Laws.

Note K – Fund Balance Classifications

	Nonspendable	Restricted	Committed	Assigned
Inventory	$ 51,895	$ -	$ -	$ -
Prepaid items	209,589	-	-	-
Advances to other funds	893,791			
Emergencies	-	282,000	-	-
Bicentennial celebration	-	3,464	-	-
Tricentennial celebration	-	2,118	-	-
Park improvements	-	137,944	2,766	-
Police equipment	-	-	-	-
Police improvements	-	6,260	-	-
Street improvements	-	1,480,825	12,530	-
Fire equipment	-	1,510,502	-	-
Cemetery maintenance	-	-	63,185	-
Community enhancements	-	-	-	452,379
General equipment	-	-	-	89,638
Total	$ 1,155,275	$ 3,423,113	$ 78,481	$ 542,017

Restricted fund balances

TABOR requires an emergency reserve be set aside for 2025 in the amount of 3% or more of its fiscal year spending. At December 31, 2025, the City has restricted $143,773 in the Special Surplus and Deficiency Fund and $138,227 in the General Fund for emergencies.

Note K – Fund Balance Classifications (Continued)

In addition, the General Fund ending fund balance is restricted in the amount of $3,464 and $2,118 for funds held on behalf of the City of Brush Bi and Tri-Centennial Committee, respectively.

The City presently levies a four percent (4%) sales tax. The sales tax is collected by the Colorado Department of Revenue and remitted to the City in the month following receipt by the Department of Revenue. The Department of Revenue receives the sales tax approximately one month after collection by the vendors. The citizens of Brush passed a ballot initiative for an increase of sales tax in November of 2006, increasing the sales tax rate by six-tenths of a percent from the previous three percent. The 2007 increase is specifically for street maintenance, improvements, and other related municipal purposes.

The money is to be deposited in the Capital Improvement Fund. All amounts not spent at year-end are restricted for the purposes designated by the legislation. At December 31, 2025, the amount of fund balance restricted for street maintenance was $1,480,825. This amount is restricted by enabling legislation.

The citizens of Brush passed a ballot initiative for an increase of sales tax in November of 2014, increasing the sales tax rate by four-tenths of a percent from the previous three and six-tenths percent. Along with the increased sales tax revenues, the City has also established a separate mill levy specifically for the purchase of fire equipment and building improvements. The money is to be deposited in the Fire Equipment Fund. All amounts not spent at year-end are restricted for the purposes designated by legislation. At December 31, 2025, the amount of fund balance restricted for fire equipment and building improvements is $1,510,502.

The City receives monies from the State under the Colorado lottery program to be spent for park and recreation purposes only. At December 31, 2025, the amount of fund balance restricted in the Conservation Trust Fund for park maintenance and improvements was $137,944.

The City has received funds from drug related court cases which the police department has been involved in. By state statute, expense is to be used for police equipment replacement. At December 31, 2025, the amount of fund balance restricted in the Police Forfeiture and Confiscation Fund for police drug enforcement equipment was $0.

The City received evidence funds at the time of police arrests. At December 31, 2025, the amount of fund balance restricted in the Police Forfeiture and Confiscation Fund from evidence seizures was $6,260.

Note K – Fund Balance Classifications (Continued)

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

Restricted For	Governmental Activities	Business-Type Activities	Total
Emergencies	$ 282,000	$ -	$ 282,000
Bicentennial Celebration	3,464	-	3,464
Tricentennial Celebration	2,118	-	2,118
Park Improvements	137,944	-	137,944
Police Equipment	-	-	-
Police Improvements	6,260	-	6,260
Street Improvements	1,480,825	-	1,480,825
Fire Equipment	1,510,502	-	1,510,502
Debt Service	-	325,035	325,035
Total	$ 3,423,113	$ 325,035	$ 3,748,148

Note L – Leases

In August 2019, the City entered into a ten-year lease agreement with the Brush Rural Fire Protection District (the District) to lease the vested rights to the city-owned fire department building. Based on this agreement, the City is receiving annual payments of $30,578 due each year on July 1st, with a fixed interest rate of 4.25%. The lease agreement provides for an annual determination by the District Board to renew or not renew the lease on or before December 31, and budgeted and appropriated funds sufficient to pay all the lease payments for the ensuing renewal term.

The City is reporting a lease receivable of $110,345 at year-end. For the year ended December 31, 2025, the City reported lease revenue of $24,833 and interest revenue of $5,745 related to the lease payments received.

Note M – Budgetary Data

The City may authorize Supplemental appropriations during the budget year. During 2025, the following supplemental appropriations were enacted.

Fund	Amount
Capital Improvement Fund	$ 3,000
Storm Water Fund	149,331
Grant Fund	299,477
Joslin Needham Fund	127,500
Totals	$ 579,308

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Required Supplementary Information

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

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

CITY OF BRUSH, COLORADO
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Taxes	$ 4,160,793	$ 4,160,793	$ 4,899,309	$ 738,516
Licenses and permits	67,260	67,260	163,678	96,418
Intergovernmental	416,300	416,300	507,450	91,150
Fines and forfeitures	25,000	25,000	29,612	4,612
Charges for services	295,450	295,450	263,789	(31,661)
Miscellaneous	1,013,264	1,013,264	1,144,793	131,529
Total revenues	5,978,067	5,978,067	7,008,631	1,030,564
Expenditures				
Current				
General government	2,080,139	2,080,139	2,019,788	60,351
Public safety	2,160,912	2,160,912	2,448,316	(287,404)
Public works	1,336,993	1,336,993	1,173,720	163,273
Culture and recreation	1,341,125	1,341,125	989,955	351,170
Capital outlay	789,137	789,137	660,313	128,824
Debt service				
Principal payments			26,380	(26,380)
Interest and fiscal charges			706	(706)
Total expenditures	7,708,306	7,708,306	7,319,178	389,128
Excess of revenues over (under) expenditures	(1,730,239)	(1,730,239)	(310,547)	1,419,692
Other financing sources (uses)				
Sale of assets			4,250	4,250
Lease proceeds			138,046	138,046
Transfers in	702,675	702,675	52,630	(650,045)
Transfers out	(947,734)	(947,734)	(300,015)	647,719
Total other financing sources (uses)	(245,059)	(245,059)	(105,089)	139,970
Net change in fund balance	$ (1,975,298)	$ (1,975,298)	(415,636)	$ 1,559,662
Fund balance at beginning of year			5,970,531	
Fund balance at end of year			$ 5,554,895	

CITY OF BRUSH, COLORADO
Capital Improvement Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Sales tax	$ 580,000	$ 580,000	$ 710,953	$ 130,953
Cigarette tax	4,000	4,000	5,871	1,871
Interest on investments	15,010	15,010	39,263	24,253
Total revenues	599,010	599,010	756,087	157,077
Expenditures				
Public works				
Street preservation	500,000	503,000	502,736	264
Total expenditures	500,000	503,000	502,736	264
Net change in fund balance	$ 99,010	$ 96,010	253,351	$ 157,341
Fund balance at beginning of year			1,227,474	
Fund balance at end of year			$ 1,480,825	

CITY OF BRUSH, COLORADO
Fire Equipment Improvement Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Property tax	$ 62,900	$ 62,900	$ 60,493	$ (2,407)
Sales tax	385,000	385,000	500,196	115,196
Lease revenue	30,578	30,578	24,833	(5,745)
Miscellaneous income			8,686	8,686
Interest on investments	5,000	5,000	24,272	19,272
Interest on lease			5,745	5,745
Total revenues	483,478	483,478	624,225	140,747
Expenditures				
Capital outlay				
Equipment	225,000	225,000	81,821	143,179
Building	10,000	10,000	9,555	445
Total expenditures	235,000	235,000	91,376	143,624
Excess of revenues over (under) expenditures	248,478	248,478	532,849	284,371
Other financing sources (uses)				
Sale of assets			11,425	11,425
Net change in fund balance	$ 248,478	$ 248,478	544,274	$ 295,796
Fund balance at beginning of year			966,228	
Fund balance at end of year			$ 1,510,502	

CITY OF BRUSH, COLORADO
Grant Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Donations			$ 19,435	$ 19,435
State grants		$ 272,379	299,477	27,098
Federal grants	$ 200,000	200,000	144,534	(55,466)
Total revenues	200,000	472,379	463,446	(8,933)
Expenditures				
Capital outlay				
Other			19,435	(19,435)
State grants		299,477	299,477	-
Federal grants	200,000	200,000	144,534	55,466
Total expenditures	200,000	499,477	463,446	36,031
Net change in fund balance	$ -	$ (27,098)	-	$ 27,098
Fund balance at beginning of year			-	
Fund balance at end of year			$ -	

CITY OF BRUSH, COLORADO
Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset)
Police Statewide Defined Benefit Plan
December 31, 2025

	2025	2024	2023	2022
City's proportion of the net pension liability/(asset)	0.0707%	0.0560%	0.0642%	0.0781%
City's proportionate share of the net pension liability/(asset)	$ -	$ -	$ 56,957	$ (423,033)
City's covered payroll	$ 770,960	$ 550,274	$ 558,278	$ 628,400
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	0.0%	0.0%	10.2%	-67.3%
Plan fiduciary net position as a percentage of the total pension liability	100.0%	100.0%	97.6%	116.2%

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

2021	2020	2019	2018	2017	2016
0.0698%	0.0809%	0.0687%	0.0879%	0.0980%	0.0979%
$ (151,562)	$ (45,767)	$ 86,817	$ (126,485)	$ 35,394	$ (1,725)
$ 553,962	$ 595,492	$ 460,995	$ 510,449	$ 502,160	$ 480,214
-27.4%	-7.7%	18.8%	-24.8%	7.0%	-0.4%
106.7%	101.9%	95.2%	106.3%	98.2%	100.1%

CITY OF BRUSH, COLORADO
Schedule of City Contributions
Police Statewide Defined Benefit Plan
December 31, 2025

	2025	2024	2023	2022
Contractually required contribution	$ 95,149	$ 77,096	$ 52,276	$ 50,245
Contributions in relation to the contractually required contribution	(95,149)	(77,096)	(52,276)	(50,245)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 907,764	$ 770,960	$ 550,274	$ 558,278
Contributions as a percentage of covered payroll	10.48%	10.00%	9.50%	9.00%

2021	2020	2019	2018	2017	2016
$ 53,414	$ 44,317	$ 47,639	$ 36,880	$ 40,836	$ 40,172
(53,414)	(44,317)	(47,639)	(36,880)	(40,836)	(40,172)
$ -	$ -	$ -	$ -	$ -	$ -
$ 628,400	$ 553,962	$ 595,492	$ 460,995	$ 510,449	$ 502,160
8.50%	8.00%	8.00%	8.00%	8.00%	8.00%

CITY OF BRUSH, COLORADO
Schedule of the City's Proportionate Share of the Net Pension Liability
Brush Combined Volunteer Fire Pension Plan
December 31, 2025

	2025	2024	2023	2022
City's proportion of the net pension liability	50%	49%	56%	49%
City's proportionate share of the net pension liability	$ 297,096	$ 229,403	$ 290,286	$ 214,597
City's covered payroll	N/A	N/A	N/A	N/A
City's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	62.09%	66.71%	63.20%	69.61%

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

2021	2020	2019	2018	2017	2016
48%	46%	46%	44%	44%	44%
$ 265,433	$ 285,751	$ 309,642	$ 227,374	$ 250,493	$ 229,944
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
61.63%	57.33%	53.70%	62.47%	58.47%	60.53%

CITY OF BRUSH, COLORADO
Schedule of City Contributions
Brush Combined Volunteer Fire Pension Plan
December 31, 2025

	2025	2024	2023	2022
Contractually required contribution	$ 26,407	$ 26,395	$ 23,873	$ 30,901
Contributions in relation to the contractually required contribution	(26,407)	(26,395)	(23,873)	(30,901)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A

2021	2020	2019	2018	2017	2016
$ 22,283	$ 21,271	$ 18,385	$ 17,810	$ 16,740	$ 16,662
(22,283)	(21,271)	(18,385)	(17,810)	(16,740)	(16,662)
$ -	$ -	$ -	$ -	$ -	$ -
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

Note A – Budgetary data

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

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

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

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

Note B – Factors affecting trends in amounts reported in the pension schedules

FPPA – Police Statewide Defined Benefit Plan

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

Other Supplementary Information

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

Such statements and schedules include:

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

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Budgetary Comparison Schedules – General Fund

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

CITY OF BRUSH, COLORADO
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Taxes				
Property taxes	$ 978,493	$ 978,493	$ 887,264	$ (91,229)
Specific ownership taxes	100,000	100,000	94,257	(5,743)
Sales taxes	2,700,000	2,700,000	3,442,445	742,445
Use taxes	40,000	40,000	159,847	119,847
Gas and electric franchise	300,000	300,000	288,500	(11,500)
Phone franchise	300	300	2,126	1,826
TV franchise	42,000	42,000	24,870	(17,130)
Total taxes	4,160,793	4,160,793	4,899,309	738,516
Licenses and permits				
Liquor	3,500	3,500	7,381	3,881
Amusement	360	360	540	180
Building and plumbing	50,500	50,500	142,471	91,971
Animal and miscellaneous	12,900	12,900	13,286	386
Total licenses and permits	67,260	67,260	163,678	96,418
Intergovernmental				
Highway users tax	155,000	155,000	181,105	26,105
Severance tax	50,000	50,000	14,751	(35,249)
Morgan County - road fund rebate	200,000	200,000	226,953	26,953
State Highway 34 maintenance	11,300	11,300	11,194	(106)
State grants			73,447	73,447
Total intergovernmental	416,300	416,300	507,450	91,150
Fines and forfeitures				
Court fines	22,000	22,000	28,984	6,984
Restitution	3,000	3,000	628	(2,372)
Total fines and forfeitures	25,000	25,000	29,612	(2,372)

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Charges for services				
Zoning	1,000	1,000	994	(6)
Cemetery	43,000	43,000	27,532	(15,468)
Swimming pool	37,500	37,500	39,484	1,984
Other recreation activities	159,150	159,150	136,585	(22,565)
Park fees	54,800	54,800	59,194	4,394
Total charges for services	295,450	295,450	263,789	(31,661)
Miscellaneous				
Interest on investments	44,200	44,200	211,321	167,121
Farm income	4,000	4,000		(4,000)
Airport rent	8,000	8,000	5	(7,995)
Lease income	18,360	18,360	11,270	(7,090)
Administrative fees	903,604	903,604	860,016	(43,588)
Local grants and donations	5,100	5,100		(5,100)
Miscellaneous	30,000	30,000	62,181	32,181
Total miscellaneous	1,013,264	1,013,264	1,144,793	131,529
Total revenues	$ 5,978,067	$ 5,978,067	$ 7,008,631	$ 1,023,580

CITY OF BRUSH, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
General government				
Legislative				
Council salaries	$ 23,200	$ 23,200	$ 22,449	$ 751
Employee benefits	1,808	1,808	1,844	(36)
Supplies	500	500	218	282
Travel	11,000	11,000	7,434	3,566
Dues	300	300		300
Computer maintenance	1,200	1,200	1,025	175
Total legislative	38,008	38,008	32,970	5,038
City clerk				
Clerk's salary	86,733	86,733	89,042	(2,309)
Employee benefits	22,237	22,237	23,852	(1,615)
Supplies	3,400	3,400	2,813	587
Professional services	1,200	1,200	1,989	(789)
Telephone	50	50		50
Dues	600	600	443	157
Travel	5,800	5,800	4,786	1,014
Elections	1,500	1,500	5,000	(3,500)
Records management	10,400	10,400	7,352	3,048
Miscellaneous	300	300	628	(328)
Total city clerk	132,220	132,220	135,905	(3,685)
Executive				
Mayor's salaries	7,420	7,420	7,417	3
Employee benefits	571	571	656	(85)
Travel	2,800	2,800	1,393	1,407
Computer maintenance	200	200	200	-
Total executive	10,991	10,991	9,666	1,325
City administrator				
Salaries	192,335	192,335	200,284	(7,949)
Employee benefits	78,903	78,903	78,348	555
Telephone	2,200	2,200	1,337	863
Dues	3,100	3,100	499	2,601
Travel	5,200	5,200	6,688	(1,488)
Fuel and oil	250	250		250
Total city administrator	281,988	281,988	287,156	(5,168)

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Administration				
Salaries	247,920	247,920	247,000	920
Employee benefits	86,658	86,658	83,492	3,166
Supplies	18,400	18,400	22,082	(3,682)
Professional services	62,500	62,500	69,532	(7,032)
Pension contributions	26,395	26,395	26,407	(12)
Telephone	15,000	15,000	5,138	9,862
Utilities	15,000	15,000	7,131	7,869
Dues	5,000	5,000	3,404	1,596
Travel and training	10,000	10,000	1,388	8,612
Computer maintenance	45,000	45,000	34,959	10,041
Advertising	9,000	9,000	5,928	3,072
Building maintenance	18,000	18,000	35,140	(17,140)
Insurance	93,632	93,632	100,440	(6,808)
Contributions	73,250	73,250	62,381	10,869
Employee incentive program	28,000	28,000	14,584	13,416
Subdivision development	50,000	50,000		50,000
Fuel and oil	300	300	192	108
Vehicle repairs & maintenance	100	100	103	(3)
Miscellaneous	5,000	5,000	5,041	(41)
Total administration	809,155	809,155	724,342	84,813
Community development				
Salaries	200,070	200,070	214,059	(13,989)
Employee benefits	89,938	89,938	91,485	(1,547)
Supplies	2,450	2,450	2,976	(526)
Professional services	122,700	122,700	149,526	(26,826)
Telephone	1,700	1,700	998	702
Utilities	4,500	4,500	2,965	1,535
Dues	2,500	2,500	2,176	324
Travel and training	12,500	12,500	12,806	(306)
Computer maintenance	21,500	21,500	25,199	(3,699)
Advertising	5,000	5,000	1,507	3,493
Building maintenance	5,000	5,000	4,669	331
Insurance			806	(806)
Safety reimbursement	250	250		250
Economic development	9,695	9,695	8,195	1,500
Tree board	15,000	15,000	3,498	11,502
Community outreach	4,000	4,000	5,607	(1,607)
Historic preservation	2,500	2,500	1,314	1,186

(continued)

CITY OF BRUSH, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2025

(continued)

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Fuel and oil	1,200	1,200	1,000	200
Vehicle repairs & maintenance	3,000	3,000	8,685	(5,685)
Community enhancement	41,000	41,000	22,377	18,623
Total community development	544,503	544,503	559,848	(15,345)
Municipal court				
Salaries	52,644	52,644	56,298	(3,654)
Employee benefits	28,617	28,617	29,442	(825)
Supplies	1,400	1,400	2,136	(736)
Legal fees	33,460	33,460	35,546	(2,086)
Telephone	50	50		50
Dues	420	420	365	55
Travel and training	5,000	5,000	7,863	(2,863)
Computer maintenance	2,500	2,500	1,712	788
Total municipal court	124,091	124,091	133,362	(9,271)
Human resources				
Salaries	80,648	80,648	84,418	(3,770)
Employee benefits	31,235	31,235	31,152	83
Supplies	1,400	1,400	2,588	(1,188)
Legal fees	16,000	16,000	12,591	3,409
Telephone	100	100	620	(520)
Dues	500	500	299	201
Travel and training	3,000	3,000	1,561	1,439
Computer maintenance	1,300	1,300		1,300
Advertising	5,000	5,000	3,310	1,690
Total human resources	139,183	139,183	136,539	2,644
Total general government	2,080,139	2,080,139	2,019,788	60,351
Public safety				
Police				
Salaries - permanent	1,177,318	1,177,318	1,228,014	(50,696)
Salaries - clerical/code enforcer	177,775	177,775	200,060	(22,285)
Employee benefits	267,282	267,282	601,468	(334,186)
Supplies	50,300	50,300	50,643	(343)
Professional services	30,500	30,500	14,166	16,334

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Police (continued)				
Telephone	14,000	14,000	14,483	(483)
Utilities	7,500	7,500	5,316	2,184
Dues	2,500	2,500	2,470	30
Travel and training	25,000	25,000	25,147	(147)
Advertising	3,000	3,000	444	2,556
Repairs & maintenance - general	55,000	55,000	65,700	(10,700)
Recruiting	2,000	2,000	1,500	500
Animal control	8,000	8,000	4,641	3,359
School liaison	1,700	1,700		1,700
Community policing	5,000	5,000	4,328	672
Animal sterilization	3,100	3,100		3,100
Emergency management	1,500	1,500		1,500
Investigations	18,000	18,000	17,451	549
SWAT	5,000	5,000	3,798	1,202
Vehicle equipment	4,000	4,000	3,129	871
Fuel and oil	60,000	60,000	46,254	13,746
Vehicle repairs & maintenance	22,000	22,000	33,127	(11,127)
Total police	1,940,475	1,940,475	2,322,139	(381,664)
Fire Department				
Fringe benefits	12,337	12,337	12,344	(7)
Supplies	61,350	61,350	35,424	25,926
Professional services	62,000	62,000	25,303	36,697
Telephone	4,500	4,500	3,035	1,465
Utilities	10,000	10,000	3,693	6,307
Dues	6,000	6,000	1,765	4,235
Travel and training	25,000	25,000	18,482	6,518
Building maintenance	9,000	9,000	5,684	3,316
Fireworks	13,000	13,000	13,177	(177)
Insurance			1,900	(1,900)
Other	250	250	102	148
Fuel and oil	6,000	6,000	3,188	2,812
Vehicle repairs & maintenance	11,000	11,000	2,080	8,920
Total fire department	220,437	220,437	126,177	94,260
Total public safety	2,160,912	2,160,912	2,448,316	(287,404)

(continued)

CITY OF BRUSH, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2025

(continued)	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Public works				
Streets				
Salaries	381,074	381,074	371,732	9,342
Employee benefits	246,412	246,412	251,833	(5,421)
Supplies	34,800	34,800	48,936	(14,136)
Professional services	3,000	3,000	3,626	(626)
Medical	3,000	3,000		3,000
Telephone	1,500	1,500	762	738
Electrical - street lights	150,000	150,000	97,226	52,774
Dues	450	450	409	41
Travel and training	5,000	5,000	1,230	3,770
Advertising	800	800	23	777
Building maintenance	3,000	3,000	11,722	(8,722)
Radio & computer maintenance	600	600	1,725	(1,125)
Street repair	50,000	50,000	66,964	(16,964)
Forestry	4,000	4,000	8,866	(4,866)
Snow removal	30,000	30,000	121	29,879
Alley maintenance	1,000	1,000	27,189	(26,189)
Pest and weed abatement	42,000	42,000	27,492	14,508
Christmas lights	4,000	4,000	472	3,528
Sidewalk maintenance	7,000	7,000	2,605	4,395
Fuel and oil	60,000	60,000	16,606	43,394
Vehicle repairs & maintenance	62,000	62,000	28,539	33,461
Total streets	1,089,636	1,089,636	968,078	121,558
Airport facilities				
Supplies	6,500	6,500		6,500
Utilities	2,000	2,000	3,510	(1,510)
Building maintenance	2,000	2,000	1,535	465
Insurance	3,400	3,400		3,400
Improvements	12,000	12,000		12,000
Total airport facilities	25,900	25,900	5,045	20,855
Cemetery				
Salaries	109,878	109,878	111,193	(1,315)
Employee benefits	41,179	41,179	43,060	(1,881)
Supplies	23,350	23,350	13,531	9,819

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Cemetery (continued)				
Professional services	800	800	297	503
Telephone	2,000	2,000	2,320	(320)
Utilities	4,000	4,000	3,002	998
Dues	500	500		500
Travel and training	750	750	208	542
Computer maintenance			2,742	(2,742)
Advertising	500	500	152	348
Foundations and burial service	27,000	27,000	17,673	9,327
Fuel and oil	6,000	6,000	1,838	4,162
Vehicle repairs & maintenance	5,500	5,500	4,581	919
Total cemetery	221,457	221,457	200,597	20,860
Total public works	1,336,993	1,336,993	1,173,720	163,273
Culture and recreation				
Recreation department				
Salaries	427,987	427,987	250,276	177,711
Employee benefits	92,397	92,397	99,014	(6,617)
Supplies	3,150	3,150	4,426	(1,276)
Professional services	500	500	208	292
Telephone	1,500	1,500	280	1,220
Utilities	4,500	4,500	2,993	1,507
Dues	600	600	919	(319)
Travel and training	3,500	3,500	838	2,662
Advertising	2,000	2,000	1,008	992
Copy/computer maintenance	7,000	7,000	12,871	(5,871)
Building & field maintenance	34,000	34,000	18,291	15,709
Adult programs	29,285	29,285	11,428	17,857
Youth summer programs	75,085	75,085	49,120	25,965
Youth winter programs	31,800	31,800	17,796	14,004
Swimming pool programs	145,016	145,016	127,046	17,970
Special events programs	101,700	101,700	62,308	39,392
Fuel and oil	1,000	1,000	2,963	(1,963)
Vehicle repairs & maintenance	2,150	2,150	1,400	750
Total recreation department	963,170	963,170	663,185	299,985

(continued)

CITY OF BRUSH, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2025

(continued)

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Parks				
Salaries	176,095	176,095	141,462	34,633
Employee benefits	85,010	85,010	88,843	(3,833)
Supplies	55,400	55,400	45,582	9,818
Professional services	800	800	873	(73)
Telephone	2,200	2,200	2,750	(550)
Utilities	42,000	42,000	40,803	1,197
Travel and training	2,500	2,500	149	2,351
Advertising	950	950		950
Insurance			303	(303)
Fuel and oil	6,500	6,500	5,157	1,343
Vehicle repairs & maintenance	6,500	6,500	848	5,652
Total parks	377,955	377,955	326,770	51,185
Total culture and recreation	1,341,125	1,341,125	989,955	351,170
Capital outlay	789,137	789,137	660,313	128,824
Debt service				
Principal payments			26,380	(26,380)
Interest and fiscal charges			706	(706)
Total debt service	-	-	27,086	(27,086)
Total expenditures	$ 7,708,306	$ 7,708,306	$ 7,319,178	$ 389,128

Combining Statements and Budgetary Comparison Schedules – Nonmajor Governmental Funds

The City reports the following nonmajor governmental funds:

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

- Special Surplus and Deficiency Fund – This fund presently accounts for the emergency reserves required under the TABOR amendment.

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

- Police Forfeiture and Confiscation Fund – This fund is used to account for monies collected from the sale of evidence seized by the Police department.

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

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

CITY OF BRUSH, COLORADO
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2025

	Special Surplus and Deficiency Fund	Conservation Trust Fund	Police Forfeiture and Confiscation Fund	Joslin Needham Fund
Assets				
Cash	$ 41,535	$ 100,534	$ 6,260	$ 44,914
Certificates of deposit	100,000	30,564		
Accrued interest receivable	2,238	2,284		
Accounts receivable		4,562		
Total assets	$ 143,773	$ 137,944	$ 6,260	$ 44,914
Liabilities				
Unearned grant revenues				$ 42,148
Total liabilities	$ -	$ -	$ -	42,148
Fund balance				
Restricted	143,773	137,944	6,260	
Committed				2,766
Total fund balance	143,773	137,944	6,260	2,766
Total liabilities and fund balance	$ 143,773	$ 137,944	$ 6,260	$ 44,914

Cemetery Perpetual Care Fund	Total
$ 28,784	$ 222,027
25,000	155,564
715	5,237
8,686	13,248
$ 63,185	$ 396,076
	$ 42,148
$ -	42,148
	287,977
63,185	65,951
63,185	353,928
$ 63,185	$ 396,076

CITY OF BRUSH, COLORADO
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2025

	Special Surplus and Deficiency Fund	Conservation Trust Fund	Police Forfeiture and Confiscation Fund	Joslin Needham Fund
Revenues				
Intergovernmental revenue		$ 64,133		
Charges for services				
Miscellaneous	$ 3,676	3,717	$ 29	$ 113,873
Total revenues	3,676	67,850	29	113,873
Expenditures				
Public safety			150	
Culture and recreation		1,903		
Capital outlay		17,225		113,500
Total expenditures	-	19,128	150	113,500
Excess of revenues over (under) expenditures	3,676	48,722	(121)	373
Other financing sources (uses)				
Transfers out				
Net change in fund balances	3,676	48,722	(121)	373
Fund balance at beginning of year	140,097	89,222	6,381	2,393
Fund balance at end of year	$ 143,773	$ 137,944	$ 6,260	$ 2,766

Cemetery Perpetual Care Fund	Total
	$ 64,133
$ 9,836	9,836
1,029	122,324
10,865	196,293
	150
	1,903
	130,725
-	132,778
10,865	63,515
(1,029)	(1,029)
9,836	62,486
53,349	291,442
$ 63,185	$ 353,928

CITY OF BRUSH, COLORADO
Special Surplus and Deficiency Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Interest on investments	$ 200	$ 200	$ 3,676	$ 3,476
Expenditures				-
Net change in fund balance	$ 200	$ 200	3,676	$ 3,476
Fund balance at beginning of year			140,097	
Fund balance at end of year			$ 143,773	

CITY OF BRUSH, COLORADO
Conservation Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Colorado lottery funds	$ 70,000	$ 70,000	$ 64,133	$ (5,867)
Interest on investments	200	200	3,717	3,517
Total revenues	70,200	70,200	67,850	(2,350)
Expenditures				
Culture and recreation				
Capital outlay - improvements	163,000	163,000	19,128	143,872
Total expenditures	163,000	163,000	19,128	143,872
Net change in fund balance	$ (92,800)	$ (92,800)	48,722	$ 141,522
Fund balance at beginning of year			89,222	
Fund balance at end of year			$ 137,944	

CITY OF BRUSH, COLORADO
Police Forfeiture Confiscation Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Interest on investments	$ 10	$ 10	$ 29	$ 19
Total revenues	10	10	29	19
Expenditures				
Public safety			150	(150)
Total expenditures	-	-	150	(150)
Net change in fund balance	$ 10	$ 10	(121)	$ (131)
Fund balance at beginning of year			6,381	
Fund balance at end of year			$ 6,260	

CITY OF BRUSH, COLORADO
Joslin Needham Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Contributions		$ 113,500	$ 113,500	$ -
Interest on investments	$ 500	500	373	(127)
Total revenues	500	114,000	113,873	(127)
Expenditures				
Culture and recreation				
Capital outlay		127,500	113,500	14,000
Total expenditures	-	127,500	113,500	14,000
Net change in fund balance	$ 500	$ (13,500)	373	$ 13,873
Fund balance at beginning of year			2,393	
Fund balance at end of year			$ 2,766	

CITY OF BRUSH, COLORADO
Cemetery Perpetual Care Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Perpetual care sales	$ 14,000	$ 14,000	$ 9,836	$ (4,164)
Interest on investments	100	100	1,029	929
Total revenues	14,100	14,100	10,865	(3,235)
Expenditures				
Public works				-
Excess of revenues over (under) expenditures	14,100	14,100	10,865	(3,235)
Other financing sources (uses)				
Transfers out	(1,500)	(1,500)	(1,029)	471
Net change in fund balance	$ 12,600	$ 12,600	9,836	$ (2,764)
Fund balance at beginning of year			53,349	
Fund balance at end of year			$ 63,185	

Budgetary Comparison Schedules – Enterprise Funds

The City reports the following major proprietary funds:

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

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

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

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

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

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

CITY OF BRUSH, COLORADO
Water Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Operating revenues				
Water services	$ 2,204,000	$ 2,204,000	$ 2,047,249	$ (156,751)
Delinquent fees	28,000	28,000	48,959	20,959
Water surcharge			118,702	118,702
Plant investment fee	13,200	13,200	39,032	25,832
In lieu of water			99,000	99,000
Farm income	30,500	30,500	61,417	30,917
Rental income	8,000	8,000	9,700	1,700
DOW lease	1,620	1,620		(1,620)
Water rights	3,600	3,600	11,997	8,397
Easement	3,550	3,550	3,670	120
Convenience fee	6,000	6,000	8,097	2,097
Miscellaneous	6,000	6,000	13,210	7,210
Total operating revenues	2,304,470	2,304,470	2,461,033	156,563
Operating expenses				
Salaries	573,410	573,410	583,618	(10,208)
Employee benefits	291,469	291,469	255,422	36,047
Supplies	49,000	49,000	41,545	7,455
Professional services	527,599	527,599	598,056	(70,457)
Lab fees	20,000	20,000	13,015	6,985
Medical	1,000	1,000	987	13
Telephone	2,000	2,000	467	1,533
Utilities	80,000	80,000	68,384	11,616
Association dues	2,500	2,500	790	1,710
Travel and training	15,000	15,000	9,043	5,957
Computer and radio maintenance	11,000	11,000	12,489	(1,489)
Advertising	2,000	2,000	429	1,571
Building maintenance	15,000	15,000	9,645	5,355
Insurance	56,814	56,814	56,702	112
Well electricity	40,000	40,000	25,313	14,687
Licenses and permits	45,000	45,000	53,424	(8,424)
Water system maintenance and materials	105,000	105,000	16,024	88,976
Line maintenance	20,000	20,000	4,265	15,735
Fuel and oil	15,000	15,000	11,255	3,745
Vehicle repairs & maintenance	9,000	9,000	9,549	(549)
Farm expense	1,000	1,000	1,346	(346)

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Water conservation	100,000	100,000		100,000
Noncapital outlay			202,021	(202,021)
Capital outlay	2,838,459	2,838,459	705,473	2,132,986
Total operating expenses	4,820,251	4,820,251	2,679,262	2,140,989
Operating loss	(2,515,781)	(2,515,781)	(218,229)	2,297,552
Nonoperating revenues				
Interest on investments	13,000	13,000	41,298	28,298
Sale of assets			44,571	44,571
Loan proceeds	2,332,000	2,332,000		(2,332,000)
Total nonoperating revenues	2,345,000	2,345,000	85,869	(2,259,131)
Net loss before transfers and capital contributions	(170,781)	(170,781)	(132,360)	38,421
Transfers out	(19,818)	(19,818)	(19,818)	-
Capital contributions - tap fees	6,000	6,000	9,900	3,900
Capital contributions			13,000	13,000
Change in net position	$ (184,599)	$ (184,599)	(129,278)	$ 55,321
Adjustments to GAAP Basis				
Add capital purchases			705,473	
Deduct depreciation			(295,190)	
Change in net position - GAAP Basis			281,005	
Net position at beginning of year			10,641,149	
Net position at end of year			$ 10,922,154	

CITY OF BRUSH, COLORADO
Trash and Garbage Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Operating revenues				
Trash services	$ 804,000	$ 804,000	$ 848,582	$ 44,582
Sale of cans	7,000	7,000	9,780	2,780
Miscellaneous	16,400	16,400	23,811	7,411
Total operating revenues	827,400	827,400	882,173	54,773
Operating expenses				
Salaries	226,757	226,757	229,268	(2,511)
Employee benefits	137,855	137,855	156,117	(18,262)
Supplies	16,000	16,000	11,961	4,039
Professional services	129,730	129,730	130,190	(460)
Medical	1,500	1,500	1,079	421
Telephone	1,200	1,200	1,506	(306)
Utilities	7,000	7,000	4,405	2,595
Travel and training	600	600	258	342
Computer maintenance	5,000	5,000	4,240	760
Building maintenance	3,000	3,000	1,909	1,091
Advertising	1,000	1,000	16	984
Insurance	1,336	1,336	1,336	-
Purchase of trash containers	35,000	35,000	9,770	25,230
Landfill contract	130,000	130,000	118,567	11,433
Fuel and oil	34,000	34,000	29,301	4,699
Vehicle repairs & maintenance	43,000	43,000	52,764	(9,764)
Noncapital outlay			3,835	(3,835)
Capital outlay	12,290	12,290		12,290
Total operating expenses	785,268	785,268	756,522	28,746
Operating income	42,132	42,132	125,651	83,519
Nonoperating revenues				
Interest on investments	1,000	1,000	10,204	9,204
Total nonoperating revenues	1,000	1,000	10,204	9,204
Net income before transfers	43,132	43,132	135,855	92,723

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Transfers out	(7,730)	(7,730)	(7,730)	-
Change in net position	$ 35,402	$ 35,402	128,125	$ 92,723
Adjustments to GAAP Basis				
Deduct depreciation			(40,248)	
Change in net position - GAAP Basis			87,877	
Net position at beginning of year			476,389	
Net position at end of year			$ 564,266	

CITY OF BRUSH, COLORADO
Waste Water Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Operating revenues				
Sewer fees	$ 2,488,000	$ 2,488,000	$ 2,567,467	$ 79,467
Surcharge fees	15,000	15,000	75,498	60,498
Plant investment fees	40,000	40,000	130,001	90,001
DOW lease	5,000	5,000	6,750	1,750
Administrative fees	75	75		(75)
Miscellaneous	2,000	2,000	5	(1,995)
Farm income	19,800	19,800	32,327	12,527
Pivot lease	5,930	5,930	6,108	178
Total operating revenues	2,575,805	2,575,805	2,818,156	242,351
Operating expenses				
Salaries	245,904	245,904	238,504	7,400
Employee benefits	127,505	127,505	128,094	(589)
Supplies	55,600	55,600	19,503	36,097
Professional services	523,604	523,604	444,646	78,958
Medical	1,000	1,000	125	875
Telephone	4,500	4,500	2,928	1,572
Utilities	160,000	160,000	110,117	49,883
Association dues	1,500	1,500	237	1,263
Travel and training	7,000	7,000	3,479	3,521
Computer maintenance	8,500	8,500	15,922	(7,422)
Advertising	500	500		500
Building maintenance	800	800	2,371	(1,571)
Insurance	80,012	80,012	79,696	316
Permits	26,000	26,000	25,366	634
Repairs and maintenance	105,000	105,000	43,433	61,567
Sanitary sewer cleaning	99,000	99,000	98,210	790
Manholes	20,000	20,000	10,663	9,337
Sewer lines	20,000	20,000	2,853	17,147
Line televising	45,000	45,000	47,118	(2,118)
Fuel and oil	9,000	9,000	6,237	2,763
Vehicle repairs & maintenance	4,000	4,000	3,436	564
Farm expense	19,000	19,000	4,641	14,359
Noncapital outlay			12,562	(12,562)
Capital outlay	2,236,773	2,236,773	531,346	1,705,427
Total operating expenses	3,800,198	3,800,198	1,831,487	1,968,711
Operating income (loss)	(1,224,393)	(1,224,393)	986,669	2,211,062

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Nonoperating revenues (expenses)				
Interest on investments	10,000	10,000	61,322	51,322
Principal paid on notes	(490,000)	(490,000)	(490,000)	-
Interest and fiscal charges	(99,400)	(99,400)	(102,865)	(3,465)
Total nonoperating revenues (expenses)	(579,400)	(579,400)	(531,543)	47,857
Net income (loss) before transfers and capital contributions	(1,803,793)	(1,803,793)	455,126	2,258,919
Transfers out	(21,528)	(21,528)	(21,528)	-
Capital contributions - tap fees	6,000	6,000		(6,000)
Change in net position	$ (1,819,321)	$ (1,819,321)	433,598	$ 2,252,919
Adjustments to GAAP Basis				
Add capital purchases			531,346	
Add principal paid on notes			490,000	
Add amortized premium			19,106	
Add change in accrued interest			7,029	
Deduct depreciation			(389,315)	
Change in net position - GAAP Basis			1,091,764	
Net position at beginning of year			10,290,150	
Net position at end of year			$ 11,381,914	

CITY OF BRUSH, COLORADO
Storm Water Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Operating revenues				
Service fees	$ 335,000	$ 335,000	$ 451,332	$ 116,332
Storm water assessment	3,160	3,160	3,159	(1)
Miscellaneous	200	200		(200)
Total operating revenues	338,360	338,360	454,491	116,131
Operating expenses				
Salaries	55,953	55,953	53,247	2,706
Employee benefits	23,949	23,949	23,299	650
Supplies	3,900	3,900	2,594	1,306
Professional services	46,183	46,183	42,682	3,501
Medical	300	300		300
Telephone	200	200	34	166
Travel and training	500	500		500
Computer maintenance	3,360	3,360	3,690	(330)
Advertising	200	200		200
Insurance	16,953	16,953	16,953	-
Sewer cleaning	40,000	40,000	40,000	-
Line maintenance	5,000	5,000	223	4,777
Pond maintenance	5,000	5,000	1,304	3,696
Curb and gutter maintenance	19,000	19,000	404	18,596
Assessment maintenance	5,000	5,000	888	4,112
Fuel and oil	13,000	13,000	8,895	4,105
Vehicle repairs & maintenance	14,000	14,000	15,022	(1,022)
Noncapital outlay			1,116	(1,116)
Capital outlay	2,418	151,749	161,345	(9,596)
Total operating expenses	254,916	404,247	371,696	32,551
Operating income (loss)	83,444	(65,887)	82,795	148,682
Nonoperating revenues (expenses)				
Interest on investments	3,000	3,000	15,687	12,687
Principal payments	(81,209)	(81,209)	(81,209)	-
Interest and fiscal charges	(39,000)	(39,000)	(39,000)	-
Total nonoperating revenues (expenses)	(117,209)	(117,209)	(104,522)	12,687
Net loss before transfers	(33,765)	(183,096)	(21,727)	161,369

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Transfers out	(2,546)	(2,546)	(2,525)	21
Change in net position	$ (36,311)	$ (185,642)	(24,252)	$ 161,390
Adjustments to GAAP Basis				
Add capital purchases			161,345	
Add principal payments			81,209	
Deduct depreciation			(201,568)	
Change in net position - GAAP Basis			16,734	
Net position at beginning of year			3,241,997	
Net position at end of year			$ 3,258,731	

CITY OF BRUSH, COLORADO
Golf Course Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Operating revenues				
Membership dues	$ 60,000	$ 60,000	$ 50,338	$ (9,662)
Cart rental fees	82,000	82,000	102,296	20,296
Green fees	80,000	80,000	138,899	58,899
Range fees	13,000	13,000	16,017	3,017
Tournament fees	10,000	10,000	12,818	2,818
Club rental	1,500	1,500	1,684	184
Merchandise sales	24,000	24,000	26,247	2,247
Restaurant income	220,000	220,000	158,996	(61,004)
Bar income	160,000	160,000	172,213	12,213
Building rental	8,500	8,500	9,470	970
Handicap fees	5,000	5,000	4,840	(160)
Cart storage	5,000	5,000	3,520	(1,480)
Trail and license	8,000	8,000	6,595	(1,405)
Golf lessons	500	500		(500)
League fees	5,000	5,000	(3,208)	(8,208)
Miscellaneous	2,000	2,000	1,250	(750)
Total operating revenues	684,500	684,500	701,975	17,475
Operating expenses				
Salaries	381,405	381,405	402,051	(20,646)
Employee benefits	90,996	90,996	95,100	(4,104)
Supplies	3,600	3,600	1,876	1,724
Ground maintenance	52,000	52,000	67,997	(15,997)
Chemicals	20,000	20,000	16,586	3,414
Professional services	19,500	19,500	30,041	(10,541)
Medical	2,000	2,000	2,909	(909)
Telephone	2,500	2,500	2,105	395
Utilities	32,700	32,700	40,398	(7,698)
Travel and training	5,000	5,000	240	4,760
Computer maintenance	11,000	11,000	1,492	9,508
Advertising	3,000	3,000	391	2,609
Building maintenance	3,000	3,000	8,859	(5,859)
Insurance	12,324	12,324	12,324	-
Licenses and permits	2,000	2,000	1,175	825
Copy machine	300	300		300
Merchandise	15,000	15,000	18,749	(3,749)
Cart repairs and rental	25,500	25,500	3,736	21,764
Restaurant	145,000	145,000	112,858	32,142
Bar	50,000	50,000	53,092	(3,092)

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Handicap fees	5,000	5,000	3,827	1,173
Golf shop miscellaneous	2,500	2,500	1,000	1,500
Fuel and oil	11,000	11,000	10,399	601
Vehicle repairs & maintenance	13,000	13,000	5,625	7,375
Total operating expenses	908,325	908,325	892,830	15,495
Operating loss	(223,825)	(223,825)	(190,855)	32,970
Nonoperating revenues (expenses)				
Interest on investments	50	50	131	81
Insurance proceeds			3,633	3,633
Principal payments	(61,980)	(61,980)	(81,473)	(19,493)
Interest and fiscal charges	(11,935)	(11,935)	(15,271)	(3,336)
Total nonoperating revenues (expenses)	(73,865)	(73,865)	(92,980)	(19,115)
Net loss before transfers and capital contributions	(297,690)	(297,690)	(283,835)	13,855
Transfers in	300,015	300,015	300,015	-
Capital contributions			181,180	181,180
Change in net position	$ 2,325	$ 2,325	197,360	$ 13,855
Adjustments to GAAP Basis				
Add principal payments			81,473	
Add change in accrued interest			1,113	
Deduct depreciation			(154,848)	
Change in net position - GAAP Basis			125,098	
Net position at beginning of year			1,538,482	
Net position at end of year			$ 1,663,580	

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Colorado Department of Highways
Local Highway Finance Report

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

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

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

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Amount used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		*III. EXPENDITURES FOR ROAD AND STREET PURPOSES*	
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
A. Receipts from Local Sources:		**A. Local highway expenditures:**	
1. Local Highway-user Taxes		1. Capital Outlay (from page 1, Item III.A1.d)	$ 502,736.00
a. Motor Fuel (from Item I.A.1)		2. Maintenance:	702,650.00
b. Motor Vehicle (from Item I.B.1)		3. Road and Street Services:	
c. Total (a + b)		a. Snow and Ice Removal	121.00
2. General Fund Appropriations	324,677.00	b. Other & Traffic Control Operations	138,589.00
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 1,519,012.00	**c. Total (a + b)**	$ 138,710.00
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 28,984.00	4. General Administration & Miscellaneous	43,777.00
5. Transfers from Toll Facilities		5. Highway Law Enforcement and Safety	680,079.00
6. Proceeds of Sale of Bonds and Notes:		**6. Total (1 through 5)**	$ 2,067,952.00
a. Bonds - Original Issues		**B. Debt Service on Local Obligations:**	
b. Bonds - Refunding Issues		1. Bonds:	
c. Notes		a. Interest	
d. Total (a + b + c)	$ -	b. Redemption	
7. Total (1 through 6)	$ 1,872,673.00	**c. Total (a + b)**	$ -
B. Private Contributions		2. Notes:	
C. Receipts from State government (from page 1, Item II.C.4)	$ 195,279.00	a. Interest	
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -	b. Redemption	
E. Total receipts (A.7 + B + C + D)	$ 2,067,952.00	**c. Total (a + b)**	$ -
		3. Total (1c + 2c)	$ -
		C. Payments to State for Highways	
		D. Payments to Toll Facilities	
		E. Total Expenditures (A6 + B3 + C + D)	$ 2,067,952.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)		$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)		$ -	$ -	$ -

LOCAL HIGHWAY FINANCE REPORT

STATE:	
COLORADO	

THIS INFORMATION FROM THE RECORDS	PREPARED BY:		REPORT YEAR ENDING DATE(mm/yyyy):
City of Brush	Christina R. Bostron	Cbostron@brushcolo.com	12/2025

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		**A.4. Miscellaneous Local Receipts:**	
a. Property Taxes and Assessments	180,899.00	a. Interest on investments	
b. Non-property Taxes and Assessments Imposts	1,338,113.00	b. Other Misc. Local Receipts	28,984.00
c. Total (a + b)	$ 1,519,012.00	**c. Total (a + b)**	$ 28,984.00

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	195,279.00	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds			
c. Total (a + b)	$ -		
4. Total (1 + 2 + 3c)	$ 195,279.00	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	
b. Engineering Costs	
c. Construction Costs	502,736.00
d. Total Capital Outlay (a+ b + c)	$ 502,736.00

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