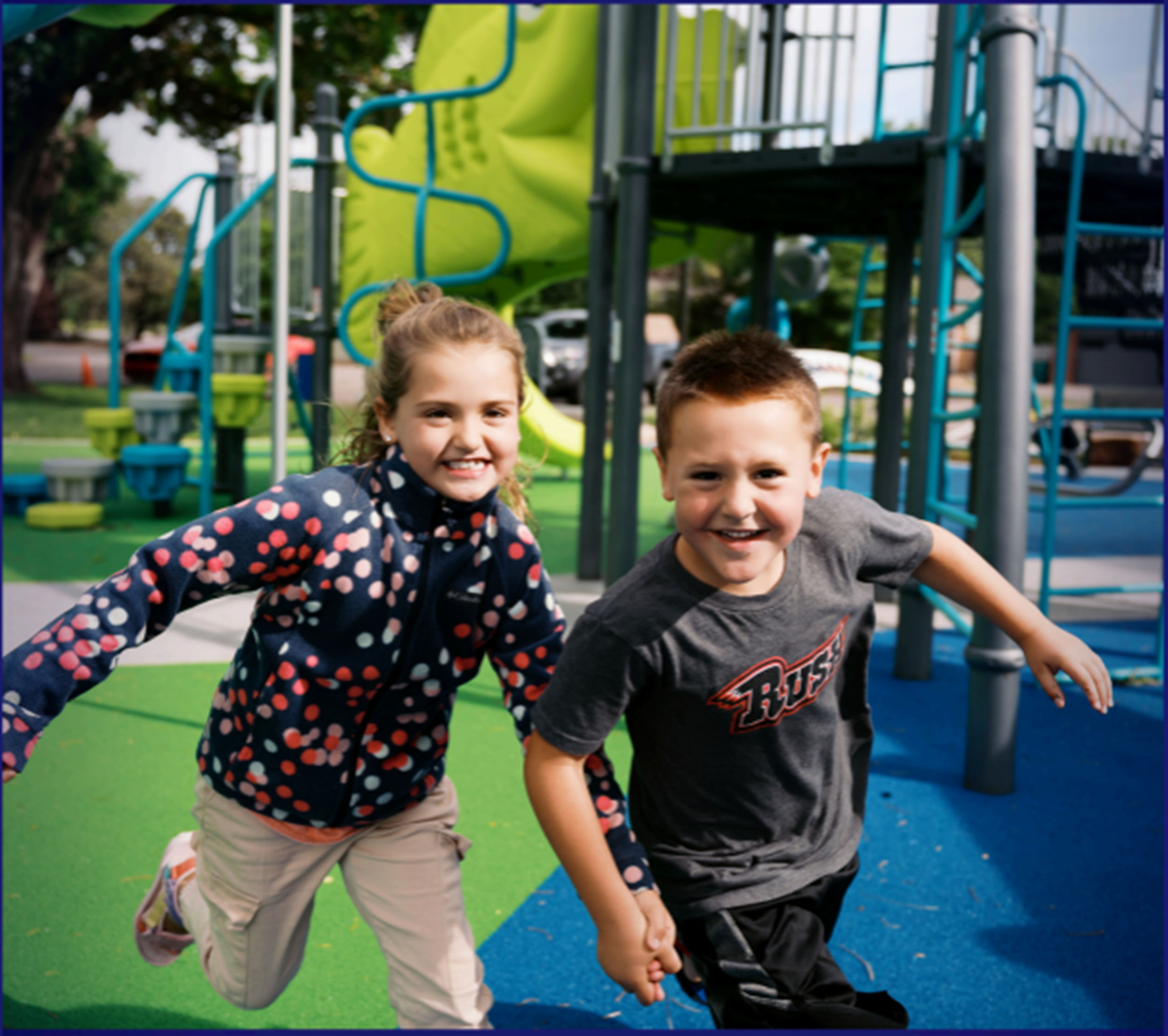
Brighton℠

CITY OF BRIGHTON, COLORADO



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended December 31, 2025

CITY OF BRIGHTON, COLORADO

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025

Prepared by
Finance Department

Catrina Asher, Director of Finance
Haley Miller, Assistant Director of Finance
Jessica Holbrook, Accounting Manager

Available online at
www.brightonco.gov

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Brighton
500 South 4th Avenue Brighton, CO 80601
www.brightonco.gov

June 29, 2026

To the Honorable Mayor, Members of City Council, Residents and Stakeholders of the City of Brighton, Colorado:

We submit, for your information and review, the Annual Comprehensive Financial Report for the City of Brighton, Colorado (the City or Brighton), for the year ended December 31, 2025. This report consists of management's representations concerning the finances of the City. Consequently, management assumes responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls 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. To the best of our knowledge and belief, the enclosed information is reported in a manner designed to present fairly the financial position and activities of the various funds of the City. The City has included all disclosures necessary to enable the reader to gain an understanding of the City's financial activities.

The City's charter and state law require an audit by independent certified public accountants selected by the City Council. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2025, are free of material misstatements. The City's financial statements, which include all funds under the control of City Council as well as the financial statements of component units, have been audited by RubinBrown, a firm of licensed certified public accountants. The independent auditor concluded, based upon the audit evidence obtained, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the year ended December 31, 2025, are fairly presented in conformity with accounting principles generally accepted in the United States of America (US GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

US GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A. The City's MD&A can be found immediately following the report of the independent auditor.

PROFILE OF THE CITY OF BRIGHTON

The City was incorporated in 1887 and chartered as a home-rule city in 2000. Brighton is located in Adams and Weld Counties, which is in the northeast Denver Metropolitan area, and is the county seat for Adams County. Brighton is a freestanding community, visually and physically separated from the Denver Metropolitan region, with a rich agricultural history, diverse housing, employment, services, recreation, and entertainment. It has a historic Downtown that anchors the City's small-town identity and its original neighborhoods. The

City currently occupies nearly 22 square miles and serves a population of approximately 45,000.

Brighton is a connection point of several major throughfares, including E-470, I-76, and Hwy 85, all connecting Brighton to both I-25 and the Denver business area. This “Brighton Corridor” provides residents with access to the entire Denver Metropolitan area. Brighton has excellent transportation access including being located only 16 miles from Denver International Airport, and is served by two rail lines, State Highway 85 and Interstate 76. Coast-to-coast truck routes are available utilizing I-76 with its connections to I-70 and using Highway 85 to link to I-80.

Brighton is empowered to levy sales, use, and lodging taxes within its boundaries. In 2024, the mill levy for property tax remained at 6.65 mills upon each dollar of the total assessed valuation for all taxable property within the City. The 2025 property taxes collected were based on the net assessed valuation for the City, as certified by the Adams and Weld County Assessors, which was $851,520,749 and $75,144,070, respectively. The City also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

Brighton operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a council consisting of the Mayor, and eight Council Members. The City is divided into four wards, each ward having two representatives on Council. The Mayor Pro-Tem is a serving Council Member elected by the Council itself. Council members serve for four-year terms, which are staggered. The Mayor is elected at large every four years.

The City Council is responsible for appointing and overseeing the work of the City Manager, City Attorney, and Municipal Judge. The City Manager is responsible for implementing the policies and ordinances of the Council, overseeing the day-to-day City operations, and appointing department directors and other staff members.

The City provides services that include, but are not limited to police protection, construction and maintenance of highways and streets, recreational activities, parks and athletic fields, adult recreation facilities, arts and cultural events, volunteer services, planning and zoning, general administrative services, economic and business development, code enforcement, animal control, municipal courts, public information, historic preservation, cemetery, building permits, youth services and public utilities which include water, wastewater and storm drainage services. Fire protection and library services are not provided by the City. These services are provided by the Greater Brighton Fire Protection District and Anythink Brighton, a Rangeview Libraries District affiliate.

Brighton provides financial support and exerts influence over three legally separate entities which are reported as component units within the financial statements. These component units include the Brighton Urban Renewal Authority, the Brighton Economic Development Corporation, and the Brighton Legacy Foundation. Additional information on these legally separate entities can be found in the notes to the financial statements.

Brighton's budget is adopted on a calendar year basis as required by Article X of the Charter. The budget presents a complete financial plan for all estimated revenues, other financing sources, expenditures, and other financing uses. This annual budget serves as the foundation for the City's financial planning and control. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the fund level. Budgets for capital projects lapse at the end of the fiscal year and must be re-appropriated if unused.

MAJOR INITIATIVES

In 2025, the City made progress in a number of key Vision Areas:

Organizational Excellence

The City maintains its focus on innovation by actively encouraging and supporting new ideas for efficiency and excellence. The City continued its Performance and Leadership Academy that encourages employees to find new ways to think about their work. The program to date has saved an estimated $1 million annually.

In 2025, the City implemented a new program called Target 36. This program gives employees the opportunity to take advantage of operational efficiency by working a compressed 36-hour workweek. This program has been a great success with staff, providing increased work-life balance and job satisfaction without compromising service levels for residents.

Strategic Growth & Infrastructure

Brighton is focused on development that is intentional and balanced, and that meets the needs of our residents and businesses. The City worked on a number of significant capital projects in 2025, all aimed at preparing the City for future growth. These included:

- Progress was made on community identity initiatives including plans for improved signage and approval of a Highway 7 and US-85 gateway beautification project.
- Construction of Lutz Reservoir was completed, including a new line and pump station that connect this large reservoir into the City's non-potable was system.
- Construction of the City's new Water Treatment Plant continued with visible progress including the raising of external walls and laying of pipeline. The plant, when completed, will be able to treat up to 20 million gallons of water per day, meeting the City's water needs for many years into the future.

Fiscal Resilience

The City maintains a focus on intentional development of long-term financial plans and management of revenues to ensure the City is fiscally sustainable for the future. During 2025:

- The City adopted the annual budget and completed the annual audit, both earning high recognition from the Government Finance Officers Association.
- A total of 14 sales tax audits were completed and approximately $750 thousand in delinquent sales tax revenues were assessed, ensuring the City collects the tax that is owed.

- The City's Retirement Board facilitated conversion of the City's retirement plans to a new recordkeeper, providing upgraded service and options for participants.
- The City replaced its aging financial system with a new integrated ERP. The new system includes all general financial modules as well as procurement, budget, project and grant accounting.

Economic Acceleration
Brighton is a City that continues to grow and works to attract priority businesses that create jobs and support growth. During 2025, thirty-one new businesses opened their doors in various areas of town. The creation of the Brighton Development Opportunities map identifies available properties to assist new businesses with identifying locations.

In partnership with the Brighton Urban Renewal Authority (BURA), the City spearheaded an effort to establish a Downtown Development Authority (DDA) to ensure continued investment in the heart of Brighton after a portion of BURA sunsets in 2027. Voters approved the formation of the DDA in the 2025 elections and activity of the DDA is expected to begin in 2026.

Destination for Recreation and Cultural Amenities
Brighton is a popular destination for recreational activities, with more than 150,000 recreation center visits and mor than 40 tournaments held throughout the year. With such high demand, the City began constructing an expansion of the recreation center with construction scheduled to be completed in 2026. Design for expansion of outdoor sports fields is also underway.

The City continued its focus on arts and culture in 2025 with the installation of six new murals on traffic signal boxes through the City. The murals were designed by local artists and selected through a community-wide vote.

Investment was made in a new local museum facility where visitors will be able to view and interact with historic documents, photographs and displays honoring the history of the area.

Community Engagement
Throughout the year, the City hosts a variety of events that include public engagement, and staff are encouraged to interact with residents and customers.

In 2025, the City hosted is second class of the Brighton Civic Academy. This eight-week program invites residents to gain an in-depth understanding of their local government. Each week, the participants learn about a department or focus of the City and get to interact with City leadership from across the organization.

Resident service and access to information was enhanced in 2025 with the implementation of the Brightly chatbot, a virtual assistant on the City's website that helps residents find the information they are looking for. Additionally, the website was redesigned in 2025 to meet new ADA compliance requirements.

Transportation Adaptability
The City recognizes the importance of transportation and the need for diverse forms of transportation. During 2025, the City made great progress in this area with the following projects and efforts:

- The Micro-Transit program was launched. This program, known as BOLT (Brighton On-Demand Local Transit) provides residents with very affordable point to point transit through an easy-to-use mobile app. This program was made possible through a grant from the Regional Transportation District.
- The expansion and widening of Bridge Street, a major arterial for the City, was completed and provides a more fluid transit experience between the east and west sides of the City.
- Multiple trail connections were completed, including the Colorado Front Range Trail Connection that connects parks to downtown. Projects like this give residents and visitors options to move throughout the City by bike or on foot, reducing traffic congestion and pollution.

Safe and Healthy Community
The City strives to provide residents with a safe and healthy place to live, work and play. This focus area can take a variety of forms, including providing safe drinking water, ensuring infrastructure is built safely and sustainably, and that the community feels safe from crime.

The Utilities Department launched the Get the Lead Out of Brighton program which was designed to identify service lines containing lead so they can be replaced. The program has been successful and ensures the City complies with state and federal drinking water standards.

The Police Department established a dedicated Special Victims Unit (SVU) that provides specialized resources to sensitive cases, including domestic violence, sexual assault, and child or elder abuse cases. The restructuring resulted in more comprehensive, victim-centered investigative services for these cases.

LOCAL ECONOMY

Despite economic challenges and uncertainty in 2026, Brighton's economy has remained strong. The City saw steady growth in sales taxes, with revenues growing 3.6%. This was driven by a combination of population growth and new businesses opening within the City in late 2024 and throughout 2025.

The City actively seeks to bring businesses to the area, and in some cases incentivizes those businesses. The City utilize performance-based incentive agreements, including tax abatements as defined under GASB Statement No. 77, as a strategic tool to promote economic development, redevelopment, and job creation within the community. These agreements are awarded on a case-by-case basis and are designed to ensure that public benefits exceed the cost of the incentives provided.

The City’s tax abatement programs are structured to generate long-term economic benefits through the expansion of the local tax base, attraction and retention of businesses, and the creation of quality employment opportunities for residents. Incentives are contingent upon the achievement of specific performance measures, such as job creation, wage thresholds, and the generation of new tax revenues, ensuring that abatements are supported by measurable economic activity.

Over time, these agreements are expected to enhance the City’s overall financial position by stimulating private investment, increasing assessed property values, and generating additional sales and use tax revenues beyond the abated amounts. The City continually evaluates these programs to ensure alignment with its long-term economic development objectives and fiscal sustainability.

While sales taxes grew and new businesses opened, the City saw a slowing of new residential development which was driven by broader economic uncertainty and interest rates that did not decrease as quickly as many had hoped. This resulted in the issuance of 483 single family building permits in 2025. This was notably less than were issued in 2024, though 2024 was an unusually active year for development. Slower development resulted in lower revenues from development dependent revenues like construction use tax and utility impact fees. Brighton’s population in 2025 grew to approximately 45,000.

The unemployment rate for the Denver-Aurora-Lakewood Metropolitan area in which Brighton resides was 3.8% in December 2025, down 0.8% compared to the prior year’s rate of 4.6% (Bureau of Labor Statistics). This is lower than the national rate of 4.4% for the same period.

The inflation rate (all items) for the Denver-Aurora-Lakewood Metropolitan area was 2.2% as of November 2025, lower than the national average of 2.7%.

As with most Colorado Front Range communities, water availability is a major component of economic growth in Brighton. To ensure that adequate water supplies are available, the City continues to manage its resources through water conservation and acquisition as well as the construction of a new water treatment plant slated for completion at the end of 2026. Additionally, the City’s municipal code was updated in 2023 to require most new development to bring water shares at the time of development, rather than being allowed to pay a fee-in-lieu of water dedication. This ensures the City has sufficient water rights to serve the community well into the future.

FOR THE FUTURE

The City’s plans for 2026 include approximately $278 million in spending with a focus on continuing and completing several multi-year capital projects funded from reserves accumulated in prior year. This budget also contemplates a slowing economy and projects a conservative increase in overall revenues. The focus of the budget is to maintain services and support staff in providing quality services and programming while remaining efficient.

The 2026 Budget includes funding to continue work on several significant projects that started in the previous year, including the construction of a new water treatment plant and expansion of the Brighton Recreation. New projects include addressing public safety space needs with the remodeling of a newly acquired building and continuing to address transit concerns with improvements to the Sable Corridor.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Brighton for its annual comprehensive financial report for the year ended December 31, 2024. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this 2025 Annual Comprehensive Financial Report was made possible by the dedicated service of the entire Finance Department. Credit also must be given to the Mayor and the City Council for their support in maintaining the highest standards of professionalism and in the development of effective policies relating to the City's finances.

Respectfully submitted,

Michael P. Martinez

Michael Martinez
City Manager

Catrina Asher

Catrina Asher, CPA, CPFO
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Brighton
Colorado

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

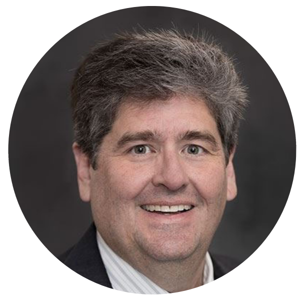
CITY LEADERSHIP

CITY COUNCIL

Brighton City Council is made up of nine council members. The mayor is elected at large every four years. The City is divided into four wards, with each ward having two representatives on council. Their terms are for four years and they are staggered. In other words, every two years one representative from each ward is up for election.

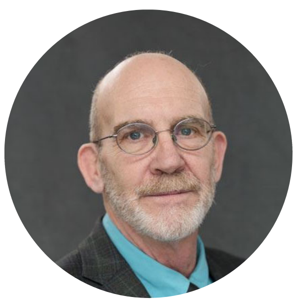
Leadership listed are those in office at the time of issuance of this report.

Gregory Mills
Mayor
Term Ends 2030



Peter Padilla
Mayor Pro Tem
Ward 4
Term Ends 2030

Rhianon Collins
Ward 1
Term Ends 2030



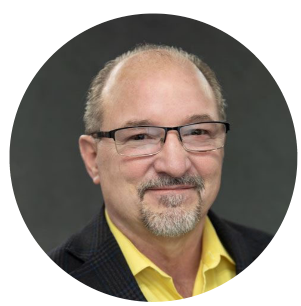
Tom Green
Ward 1
Term Ends 2028

Jim Snyder
Ward 2
Term Ends 2028

Ann Taddeo
Ward 2
Term Ends 2026

Chris Fiedler
Ward 3
Term Ends 2028

Melinda Carbajal
Ward 3
Term Ends 2030



Lloyd Worth
Ward 4
Term Ends 2028

ADMINISTRATIVE LEADERSHIP

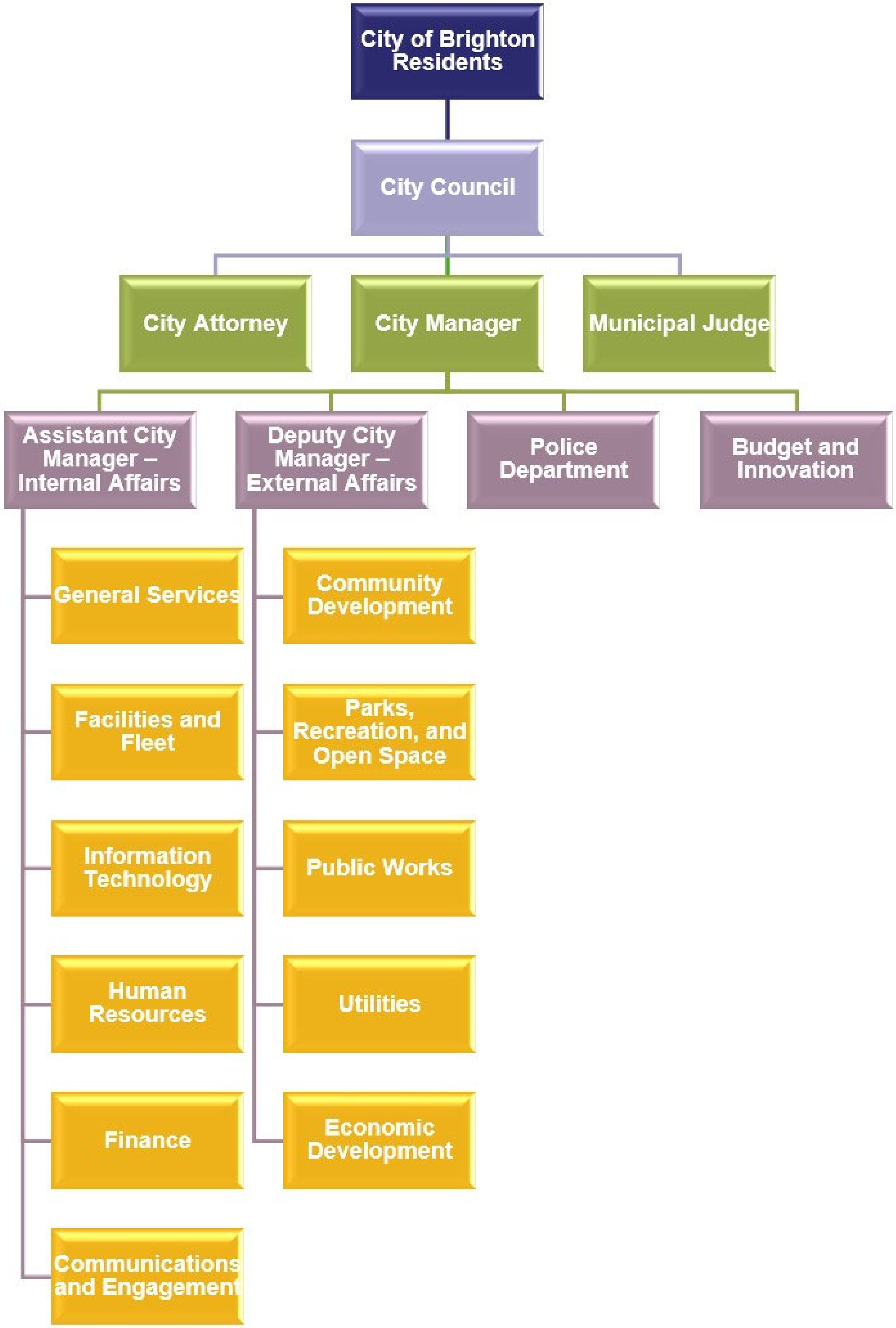
The City operates under the Council-Manager form of government, through a Home Rule Charter. The City Manager, who is appointed by City Council, serves as the Chief Executive and Administrative Officer for the City and is responsible for the proper administration of all affairs of the City. In addition, the City Manager prepares recommendations for Council consideration and implements the policy direction approved by the City Council. City personnel, including the Deputy and Assistant City Managers, Chief of Police, and Department Directors report to the City Manager.

The City Attorney and Municipal Judge are appointed by and report to City Council.

Individuals listed below were in their positions as of the time of issuance of this report.

City Manager	Michael Martinez
Deputy City Manager	Marv Falconburg
Assistant City Manager	Karen Borkowski-Surine
City Attorney	Alicia Calderón
Chief of Police	Matt Domenico
City Clerk	Natalie Hoel
Director, Budget & Innovation	Kathryn Mortensen
Director, Communications & Engagement	Kristen Chernosky
Director, Community Development	Holly Prather
Director, Economic Development	Robin Martinez
Director, Facilities	Patrick Rome
Director, Finance	Catrina Asher
Director, Human Resources	Kevin Young
Director, Information Technology	Chris Neves
Director, Parks and Recreation	Travis Haines
Director, Public Works	Greg Labrie
Director, Utilities	Scott Olsen

City Organizational Chart



FINANCIAL SECTION

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www.RubinBrown.com
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Honorable Mayor and Members of the City Council
City of Brighton, Colorado

Report On The Audit Of The Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Brighton, Colorado (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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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.

Emphasis Of Matter

As discussed in Note 1 to the financial statements, in 2025 the City adopted Governmental Accounting Standards Board (GASB) Statement Numbers 102, Certain Risk Disclosures. Our opinions were not modified with respect to this matter.

Basis For Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government 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, the schedule of the City's proportionate share of the net pension liability (asset) and the schedule of the City's contributions to the pension plan and related ratios 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, which 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules, the Highway Users Tax Fund Schedule and the schedule of expenditures of federal awards, as required by the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* 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 combining and individual financial statements and schedules for the nonmajor funds, enterprise funds, internal service funds, and component units are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

RubinBrown LLP

June 29, 2026

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

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FINANCIAL HIGHLIGHTS

As management of the City of Brighton (the City), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the 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 at the front of this report, and the City's financial statements, which follow this section.

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of 2025 by $659.9 million (net position). Of this amount, $90.0 million is unrestricted in the governmental activities and may be used to meet the City's ongoing obligations.

- Citywide net position increased $42.8 million (6.9%) in 2025. The governmental net position increased by $13.6 million (4.1%) and the business-type net position increased by $29.2 million (10.3%) compared to the prior year restated net position.

- The General Fund, the City's primary operating fund, ended the year with a total fund balance of $38.2 million. This represents a decrease of $2.5 million (6.1%) compared to the prior year. Of this amount, $19.8 million (51.8%) is available for spending at the government's discretion (unassigned fund balance).

- The City's governmental activities generated revenues of $108.8 million, a decrease of $3.5 million (3.1%) compared to the prior year's revenues. The City's primary revenue source is sales, use and other taxes, which totaled $61.3 million, reflecting a decrease of $1.2 million (1.9%) compared to the prior year. This decrease was furthered by decreases to oil & gas and other revenues and was offset by increases to capital grants and contributions.

- Citywide governmental activities expenses totaled $93.0 million, an increase of $14.3 million (18.1%) in comparison with the prior year. Spending increased across nearly all categories with the largest increases being to General Government, Public Safety, and Parks and Recreation.

- Capital Assets balances, including depreciation, increased citywide by $135.6 million (24.2%) compared to the previous year's restated balance, resulting in an ending balance of $695.7 million.

- Citywide debt balances, including unamortized premiums, totaled $238.9 million and increased by $86.4 million (56.7%) with two borrowings totaling $91.1 million being completed in 2025. Payments on all outstanding debt obligations were made according to established debt service schedules.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of the following three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements. This report also includes supplementary information intended to furnish additional details to support the basic financial statements themselves.

Government-wide Financial Statements

The government-wide statements are designed to provide readers with a broad overview of the City's finances using the accrual basis of accounting, the basis of accounting used by most private-sector businesses.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may provide an indication of whether the City's financial position is improving or deteriorating.

The statement of activities presents information reflecting how the City's net position has changed during the fiscal year that just ended. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused compensated leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets and fleet, cemetery, parks and recreation, and community development. The business-type activities of the City include water, wastewater and storm drainage.

The government-wide financial statements begin on page 35 of this report.

The government-wide financial statements include not only the City of Brighton itself, known as the primary government, but also three separate legal entities referred to as component units. These include the Brighton Urban Renewal Authority (BURA), the Brighton Cultural Arts Commission (BCAC), and the Brighton Economic Development Corporation (BEDC). These organizations receive a significant portion of their funding from the City, and/or the City exerts influence over these organizations through positions on their governing boards. Financial information for these component units is reported separately from the financial information for the primary government itself and combining statements for the component units being on page 124 of this report.

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, 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 can be divided into two categories, governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to report those same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements are prepared on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and similar long-term items which are recorded when due. Therefore, the focus of the governmental fund financial statements is on both: 1) near-term inflows and outflows of spendable resources and 2) the balance of spendable resources available at year end.

Since the focus of the governmental funds is on near-term resources, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. To facilitate this comparison, a reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities is provided on page 40.

Information is presented separately in the balance sheet-governmental funds and in the statement of revenues, expenditures and changes in fund balances-governmental funds for the General Fund, Capital Improvement Fund and Parks and Recreation Capital Improvement Fund. These three funds are considered to be major funds. Data from the other governmental funds is combined into a single, aggregated presentation. These seven non-major funds are: Landscaping, Lottery, Cemetery, Highway, Lodging Tax, Impact Fees, and Cemetery Perpetual Care.

The City adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison schedule has been provided for each of the governmental funds to demonstrate compliance with the budget.

The basic governmental funds financial statements begin on page 37 of this report.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprises funds to account for its water, wastewater, and storm drainage operations. An internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for self-funded medical benefits and fleet services. Because this service predominantly benefits governmental rather than business-type functions, this fund has been included within governmental activities in the government-wide financial statements. The proprietary fund financial statements are prepared on the accrual basis of accounting.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Water and Wastewater funds meet the criteria to be considered major funds. The Storm Drainage does not meet the criteria to be a major fund but is treated as major for consistency and presentation purposes. These three funds are presented separately within the proprietary funds statement of net position, proprietary funds statement of revenues, expenses and changes in fund net position, and proprietary funds statement of cash flows financial statements.

The City adopts an annual appropriated budget for all of its proprietary funds. A budgetary comparison schedule has been provided for each proprietary fund to demonstrate compliance with this budget.

The basic proprietary funds financial statements start on page 41 of this report.

Notes to the Basic 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 start on page 47 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. The combining statements referred to earlier in connection with non-major governmental funds and proprietary funds are presented immediately following the basic financial statements. Combining statements and budgetary schedules can be found beginning on page 101 of this report. This report also contains a compliance section, which includes the Schedule of Expenditures of Federal Awards and the Local Highway Finance Report, can be found beginning on page 150 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The City's assets and deferred outflows exceed liabilities and deferred inflows of resources by $659.9 million at the close of the most recent fiscal year.

The City uses its capital assets to provide services to the citizens. At the end of 2025, the investment in capital assets (land, buildings, improvements, equipment, etc.), net of debt used to acquire those assets, amounted to $514.8 million, or 78.0% of the City's total net position of $659.9 million. During the current fiscal year, the City's total net position increased by $42.8 million (6.9%) compared to the prior year's net position.

Refer to the following Table "Net Position" for detail.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	$ 138,738,423	$ 150,928,832	$ 106,675,163	$ 98,091,317	$ 245,413,586	$ 249,020,149
Capital Assets	253,677,908	225,836,772	441,974,935	334,177,437	695,652,843	560,014,209
Total Assets	392,416,331	376,765,604	548,650,098	432,268,754	941,066,429	809,034,358
Deferred Outflow of Resources	4,324,414	4,593,547	-	-	4,324,414	4,593,547
Long-term Liabilities	30,383,698	24,931,994	213,518,419	131,846,750	243,902,117	156,778,744
Other Liabilities	11,876,199	15,432,714	21,488,781	16,835,937	33,364,980	32,268,651
Total Liabilities	42,259,897	40,364,708	235,007,200	148,682,687	277,267,097	189,047,395
Deferred Inflow of Resources	7,401,102	7,490,096	809,912	-	8,211,014	7,490,096
Net Position						
Net Investment in Capital Assets	225,186,715	201,111,834	289,645,393	258,991,194	514,832,108	460,103,028
Restricted	31,898,700	40,333,215	-	-	31,898,700	40,333,215
Unrestricted	89,994,331	92,059,298	23,187,593	24,594,873	113,181,924	116,654,171
Total Net Position	$ 347,079,746	$ 333,504,347	$ 312,832,986	$ 283,586,067	$ 659,912,732	$ 617,090,414

Governmental Activities Analysis

Governmental activities contributed $347.1 million to the City's total net position and increased the City's net position by $13.6 million. The following factors contributed to this increase (see Table "Changes in Net Position"):

- Capital Grants and Contributions for governmental activities consist primarily of developer contributions and increased by $3.2 million (25.3%) as road and transportation infrastructure was completed by developers and contributed to the City.

- Oil & Gas Royalties decreased $4.1 million (52.8%). Oil prices were down in 2025 compared to prior years which results in decreased production and lower prices for sales made. Additionally, there were several one-time payments in 2024 for new wells that did not recur in 2025.

- Miscellaneous Revenues decreased $1.6 million (59.1%) due primarily to amortization of a land agreement that recognized several years of rental income in 2024. Additionally, some revenue previously classified as miscellaneous was reclassified to functional categories more reflective of the nature of the revenue received.

- Spending on General Government increased $4.7 million (21.4%). This increase included an increase in staffing of four positions along with salary and benefit cost increases. There were also sizable increases to general insurance costs borne by the City. Other operational and contractual costs experience inflationary increases.

- Spending on Public Safety increased $4.4 million (24.2%). This included $2.1 million in additional Police Department staffing costs driven by the addition of seven new positions paired with increased salary and benefit costs. Additional investments were made in equipment for public safety personnel and operational and contractual costs experienced inflationary increases.

- Spending on Parks and Recreation increased $4.5 million (31.2%). This is due in large part to the addition of six new staffing positions within the Parks and Recreation Department as well as an increase in salary and benefits costs. Additionally, a large developer reimbursement was paid in 2025 that had not occurred in the prior year. Payments of this nature are infrequent and based on progress of specific developments under contract.

<u>Business-Type Activities Analysis</u>

Business-Type activities contributed $312.8 million to the City's total net position and increased the City's net position by $29.2 million. Below is information regarding business-type activities (see Table "Changes in Net Position"):

- Capital Grants and Contributions consist primarily of impact fee revenues and infrastructure contributed to the City through development. This revenue decreased from the prior year by $17.2 million (61.2%). The prior year had been very strong for development with a high number of permits issued for new residential development. The economic concerns experienced in early 2025 caused a slowing of development activity which decreased collections of impact fees as well as contributed capital from development related to utility infrastructure.

- Investment Earnings increased $1.8 million (29.9%) as the issuance of new bonds in the first quarter generated bond proceeds that were invested until needed to fund project costs. The increase in invested cash resulted in increased investment earnings.

- Miscellaneous revenue increased $3.1 million (65.1%) as the Water Fund received a large payment for a settlement related to regulatory changes for water processing.

- Spending in the Water Fund increased $6.5 million (21.5%) due primarily to the issuance of new debt in early 2025. The debt issuance resulted in issuance costs of $1.1 million that were expensed in 2025. Additionally, interest expense increased by $2.9 million based on the newly issued debt. Lastly, an infrastructure asset was transferred to a neighboring district at no cost under an intergovernmental agreement, resulting in a loss on disposal of the asset.

Refer to the following Table “Changes in Net Position” for detail.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
Revenues	2025	2024	2025	2024	2025	2024
Program Revenues						
Charges for Services	$ 11,874,072	$ 12,591,058	$ 33,168,511	$ 30,832,027	$ 45,042,583	$ 43,423,085
Operating Grants and Contributions	9,598,490	8,893,614	-	204,554	9,598,490	9,098,168
Capital Grants and Contributions	15,639,063	12,478,523	28,088,312	45,283,980	43,727,375	57,762,503
General Revenues						
Taxes	61,319,997	62,515,341	-	-	61,319,997	62,515,341
Investment Earnings	5,622,920	5,436,854	5,963,249	4,180,963	11,586,169	9,617,817
Oil & Gas Royalties	3,629,109	7,692,493	-	-	3,629,109	7,692,493
Miscellaneous	1,077,463	2,634,848	4,685,934	1,635,282	5,763,397	4,270,130
Sale of Capital Assets	72,034	94,507	57,025	(65,135)	129,059	29,372
Total Revenues	108,833,148	112,337,238	71,963,031	82,071,671	180,796,179	194,408,909
Expenses						
General Government	26,522,936	21,846,837	-	-	26,522,936	21,846,837
Public Safety	22,717,265	18,295,822	-	-	22,717,265	18,295,822
Streets and Fleet	20,040,146	19,974,476	-	-	20,040,146	19,974,476
Parks and Recreation	18,879,283	14,393,786	-	-	18,879,283	14,393,786
Cemetery	858,016	817,878	-	-	858,016	817,878
Community Development	3,369,008	2,723,864	-	-	3,369,008	2,723,864
Interest on Long-Term Debt	658,028	704,730	-	-	658,028	704,730
Water	-	-	30,168,092	23,672,640	30,168,092	23,672,640
Wastewater	-	-	10,948,817	11,045,731	10,948,817	11,045,731
Storm Drainage	-	-	3,812,270	2,872,000	3,812,270	2,872,000
Total Expenses	93,044,682	78,757,393	44,929,179	37,590,371	137,973,861	116,347,764
Excess (Deficiency) Before Transfers	15,788,466	33,579,845	27,033,852	44,481,300	42,822,318	78,061,145
Transfers	(2,213,067)	(1,413,067)	2,213,067	1,413,067	-	-
Change in Net Position	13,575,399	32,166,778	29,246,919	45,894,367	42,822,318	78,061,145
Net Position, January 1	333,504,347	301,337,569	283,586,067	237,691,700	617,090,414	539,029,269
Net Position, December 31	$ 347,079,746	$ 333,504,347	$ 312,832,986	$ 283,586,067	$ 659,912,732	$ 617,090,414

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

As noted previously, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City’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’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 December 31, 2025, the total Governmental Funds fund balance was $115.4 million, a decrease of $9.6 million (7.7%) compared to the prior year’s fund balance. Fund Balances are categorized as follows: restricted fund balances of $6.3 million, committed fund balances of $37.0 million, assigned fund balances of $52.3 million, and unassigned fund balance of $19.8 million.

The General Fund is the main operating fund of the City. General Fund revenues for 2025 totaled $59.8 million, a decrease of $2.1 million (3.4%) compared to the previous year. Tax revenues decreased $1.7 million (3.6%). Sales tax revenues, net of incentive rebates, increased $1.0 million (3.6%) as the City benefited from the addition of new businesses and population growth. Use tax revenues decreased $1.4 million (15.5%) as the city issued fewer construction permits compared to the prior year. Property tax revenues decreased $1.2 million (16.4%) as properties subject to annual reassessments, including oil and gas properties, reassessed at a lower rate. General Fund spending totaled $61.5 million, an increase of $7.8 million (14.5%). Spending in general government increased $3.1 million (17.1%) and public safety increased $2.4 million (12.5%). Increases in both categories were due to a combination of added staffing positions which increases payroll and benefit costs, the implementation of a broad market adjustment that increased salaries for a large number of employees, and inflationary impacts that affected operational spending in various areas. Transfers out totaled $2.4 million which was $18.4 million (88.4%) less than the prior year. Large one-time transfers were made in 2024 to support projects in other funds. Transfers in 2025 were primarily to support projects in the Water Fund as described in Note 5. Capital outlay and proceeds related to SBITA transactions added $999 thousand to both capital outlay and other financing sources, resulting in no net impact on fund balance. Overall, the fund's revenues and transfers in were $2.5 million less than spending and transfers out, reflecting an intentional spend down of reserves to support projects, bringing ending fund balance to $38.2 million.

The Capital Improvement Fund revenues totaled $17.3 million, a decrease of $3.6 million (17.0%) compared to the prior year. The primary decrease was to oil & gas royalty revenues which decreased by $4.1 million (52.8%). These revenues can fluctuate based on oil prices and production levels. Capital Improvement Fund expenditures totaled $24.3 million, a decrease of $13.0 million (34.8%). Spending in this fund is project based and varies based on project schedules. As significant and large projects were completed in 2024, the spending in 2025 decreased to lower, planned spending levels. Certificates of Participation were issued in 2025, providing $6.1 million on borrowing proceeds that will be used to purchase and renovate a new public safety facility. The fund's revenues and borrowing proceeds were less than spending and other uses by $1.0 million, reflecting an intentional use of reserves on planned capital projects, bringing the ending fund balance to $29.1 million.

The Parks and Recreation Capital Improvement Fund revenues totaled $9.0 million, a decrease of $544 thousand (5.7%) compared to the prior year. Spending in this fund totaled $17.4 million, an increase of $2.0 million (13.1%). The increase was related to capital projects that were underway in 2025, including construction of an expansion to the City's Recreation Center. In 2024, the fund received a one-time transfer of $16.5 million to help finance projects planned for future years, and this transfer did not recur in 2025. The fund's revenues exceeded spending by $8.4 million, which resulted in a fund balance of $28.7 million as of year-end.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements.

The net position of the enterprise funds at year end totaled $312.8 million, an increase of $29.2 million (9.3%) compared to the prior year's net position. The increase was driven by the water fund which had a very strong development year and generated significant capital contributions from development permits which bolstered reserves. The Wastewater Fund ended the year with a negative net position due to an operating loan obtained in 2023 to refinance a buy-in and processing agreement. The combined unrestricted net position for all proprietary funds, including internal service funds, was $28.0 million at year-end.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenues totaled $60.5 million which was within 0.2% of budgeted revenues. Various tax categories came in lower than budgeted by a total of $1.2 million (2.5%). This was offset by investment earnings exceeding budget by $1.5 million (88.5%).

General Fund expenditures totaled $60.5 million, which was $132 thousand (0.2%) less than budgeted revenues.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets for the governmental and business-type activities amount to $695.7 million (net of accumulated depreciation) as of December 31, 2025. This represents an increase of $135.7 million (24.2%) compared to the prior year's restated balance. This investment in capital assets includes land, water rights, buildings and improvements, machinery, equipment, water, wastewater and storm drainage infrastructure as well as street system infrastructure (see Table 3 "Capital Assets (net of depreciation)"). The City has a five-year *Capital Improvement Plan* that is updated each year in order to assist the City in long-term planning and budgeting for capital assets.

Additional detailed information on the City's Capital Assets can be found in Note 4 starting on page 65 of this report.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2025	2024	2025	2024	2025	2024
Land	$ 38,610,193	$ 38,610,193	$ 10,900,562	$ 10,900,562	$ 49,510,755	$ 49,510,755
Water Rights	2,035,900	2,035,900	71,600,839	71,600,839	73,636,739	73,636,739
Construction in Progress	20,293,744	47,361,239	194,822,645	101,730,956	215,116,389	149,092,195
Buildings and Improvements	50,312,761	32,176,809	14,773,660	8,956,931	65,086,421	41,133,740
Infrastructure	118,567,564	73,596,606	147,343,088	139,213,860	265,910,652	212,810,466
Improvements Other than Buildings	11,764,318	21,433,290	-	-	11,764,318	21,433,290
Machinery and Equipment	11,164,144	10,201,428	2,534,141	1,774,289	13,698,285	11,975,717
Other Assets	388,353	421,307	-	-	388,353	421,307
Right to Use Assets	540,931	-	-	-	540,931	-
Total Capital Assets	$ 253,677,908	$ 225,836,772	$ 441,974,935	$ 334,177,437	$ 695,652,843	$ 560,014,209

Long-term Debt

As of December 31, 2025, the City had total borrowing obligations outstanding of $238.9 million, including bonded debt and certificates of participation. This represents an increase of $84.6 million compared to the prior year. The City issued the 2025 Water Revenue Bonds and 2025 Certificates of Participation which increased debt obligations by a combined $91.0 million. This increase was offset by regularly scheduled debt payments.

Of the City's total outstanding borrowing obligations, $183.6 million represents bonds secured by specified revenue sources (i.e. revenue bonds) for water and wastewater projects. Another $26.0 million represents borrowing secured through various City facilities through structured lease agreements (certificates of participation). A direct placement loan in the Wastewater Fund contributes $28.6 million to the borrowing total, and the remaining $661 thousand represents a financed purchase agreement.

Additional information on the City's long-term obligations can be found in Note 6, starting on page 70 of this report. A summary of bonded debt and financing obligations is provided in the following table.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2025	2024	2025	2024	2025	2024
Bonded Debt						
2025 Water Revenue Bonds		$ -	$ 84,875,000	$ -	$ 84,875,000	$ -
2022 Water Revenue Bonds	-	-	76,930,000	77,340,000	76,930,000	77,340,000
2016 Water Revenue Bonds	-	-	16,625,000	17,870,000	16,625,000	17,870,000
Bond Premiums	-	-	5,213,745	4,209,066	5,213,745	4,209,066
Certificates of Participation (COP)						
2025 COP	6,115,000	-			6,115,000	-
2020 COP	14,645,000	15,670,000	-	-	14,645,000	15,670,000
2016 COP	2,527,759	2,966,616	666,465	712,198	3,194,224	3,678,814
Borrowing Premiums	1,998,152	2,219,064	-	-	1,998,152	2,219,064
2023 Revenue Loan (Direct Placement)	-	-	28,615,000	30,144,000	28,615,000	30,144,000
2023 Financed Purchase	660,688	1,321,377	-	-	660,688	1,321,377
Total Outstanding Debt	$ 25,946,599	$ 22,177,057	$ 212,925,210	$ 130,275,264	$ 238,871,809	$ 152,452,321

REQUESTS FOR INFORMATION

The City's financial statements are designed to provide users with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information presented in this report or requesting additional information should be addressed to the City's Finance Department at 500 South 4th Avenue, Brighton, Colorado 80601, by email at accounting@brightonco.gov, or by telephone at 303-655-2000.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

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STATEMENT OF NET POSITION

December 31, 2025

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash and Investments	$ 123,846,347	$ 62,993,527	$ 186,839,874	$ 9,798,761
Restricted Cash and Investments	5,865	40,040,973	40,046,838	1,598,948
Accounts Receivable	1,851,986	4,099,240	5,951,226	2,325
Taxes Receivable	11,177,484	-	11,177,484	5,390,876
Grants Receivable	350,733	22,357	373,090	-
Lease Receivable	-	831,826	831,826	-
Internal Balances	1,469,866	(1,469,866)	-	-
Inventory	36,142	157,106	193,248	-
Capital Assets, Not Being Depreciated	60,939,837	277,324,046	338,263,883	500,618
Capital Assets, Net of Accumulated Depreciation	192,197,140	164,650,889	356,848,029	2,416,659
Subscription Assets, Net of Accumulated Amortization	540,931	-	540,931	-
Total Assets	392,416,331	548,650,098	941,066,429	19,708,187
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding	-	-	-	32,758
Items Related to Pension Plan	4,324,414	-	4,324,414	-
Total Deferred Outflows of Resources	4,324,414	-	4,324,414	32,758
LIABILITIES				
Accounts Payable	3,984,015	11,832,547	15,816,562	1,344,254
Retainage Payable	1,860,612	8,060,305	9,920,917	-
Accrued Wages Payable	1,785,234	241,966	2,027,200	12,578
Accrued Interest Payable	60,583	399,660	460,243	2,963
Accrued Liabilities	625,464	-	625,464	-
Deposits and Escrows	3,560,291	954,303	4,514,594	-
Noncurrent Liabilities				
Due Within One Year	6,402,941	4,013,287	10,416,228	1,029,632
Due in More Than One Year	23,980,757	209,505,132	233,485,889	1,055,314
Total Liabilities	42,259,897	235,007,200	277,267,097	3,444,741
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	6,057,969	-	6,057,969	5,390,876
Unavailable Revenue	605,309	-	605,309	-
Land Lease	366,054	-	366,054	-
Deferred Leases	-	809,912	809,912	-
Items Related to Pension Plan	371,770	-	371,770	-
Total Deferred Inflows of Resources	7,401,102	809,912	8,211,014	5,390,876
NET POSITION				
Net Investment in Capital Assets	225,186,715	289,645,393	514,832,108	890,035
Restricted for:				
Emergencies - TABOR	3,216,890	-	3,216,890	-
Debt Service	-	-	-	1,598,948
Capital Projects	28,681,810	-	28,681,810	-
Unrestricted	89,994,331	23,187,593	113,181,924	8,416,345
Total Net Position	$ 347,079,746	$ 312,832,986	$ 659,912,732	$ 10,905,328

The notes to the financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES

Year ended December 31, 2025

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION			
					PRIMARY GOVERNMENT			
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
PRIMARY GOVERNMENT								
Governmental Activities								
General Government	$ 26,522,936	$ 4,820,490	$ 936,289	$ -	$ (20,766,157)	$ -	$ (20,766,157)	$ -
Public Safety	22,717,265	71,554	3,269,632	-	(19,376,079)	-	(19,376,079)	-
Streets and Fleet	20,040,146	33,671	3,950,390	7,650,859	(8,405,226)	-	(8,405,226)	-
Parks and Recreation	18,879,283	3,937,267	1,152,045	7,988,204	(5,801,767)	-	(5,801,767)	-
Cemetery	858,016	519,190	-	-	(338,826)	-	(338,826)	-
Community Development	3,369,008	2,491,900	290,134	-	(586,974)	-	(586,974)	-
Interest on Long-Term Debt	658,028	-	-	-	(658,028)	-	(658,028)	-
Total Governmental Activities	93,044,682	11,874,072	9,598,490	15,639,063	(55,933,057)	-	(55,933,057)	-
Business-Type Activities								
Water	30,168,092	20,465,874	-	20,303,154	-	10,600,936	10,600,936	-
Wastewater	10,948,817	10,456,911	-	3,099,695	-	2,607,789	2,607,789	-
Storm Drainage	3,812,270	2,245,726	-	4,685,463	-	3,118,919	3,118,919	-
Total Business-type Activities	44,929,179	33,168,511	-	28,088,312	-	16,327,644	16,327,644	-
Total Primary Government	$ 137,973,861	$ 45,042,583	$ 9,598,490	$ 43,727,375	(55,933,057)	16,327,644	(39,605,413)	-
COMPONENT UNITS								
Brighton Urban Renewal Authority	8,123,457	132,159	80,000	-	-	-	-	(7,911,298)
Brighton Economic Development Corporation	351,074	70,000	299,054	-	-	-	-	17,980
Brighton Legacy Foundation	203,082	-	203,028	-	-	-	-	(54)
Total Component Units	$ 8,677,613	$ 202,159	$ 582,082	$ -	-	-	-	(7,893,372)
			GENERAL REVENUES					
			Taxes		61,319,997	-	61,319,997	6,812,050
			Investment Earnings		5,622,920	5,963,249	11,586,169	523,032
			Oil & Gas Royalties		3,629,109	-	3,629,109	43,477
			Miscellaneous		1,077,463	4,685,934	5,763,397	10,513
			Gain on Sale of Capital Assets		72,034	57,025	129,059	-
			Transfers		(2,213,067)	2,213,067	-	-
			Total General Revenues		69,508,456	12,919,275	82,427,731	7,389,072
			Change in Net Position		13,575,399	29,246,919	42,822,318	(504,300)
			Net Position, January 1		333,504,347	283,586,067	617,090,414	11,409,628
			Net Position, December 31		$ 347,079,746	$ 312,832,986	$ 659,912,732	$ 10,905,328

The notes to the financial statements are an integral part of this statement.

GOVERNMENTAL FUNDS – BALANCE SHEET

December 31, 2025

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	PARKS AND RECREATION CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENT FUNDS
ASSETS					
Cash and Investments	$ 38,995,514	$ 30,852,023	$ 29,165,220	$ 19,678,592	$ 118,691,349
Restricted Cash and Investments	-	5,865	-	-	5,865
Accounts Receivable	529,619	842,533	83,225	161,936	1,617,313
Taxes Receivable	9,343,425	1,161,571	648,532	23,956	11,177,484
Grants Receivable	246,103	104,630	-	-	350,733
Due from Other Funds	1,469,866	-	-	-	1,469,866
Total Assets	$ 50,584,527	$ 32,966,622	$ 29,896,977	$ 19,864,484	$ 133,312,610
LIABILITIES					
Accounts Payable	$ 1,723,072	$ 1,472,524	$ 702,077	$ 29,217	$ 3,926,890
Retainage Payable	-	1,350,851	509,761	-	1,860,612
Accrued Wages Payable	1,736,632	-	-	14,454	1,751,086
Accrued Liabilities	110,464	-	-	-	110,464
Deposits and Escrows	2,313,955	876,717	3,329	366,290	3,560,291
Total Liabilities	5,884,123	3,700,092	1,215,167	409,961	11,209,343
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	437,412	167,897	-	-	605,309
Property Taxes	6,057,969	-	-	-	6,057,969
Total Deferred Inflows of Resources	6,495,381	167,897	-	-	6,663,278
FUND BALANCE					
Restricted	2,776,374	944,336	521,088	2,075,831	6,317,629
Committed	15,622,127	4,017,005	-	17,378,692	37,017,824
Assigned	-	24,137,292	28,160,722	-	52,298,014
Unassigned	19,806,522	-	-	-	19,806,522
Total Fund Balance	38,205,023	29,098,633	28,681,810	19,454,523	115,439,989
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 50,584,527	$ 32,966,622	$ 29,896,977	$ 19,864,484	$ 133,312,610

The notes to the financial statements are an integral part of this statement.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

December 31, 2025

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balance of Governmental Funds		$ 115,439,988
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.		
Cost of capital and right-to-use assets	447,515,518	
Less: accumulated depreciation and amortization	(193,837,610)	253,677,908
Deferred inflows related to leases are applicable to future periods and, therefore, are not reported in the governmental funds.		
Land Lease		(366,054)
Deferred outflows and inflows of resources related to pension plans are applicable to future periods and, therefore, are not reported in the governmental funds.		
Items Related to Pension Plan - Outflows	4,324,414	
Items Related to Pension Plan - Inflows	(371,770)	3,952,644
Long-term obligations related to governmental activities are not due and payable in the current period and, therefore, not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Long-term obligations, including premium	(26,630,581)	
Accrued interest on long-term debt	(60,583)	(26,691,164)
Accrued compensated absences are not due from current financial resources and, therefore, are not reported in the governmental funds.		(3,753,117)
Internal service funds are used by management to charge the costs of benefit activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		4,819,540
Total Net Position of Governmental Activities		$ 347,079,745

The notes to the financial statements are an integral part of this statement.

GOVERNMENTAL FUNDS – STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year ended December 31, 2025

	GENERAL FUND	CAPITAL IMPROVEMENT FUND	PARKS AND RECREATION CAPITAL IMPROVEMENT FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENT FUNDS
Revenues					
Taxes					
Sales Tax	$ 29,713,177	$ 8,933,510	6,223,932	$ -	$ 44,870,619
Use Tax	7,858,060	-	-	-	7,858,060
Property Tax	6,079,154	-	-	-	6,079,154
Franchise Tax	1,768,322	232,831	-	-	2,001,153
Other Tax	19,898	-	-	491,113	511,011
Licenses and Permits	2,016,290	-	-	-	2,016,290
Grants and Intergovernmental	5,282,290	2,711,067	1,134,830	470,303	9,598,490
Charges for Services	4,352,334	33,448	38,679	4,859,459	9,283,920
Fines and Forfeitures	573,862	-	-	-	573,862
Investment Earnings	1,738,281	1,333,787	1,487,247	859,190	5,418,505
Oil & Gas Royalties	-	3,629,109	-	-	3,629,109
Sale of Capital Assets	-	72,034	-	-	72,034
Miscellaneous	384,283	363,918	75,000	23,070	846,271
Total Revenues	59,785,951	17,309,704	8,959,688	6,703,135	92,758,478
Expenditures					
Current					
General Government	21,445,514	4,119,627	-	234,255	25,799,396
Public Safety	21,117,247	762,529	-	-	21,879,776
Streets and Fleet	4,863,645	17,830,557	-	127,200	22,821,402
Parks and Recreation	9,829,454	-	16,134,810	2,736,910	28,701,174
Community Development	3,245,700	86,491	-	-	3,332,191
Cemetery	-	-	-	809,522	809,522
SBITA Capital Outlay	998,641	-	-	-	998,641
Debt Service					
Principal	-	1,325,789	798,757	-	2,124,546
Interest	-	211,205	436,030	-	647,235
Loan Fees	-	765	-	-	765
Total Expenditures	61,500,201	24,336,963	17,369,597	3,907,887	107,114,648
Excess (Deficiency) of Revenues Over Expenditures	(1,714,250)	(7,027,259)	(8,409,909)	2,795,248	(14,356,170)
Other Financing Sources (Uses)					
Debt Proceeds	-	6,115,000	-	-	6,115,000
Cost of Issuance	-	(115,000)	-	-	(115,000)
SBITA Proceeds	998,641	-	-	-	998,641
Transfers In	628,250	-	-	289,304	917,554
Transfers Out	(2,413,067)	-	-	(717,554)	(3,130,621)
Total Other Financing Sources (Uses)	(786,176)	6,000,000	-	(428,250)	4,785,574
Net Change in Fund Balance	(2,500,426)	(1,027,259)	(8,409,909)	2,366,998	(9,570,596)
Fund Balance, January 1	40,705,449	30,125,892	37,091,719	17,087,525	125,010,585
Fund Balance, December 31	$ 38,205,023	$ 29,098,633	$ 28,681,810	$ 19,454,523	$ 115,439,989

The notes to the financial statements are an integral part of this statement.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

Year ended December 31, 2025

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

Net Change in Fund Balance of Governmental Funds		$ (9,570,596)
Land lease arrangements are not financial resources; therefore, are not reported in the funds.		231,192
Subscription-based information technology arrangements are not financial resources; therefore, are not reported in the funds.		(148,053)
Capital outlay to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives and reported as annual depreciation expense in the statement of activities.		
Capital Outlay	32,009,998	
Developer Contributions	15,639,063	
Depreciation and Amortization Expense	(20,348,856)	27,300,205
The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Governmental funds report the effect of premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(3,769,542)
Current year pension contributions are included in deferred outflows of resources in the governmental funds and revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Current year pension contributions	1,090,371	
Items related to pension plan	(1,512,151)	(421,780)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental		
Change in compensated absences	(998,180)	
Change in accrued interest	(10,793)	(1,008,973)
Internal service funds are used by management to charge the costs of insurance and employee benefits to individual funds. The net revenue (expense) of the internal service funds is included in governmental activities in the statement of activities.		962,946
Change in Net Position of Governmental Activities		$ 13,575,399

The notes to the financial statements are an integral part of this statement.

PROPRIETARY FUNDS – STATEMENT OF NET POSITION

December 31, 2025

	BUSINESS-TYPE ACTIVIES				GOVERNMENTAL ACTIVITIES
	WATER FUND	WASTEWATER FUND	STORM DRAINAGE FUND	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
ASSETS					
Current Assets					
Cash and Investments	$ 56,166,483	$ 5,358,639	$ 1,468,405	$ 62,993,527	5,154,998
Restricted Cash and Investments	40,040,973	-	-	40,040,973	-
Accounts Receivable	2,134,284	1,605,071	359,885	4,099,240	234,673
Grants Receivable	22,357	-	-	22,357	-
Lease Receivable	831,826	-	-	831,826	-
Inventory	157,106	-	-	157,106	36,142
Total Current Assets	99,353,029	6,963,710	1,828,290	108,145,029	5,425,813
Noncurrent Assets					
Capital Assets, Not Being Depreciated	273,950,996	2,690,577	682,473	277,324,046	-
Capital Assets, Net of Accumulated Depreciation	98,876,719	24,718,136	41,056,034	164,650,889	-
Total Noncurrent Assets	372,827,715	27,408,713	41,738,507	441,974,935	-
Total Assets	472,180,744	34,372,423	43,566,797	550,119,964	5,425,813
LIABILITIES					
Current Liabilities					
Accounts Payable	10,746,967	1,069,097	16,483	11,832,547	57,125
Retainage Payable	8,015,937	44,368	-	8,060,305	-
Accrued Wages Payable	168,229	50,058	23,679	241,966	34,148
Accrued Interest Payable	335,801	63,859	-	399,660	-
Due to Other Funds	-	-	113,067	113,067	-
Deposits and Escrows	75,017	152,368	726,918	954,303	-
Estimated Unpaid Claims	-	-	-	-	515,000
Compensated Absences	297,219	111,263	47,195	455,677	-
Bonds Payable	1,653,276	1,904,334	-	3,557,610	-
Total Current Liabilities	21,292,446	3,395,347	927,342	25,615,135	606,273
Noncurrent Liabilities					
Compensated Absences	52,051	19,270	8,004	79,325	-
Accrued Arbitrage	58,207	-	-	58,207	-
Due to Other Funds	-	-	1,356,799	1,356,799	-
Bonds Payable	178,228,543	31,139,057	-	209,367,600	-
Total Noncurrent Liabilities	178,338,801	31,158,327	1,364,803	210,861,931	-
					-
Total Liabilities	199,631,247	34,553,674	2,292,145	236,477,066	606,273
DEFERRED INFLOWS OF RESOURCES					
Deferred Leases	809,912	-	-	809,912	-
Total Deferred Inflows of Resources	809,912	-	-	809,912	-
NET POSITION					
Net Investment in Capital Assets	224,970,932	22,935,954	41,738,507	289,645,393	-
Unrestricted	46,768,653	(23,117,205)	(463,855)	23,187,593	4,819,540
Total Net Position	$ 271,739,585	$ (181,251)	$ 41,274,652	$ 312,832,986	$ 4,819,540

The notes to the financial statements are an integral part of this statement.

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

Year ended December 31, 2025

	BUSINESS-TYPE ACTIVIES				GOVERNMENTAL ACTIVITIES
	WATER FUND	WASTEWATER FUND	STORM DRAINAGE FUND	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
OPERATING REVENUES					
Charges for Services	$ 20,085,920	$ 10,434,372	$ 2,245,726	$ 32,766,018	$ 8,074,586
Licenses and Permits	112,412	22,539	-	134,951	-
Fines and Forfeitures	267,542	-	-	267,542	-
Miscellaneous	4,685,934	-	-	4,685,934	80,432
Total Operating Revenues	25,151,808	10,456,911	2,245,726	37,854,445	8,155,018
OPERATING EXPENSES					
Operations	13,327,316	6,346,389	663,318	20,337,023	1,642,565
Administration	555,582	998,359	356,134	1,910,075	-
Insurance Claims	-	-	-	-	4,509,304
Insurance Premiums	-	-	-	-	1,244,618
Depreciation	6,911,051	1,985,197	2,375,782	11,272,030	-
Total Operating Expenses	20,793,949	9,329,945	3,395,234	33,519,128	7,396,487
Operating Income (Loss)	4,357,859	1,126,966	(1,149,508)	4,335,317	758,531
NONOPERATING REVENUES (EXPENSES)					
Cost of Issuance	(1,094,727)	-	-	(1,094,727)	-
Developer Reimbursements	-	-	(417,036)	(417,036)	-
Gain (Loss) on Sale of Capital Assets	(1,041,675)	57,025	-	(984,650)	-
Investment Earnings	5,682,639	238,942	41,668	5,963,249	204,415
Interest Expense and Loan Fees	(7,237,741)	(1,618,872)	-	(8,856,613)	-
Total Nonoperating Revenues (Expenses)	(3,691,504)	(1,322,905)	(375,368)	(5,389,777)	204,415
Income (Loss) Before Capital Contributions and Transfers	666,355	(195,939)	(1,524,876)	(1,054,460)	962,946
CAPITAL GRANTS AND CONTRIBUTIONS	20,303,154	3,099,695	4,685,463	28,088,312	-
TRANSFERS IN	2,100,000	-	113,067	2,213,067	-
Change in Net Position	23,069,509	2,903,756	3,273,654	29,246,919	962,946
Net Position, January 1	248,670,076	(3,085,007)	38,000,998	283,586,067	3,856,594
Net Position, December 31	$ 271,739,585	$ (181,251)	$ 41,274,652	$ 312,832,986	$ 4,819,540

The notes to the financial statements are an integral part of this statement.

PROPRIETARY FUNDS – STATEMENT OF CASH FLOWS

Year ended December 31, 2025

	BUSINESS-TYPE ACTIVIES				GOVERNMENTAL ACTIVITIES
	WATER FUND	WASTEWATER FUND	STORM DRAINAGE FUND	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	$ 20,379,389	$ 10,467,582	$ 2,162,654	$ 33,009,625	$ 8,100,746
Other Receipts	4,685,934	-	(113,067)	4,572,867	80,432
Payments to Suppliers for Services Provided	(5,917,980)	(6,622,177)	(1,585,056)	(14,125,213)	(7,044,341)
Payments to Employees for Salaries and Benefits	(418,360)	(982,887)	(318,960)	(1,720,207)	(138,569)
Net Cash Provided (Used) by Operating Activities	18,728,983	2,862,518	145,571	21,737,072	998,268
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Contributions	20,303,154	3,099,695	4,685,463	28,088,312	-
Acquisition and Construction of Capital Assets	(107,980,146)	(4,477,580)	(6,611,803)	(119,069,529)	-
Developer Reimbursements	-	-	(417,036)	(417,036)	-
Proceeds from Sale of Capital Assets	(1,041,675)	57,025	-	(984,650)	-
Proceeds from Debt Issuance including Premium	86,097,719	-	-	86,097,719	-
Cost of Issuance	(1,094,727)	-	-	(1,094,727)	-
Principal Paid on Capital Debt	(1,631,630)	(287,144)	-	(1,918,774)	-
Interest Paid on Capital Debt	(7,237,741)	(161,649)	-	(7,399,390)	-
Net Cash Used by Capital and Related Financing Activities	(12,585,046)	(1,769,653)	(2,343,376)	(16,698,075)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Principal Paid on Noncapital Debt	-	(1,529,000)	-	(1,529,000)	-
Interest Paid on Noncapital Debt	-	(1,457,223)	-	(1,457,223)	-
Proceeds from Interfund Transfers	2,100,000	-	113,067	2,213,067	-
Net Cash Provided (Used) by Noncapital Financing Activities	2,100,000	(2,986,223)	113,067	(773,156)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received on Investments	5,682,639	238,942	41,668	5,963,249	204,415
Arbitrage Interest Received on Investment	(1,120,736)	-	-	(1,120,736)	-
Net Cash Provided by Investing Activities	4,561,903	238,942	41,668	4,842,513	204,415
Net Increase (Decrease) in Cash and Cash Equivalents	12,805,840	(1,654,416)	(2,043,070)	9,108,354	1,202,683
Cash and Investments, January 1	83,401,616	7,013,055	3,511,475	93,926,146	3,952,315
Cash and Investments, December 31	$ 96,207,456	$ 5,358,639	$ 1,468,405	$ 103,034,500	$ 5,154,998

PROPRIETARY FUNDS – STATEMENT OF CASH FLOWS (continued)

Year ended December 31, 2025

	BUSINESS-TYPE ACTIVIES				GOVERNMENTAL ACTIVITIES
	WATER FUND	WASTEWATER FUND	STORM DRAINAGE FUND	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
Net Cash Provided by Operating Activities					
Operating Income	$ 4,357,859	$ 1,126,966	$ (1,149,508)	$ 4,335,317	$ 758,531
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation Expense	6,911,051	1,985,197	2,375,782	11,272,030	-
Changes in Assets and Liabilities					
Accounts Receivable	(896,397)	10,671	(83,072)	(968,798)	26,160
Inventory	1,680	-	-	1,680	42,463
Prepaids	21,760	-	-	21,760	-
Accounts Payable	3,630,685	(401,952)	(722,845)	2,505,888	50,157
Retainage Payable	4,624,270	44,368	(43,998)	4,624,640	-
Accrued Wages Payable	36,078	5,340	5,991	47,409	14,257
Due to Other Funds	-	-	(113,067)	(113,067)	-
Estimated Unpaid Claims	-	-	-	-	106,700
Compensated Absences	101,144	10,132	31,183	142,459	-
Deposits and Escrows	(59,147)	81,796	(154,895)	(132,246)	-
Total Adjustments	14,371,124	1,735,552	1,295,079	17,401,755	239,737
Net Cash Provided (Used) by Operating Activities	$ 18,728,983	$ 2,862,518	$ 145,571	$ 21,737,072	$ 998,268
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Assets acquired through retainage payable	$ 4,883,485	$ 67,653	$ 107,530	$ 5,058,668	$ -
Assets acquired through developer contributions	6,063,085	2,735,096	3,934,749	12,732,930	-
Assets transferred between funds	172,817	(8,167)	(164,650)	-	-
Amortization of bond premium	208,674	9,366	-	218,040	-

The notes to the financial statements are an integral part of this statement.

FINANCIAL SECTION

NOTES TO THE BASIC FINANCIAL STATEMENTS

Brighton[SM]

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Table Of Contents – Notes to the Basic Financial Statements

Note 1 – Summary of Significant Accounting Policies

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

A. Reporting Entity

These financial statements include those of the City (primary government) and organizations for which the City is financially accountable (component units). The following component units are included in the reporting entity: Brighton Urban Renewal Authority ("BURA"), Brighton Economic Development ("BEDC"), and Brighton Legacy Foundation ("BLF").

The City of Brighton, Colorado (primary government) was incorporated in July 1887. The citizens voted to become a home rule city in 2000 under the provisions of Article XX of the constitution of the State of Colorado. The City is governed by a Mayor and eight-member City Council elected by the residents and is operated under a Council-Manager form of government.

The determination to include separate governmental entities is based on the criteria of GASB Statement No. 14, *The Financial Reporting Entity and amended by GASB Statement No. 61, The Financial Reporting Entity: Omnibus*, which sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, and potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

Discretely Presented Component Units

Based on the application of these criteria, the City has determined that it is financially accountable for certain entities. In addition to being included in the City's financial statements, these entities issue separate financial statements.

Brighton Urban Renewal Authority – BURA, created April 16, 2002, provides redevelopment within the City limits. The City Council appoints the governing board of BURA. One of the BURA commissioners is a member of City Council. The BURA is reliant upon the City to approve projects and receive funding for its projects which include grants and tax increment financing.

Brighton Economic Development Corporation – BEDC, is a 501c (6) Colorado non-profit organization serving the Greater Brighton Area. BEDC is the primary agent for economic development services. BEDC offers relocation, retention and expansion assistance and support to businesses. BEDC works to expand and diversify the local tax base by facilitating the creation of quality jobs and the attraction of retail development. BEDC encourages responsible, diverse growth and development that enhances Brighton's quality of life as a desirable place to live, work, learn and play. The City provides staffing that manages the administrative functions of BEDC and also provides the majority of BEDC's funding. The City also has voting representation on the BEDC Board.

Brighton Legacy Foundation – BLF, a 501(c)3, was founded for the purpose of supporting non-profit organizations that serve the Brighton community. The organization's board includes two City Council members and a Finance Department representative, and the City provides the majority of BLF's funding.

Related Organization

The City is related to the Brighton Housing Authority (the "Organization"), a legally separate entity that is responsible for the development and maintenance of affordable housing within the City. The City appoints the members of the governing board of the Organization.

Because the City appoints a voting majority of the Organization's governing board but does not have the ability to impose its will on the Organization and does not have a financial benefit or burden relationship, the Organization is considered a related organization and is not reported as a component unit of the City in accordance with the criteria established by the Governmental Accounting Standards Board (GASB).

The Organization is financially independent. It adopts its own budget, levies fees or receives revenues in its own name, and issues debt independently of the City. The City is not legally obligated for the Organization's debt and does not guarantee any of its obligations. The City provides office space to the Organization at no charge. However, the value of this support is not material to the City's financial statements.

Additional information regarding the Organization may be obtained from its separately issued financial statements.

B. <u>Basis of Presentation – Government-wide Financial Statements</u>

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which are supported primarily by fees and charges to external customers. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

In the government-wide and proprietary fund financial statements, net positions are restricted for amounts that are legally restricted by outside parties for specific purposes or through enabling legislation that is a legally enforceable restriction on the use of revenues. Net position invested 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 improvements of those assets.

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

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and the internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds. As discussed earlier, the government has three discretely presented component units. Eliminations have been made in the government-wide financial statements to remove the "doubling-up" effect of internal service fund activity.

C. <u>Basis of Presentation – Fund Financial Statements</u>

The accounts of the City are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. The various funds are summarized by type within the financial statements. The emphasis of fund financial statements is on major governmental and major proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- The <u>General Fund</u> is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.
- The <u>Capital Improvement Fund</u> accounts for the City's ongoing capital projects which are partially financed by a 1% sales tax approved by voters in 1976.
- The <u>Parks and Recreation Capital Improvement Fund</u> accounts for the City's parks and recreation capital projects which are financed in part by a 0.75% sales tax approved by voters in 1991.

Other governmental funds are a summarization of all other nonmajor governmental funds.

The City reports the following major proprietary funds:

- The <u>Water Fund</u> accounts for the financial activities associated with the provision of water services.

- The Wastewater (Sewer) Fund accounts for the financial activities associated with the provision of wastewater services.
- The Storm Drainage Fund accounts for the financial activities associated with the storm drainage services. While this fund does not qualify as a major fund based on materiality, it is presented as major for consistency and presentation purposes.

On May 16, 1995, the City of Brighton Water Activity Enterprise was established by Ordinance No. 1470. The Water Activity Enterprise includes the Water Fund and the Wastewater Fund.

The City reports the following internal service funds:

- The Benefits Internal Service Fund accounts for designated employee benefits provided to all departments of the City. Currently, only health benefits are provided by this fund.
- The Fleet Internal Service Fund accounts for centralized maintenance of city-owned vehicles and mobile equipment.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities' column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the City.

Expenditures are generally recorded when a liability is incurred, consistent with accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position/Fund Balance

Cash and Investments

Cash includes cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value (generally based on quoted market prices). Certain investments are restricted for debt service. The City utilizes the same policy for purposes of cash flow presentations.

Whenever possible, cash is pooled from the various City funds to enhance investment capabilities and maximize investment income. Investments are made taking into consideration cash flow needs, market conditions, and contingency plans. The City's investment policies prescribe eligible investments, investment diversification, and maturity and liquidity guidance, which are utilized in managing the investment portfolio.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Lease receivables are measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized over the term of the lease.

Inventories

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future years and are reported as prepaids. These expenditures will be recognized during the period benefitted by the prepayment (the consumption method).

Capital and Right-to-Use Assets

Capital assets, which include property, plant, equipment, and infrastructure acquired since 1980, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical costs if purchased or constructed. Donated capital assets are recorded at acquisition value.

The reported value excludes normal maintenance and repairs which are amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life.

The right to use Subscription-Based Information Technology Arrangement (SBITA) assets are initially measured at an amount equal to the present value of the SBITA liability plus and SBITA payments made at the start of the term, plus any capitalizable initial implementation costs at the start of the SBITA term. The right to use SBITA assets are amortized on a straight-line basis over the SBITA term.

Land, water rights, art acquisitions, and construction-in-progress are not depreciated. Other capital assets are depreciated, and right-to-use assets are amortized, using the straight-line method with the following estimated useful lives:

Buildings and Improvements	5-50 years
Infrastructure	5-50 years
Collection and Distributions systems	25-50 years
Machinery and Equipment	3-15 years
Other Assets	3-15 years
Right-to-Use Assets	Varies*

* The shorter of the lease term or the useful life of the underlying asset.

Unearned Revenues

Unearned revenues arise when resources are received by the City before it has a legal claim to them, as when grant funding is received prior to the incurrence of qualifying expenditures.

Compensated Absences

Employees of the City are allowed to accumulate unused personal leave. Employees may accrue unlimited Paid Time Off (PTO) during the year; however, only 332 hours may be carried forward to the following year. Employees with a PTO balance exceeding this limit may receive a payout for excess hours at their current hourly rate if they have used at least 80 hours of PTO during the year.

All full-time employees receive 80 hours of sick leave at the beginning of the year and may carry forward unused hours up to a maximum of 160 hours. Sick leave is not eligible for payout upon termination of employment.

Compensated absences are valued based on a combination of hours accumulated, the employee's pay rate, and estimated likelihood that the hours will be utilized or paid out in the future. The value of compensated absences is recognized when earned in the proprietary funds and due in the governmental funds. A long-term liability has been reported in the government-wide financial statements and the proprietary funds for the accrued compensated absences.

Long-Term Obligations

In the government-wide financial statements, and the proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the debt proceeds received, are reported as expenses.

Subscription-Based Information Technology Arrangements (SBITAs)

The City determines if an arrangement is a subscription-based information technology arrangement (SBITA) at inception. SBITAs are included in capital assets and SBITA obligations in the statement of net position. SBITA assets represent the City's control of the right to use an underlying asset for the arrangement term, as specified in the contract, in an exchange or an exchange-like transaction. SBITA assets are recognized at the commencement date based on the initial measurement of the SBITA obligation, plus any payments made to the provider at or before the commencement of the arrangement term and certain direct costs. SBITA assets are amortized in a systematic and rational manner over the shorter of the arrangement term or the useful life of the underlying asset.

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

The City recognizes payments for short-term SBITA contracts with an initial term of 12 months or less as expenses incurred, and these arrangements are not included as SBITA obligations or right-of-use SBITA assets on the statement of net position. For individual SBITA contracts where information about discount rate implicit in the arrangement is not included, the City has elected to use the incremental borrowing rate to calculate the present value of expected payments.

Deferred Inflows/Outflow of Resources

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

In addition to liabilities, the statement of net position and balance sheet 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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Property taxes are recorded as deferred inflows in the year levied, as they are not due until the following year. Property tax revenue is recognized in the subsequent tax year. Deferred inflows related to leases are measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The value of the leaseback is reported as a deferred inflow of resources and is amortized straight-line over the term of the agreement.

The City also reports deferred inflows and outflows of resources related to its pension plan. Refer to Note 9 on page 82 for more information.

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Classifications

In the fund financial statements, fund equity of the City's governmental funds are classified as either non-spendable, restricted, committed, assigned, or unassigned.

Non-spendable Fund Balances indicate amounts that are not in a spendable form such as inventory, or are required to be maintained intact principal of an endowment fund such as the Cemetery Perpetual Care Fund.

Restricted Fund Balances indicate amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors, or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed Fund Balances indicate 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. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council assigns fund balance through subsidiary agreements such as Development Agreements, Fee Schedule Resolutions, and Service Plan Agreements or through the annual Budget Adoption Resolution.

Unassigned Fund Balance indicates the residual classification for the General Fund and includes amounts that are not contained in the other classifications. The General Fund is the only fund that may report a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance; however, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, a negative unassigned fund balance may be reported in those funds. Unassigned amounts are the portion of fund balance which is not obligated or specifically designated and is available for any purpose.

Emergency and General Fund Stabilization Reserve

On July 20, 2010, the City Council adopted Resolution No. 2010-88 which established Emergency and General Fund Stabilization Reserves which are reported under the committed fund balance classification.

The Emergency Reserve is equal to two months (17%) of General Fund revenues and three months (25%) of Capital improvement Fund revenues. The Emergency Reserve shall be used to offset costs incurred by the City for unforeseen emergency circumstances which threaten the health, safety or welfare of the City, such as weather-related occurrences, floods, terror attacks, destruction or incapacitation of City services or facilities, etc. All withdrawals/expenditures from the Emergency Reserve shall be pre-approved by an affirmative vote of seven (7) members of the City Council. The City Manager may authorize an immediate withdrawal/expenditure if an emergency exists which threatens the health, safety or welfare of the City and pre-approval of the Council is not feasible.

The General Fund Stabilization Reserve was established to enable essential City services to continue during downturns in the economy and to serve as a temporary “stop gap” measure to provide financial resources during circumstances when implementation of the Emergency Reserve is not warranted. The target amount of the General Fund Stabilization Reserve in any given calendar year shall range from 5% to 10% of the total General Fund revenues. All withdrawals/expenditures from the General Fund Stabilization Reserve shall be pre-approved by an affirmative vote of a majority of the members of the City Council.

As of year-end, fund balances were sufficient to meet all reserve requirements.

F. Revenues & Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes levied in a particular year are collected in the subsequent year. The property tax calendar is as follows and is subject to change based on actions taken by the State of Colorado legislature.

Tax Year (2025 Certifications for 2026 Collections)
Tax levy certified to County Commissioners ....December 15, 2025
County Commissioners certify levy to County Assessor ....December 22, 2026

Ensuing Collection Year
Taxes attach as an enforceable lien on property...................................January 1
First installment due date (one-half of taxes due) ....February 28
Taxes due in full (unless installments elected by taxpayer) .... April 30
Second installment due date (second half due) .... June 15

Taxes are collected by the Adams County and Weld County Treasurers on behalf of the City and are remitted by the 10th day of the month following collection. A 1% collection fee is retained by the counties as compensation for collecting the taxes.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, wastewater fund, storm drainage fund, and internal service funds are charges to customers for sales and services. Operating expenses for these three proprietary funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Implementation of New Accounting Pronouncement

During the fiscal year ended December 31, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 102, Certain Risk Disclosures. GASB Statement No. 102 requires state and local governments to disclose information about certain concentrations and constraints that make a government vulnerable to the risk of a substantial impact. The City evaluated the requirements this statement and determined that all applicable disclosures have been included in these financial statements. The implementation of this statement did not have a material effect on the City's financial position, results of operations, or cash flows.

Note 2 – Stewardship, Compliance and Accountability

A. <u>Budgetary Information</u>

Budget and Appropriation Process

The City's budget is planned on a calendar year basis as required by the Colorado Revised Statutes, Section 29-1-101, and Article X of the City Charter. The budget presents a complete financial plan setting forth all estimated expenditures, revenues, and other financing sources for the ensuing year, together with the corresponding figures for the current year, and actuals for the prior year.

Before the beginning of the calendar year, the Council must enact an appropriation resolution, which corresponds with the budget. This resolution allows the City to legally expend monies for the coming budget year. City expenditures may not exceed the amounts appropriated, except in the case of an emergency or contingency which was not reasonably foreseeable. The Council may make these emergency appropriations from unappropriated revenue, fund balance, or by emergency resolution authorizing the issuance of emergency notes, as provided in Article XI of the Charter. If the City receives revenues that were not anticipated at the time of adoption of the budget, the Council may authorize the use by adopting a supplemental budget and appropriation resolution. The transfer of budget and appropriated monies within a fund or between funds may be done only in accordance with the Charter.

Budgetary Accounting and Control

Budgets for the General, Lottery, Landscaping, Impact Fees, Cemetery, Highway, Lodging Tax, Capital Improvement, Parks and Recreation Capital, and Cemetery Perpetual Care Funds are adopted on a basis consistent with US GAAP. The modified accrual basis of accounting is used, whereby revenues are recognized when susceptible to accrual (*i.e.* sales taxes, property taxes, franchise taxes, interest and grants). Fines and permit revenues are not susceptible to accrual, as they generally are not measurable until received in cash. Expenditures are generally recognized when the related fund liability is incurred.

The budgets for the Water, Wastewater, and Storm Drainage Funds and the Benefits and Fleet Internal Services Funds are adopted on a non-GAAP budgetary basis. The full accrual basis of accounting is used whereby revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Bond proceeds are treated as other financing sources, capital outlay and debt service are treated as expenditures; and depreciation is not budgeted.

The legal level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by Fund. Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances and must be re-appropriated for future use. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., contracts and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

B. <u>State Constitutional Amendment</u>

On November 3, 1992, the voters of the State approved Article X, Section 20 to the State Constitution commonly known as the Taxpayer's Bill of Rights (TABOR) limiting growth of public entities and their ability to borrow and tax. On November 3, 2016, the qualified electors of the City approved Ballot Issue 2K, which permits the City to collect, retain and spend the full amount of taxes and other revenue above the TABOR amendment limitations.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, imposing a mill levy, extending an expiring tax, or implementing a tax policy change which directly causes a net tax revenue gain. Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple fiscal year debt or other financial obligations without voter approval and without irrevocably pledging present cash reserves for all future payments.

TABOR also requires the City to set aside a portion of its spending for an emergency reserve. The emergency reserve may not be used to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. In 2025, the required reserve of 3% of current year spending, excluding voter approved amounts, federal revenues, bond proceeds, and other restrictions under TABOR, totaled $3,216,890.

C. <u>Deficit Net Position</u>

As of December 31, 2025, the City's Wastewater Fund had a deficit unrestricted net position balance of $23,117,205 and a deficit net position balance of $181,251. This deficit is a result of an operating loan and related amendment to the City's agreement with Metro Water Recovery to pay off the remaining balance of a buy-in agreement in 2023 totaling $46,597,325. The loan details are discussed in Note 6 – Long Term Obligations beginning on page 70.

Note 3 – Deposits and Investments

The following is a summary of the primary government's cash and investments as of December 31, 2025, are summarized below:

	Governmental Activities	Business-Type Activities	Total
Cash on Hand	$ 6,116	$ 2,675	$ 8,791
Deposits and Investments	123,846,096	103,031,825	226,877,921
Total	$ 123,852,212	$ 103,034,500	$ 226,886,712

A. Cash Deposits

Colorado State Statutes govern the City's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, with eligibility determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral, as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102% of the uninsured deposits. All deposits in 2025 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

Of the bank balances of $12,876,027, $500,000 was covered by FDIC insurance with the remaining balance being covered by PDPA.

B. Investments

The City and its component units comply with State and City statutes specifying investment instruments that meet defined ratings, maturity and custodial risk criteria in which local governments may invest. These investments include the following:

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Corporate notes
- Local government investment pools
- Certain money market funds
- Time Certificates of Deposit
- Commercial Paper
- Repurchase Agreements

Whenever possible, cash is pooled from the various City funds to enhance investment capabilities and maximize investment earnings. Investments are made taking into consideration cash flow needs, market conditions, and contingency plans. The City's investment policies prescribe eligible investments, investment diversification, and maturity and liquidity guidance, which are utilized in managing the investment portfolio.

The City, and because managed within the City’s pooled cash and investments, the Brighton Urban Renewal (one of the City’s component units), had the following investments at December 31, 2025:

Investment Type	Measurement	S&P Rating	Total	< 1 Year	2-3 Years	4-5 Years
U.S. Government Treasuries	Fair Value - Level 1	AA+	$ 152,389,076	$ 89,303,873	$ 55,029,739	$ 8,055,464
U.S. Government Agencies	Fair Value - Level 2	AA+	8,623,880	8,623,880	-	-
Corporate	Fair Value - Level 2	AA-	5,745,034	4,523,625	-	1,221,409
Municipal Bond	Fair Value - Level 2	AA+	2,275,014	2,275,014	-	-
Local Government Investment Pools	Net Asset Value	AAAm	39,568,136	39,568,136	-	-
		Total	$ 208,601,140	$ 144,294,528	$ 55,029,739	$ 9,276,873
		% of Total		69%	25%	4%

Fair Value Measurement

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 - Quoted prices (unadjusted) for identical investments in active markets that a government can access at the measurement date.
- Level 2 - Observable inputs other than quoted market prices included in Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar or identical assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities.
- Level 3 - Unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest to Level 3. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Interest Rate Risk

State and City statutes limit investments in U.S. Treasury and Agency securities to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk

State and City statutes limit investments in U.S. Agency securities to the highest rating issued by two or more nationally recognized statistical rating organizations (NRSROs). The same statutes also limit investments in money market funds to those that maintain a constant share price, with remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a NRSRO.

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the position of an outside party. At December 31, 2025, the City's investment securities were held by the counterparty (broker), in the City's name.

Concentration of Credit Risk

With the exception of U.S. Treasuries, U.S. Agency Securities, and Local Government Investment Pools, and Money Market Funds, the City's investment policy limits the amount that may be invested in any one security type or fund to 50% of the total portfolio. The aggregate exposure to municipal bonds and commercial paper may not exceed 35% of the portfolio, no more than 5% may be invested in time deposits, and no more than 5% of the portfolio may be invested with a single issuer. The portfolio will be limited to an aggregate exposure of 50% for the following investment types: Corporate Bonds, Commercial Paper, Negotiable Certificates of Deposits and Bankers Acceptances.

Local Government Investment Pools

The Colorado Local Government Liquid Asset Trust (COLOTRUST), the Colorado Statewide Investment Program (CSIP), and the Colorado Surplus Asset Fund Trust (CSAFE) are investment vehicles established by State statute for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The CSAFE Cash pool operates in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. The COLOTRUST pool is rated AAAm by Standard and Poor's: CSAFE Colorado Core and CSAFE Cash funds are rated AAAf/S1 and AAAmmf, respectively, by Fitch. CSIP Liquid Portfolio is a variable rate investment option rated AAAm by Standard and Poor's and CSIP Term Portfolio is a fixed-rate, fixed-term investment option rated AAAf by Fitch. Each pool maintains a stable share price. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services. The custodian's internal records identify the investments owned by the participating governments. The City records its investment in the pools at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

C. Component Units

The following is a summary of the component units' cash and investments as of December 31, 2025, are summarized below:

	Brighton Urban Renewal Authority	Brighton Economic Development Corporation	Brighton Legacy Foundation	Total
Cash on Hand	$ 200	$ -	$ -	$ 200
Restricted Cash and Investments	1,592,075	-	6,873	1,598,948
Cash and Investments	9,490,346	298,541	9,674	9,798,561
Total	$ 11,082,621	$ 298,541	$ 16,547	$ 11,397,709

Cash and investments for the Brighton Urban Renewal Authority are managed within the City's pooled cash and investments. These have the same investment diversification and risks as the City. See section B above for detail.

Note 4 – Capital Assets

A. Governmental Activities

Capital asset activity for the year ended December 31, 2025, is summarized below.

Governmental Activities	Balance 12/31/2024	Additions	Deletions	Transfers	Balance 12/31/2025
Capital Assets, Not Being Depreciated					
Land	$ 38,610,193	$ -	$ -	$ -	$ 38,610,193
Water rights	2,035,900	-	-	-	2,035,900
Construction in Progress	47,361,239	28,529,881	(95,824)	(55,501,552)	20,293,744
Total Capital Assets, Not Being Depreciated	88,007,332	28,529,881	(95,824)	(55,501,552)	60,939,837
Capital Assets, Being Depreciated					
Building and Improvements	111,287,304	1,060,177	(174,394)	23,112,502	135,285,589
Infrastructure	134,808,186	15,173,883	-	54,058,511	204,040,580
Improvements Other Than Buildings	36,052,013	915,569	-	(24,362,846)	12,604,736
Machinery and Equipment	29,711,938	2,124,326	(1,843,604)	2,693,385	32,686,045
Other Assets	978,336	-	(18,246)	-	960,090
Total Capital Assets, Being Depreciated	312,837,777	19,273,955	(2,036,244)	55,501,552	385,577,040
Less Accumulated Depreciation					
Building and Improvements	79,110,495	6,021,762	(174,394)	14,965	84,972,828
Infrastructure	61,211,580	9,768,065	-	14,493,371	85,473,016
Improvements Other Than Buildings	14,618,723	730,031	-	(14,508,336)	840,418
Machinery and Equipment	19,510,510	3,804,973	(1,793,582)	-	21,521,901
Other Assets	557,029	24,025	(9,317)	-	571,737
Total Accumulated Depreciation	175,008,337	20,348,856	(1,977,293)	-	193,379,900
Total Capital Assets, Being Depreciated, Net	137,829,440	(1,074,901)	(58,951)	55,501,552	192,197,140
Right-to-Use SBITA Assets					
SBITA Assets	-	998,641	-	-	998,641
Accumulated Amortization	-	(457,710)	-	-	(457,710)
Total Right-to-Use Assets, Net	-	540,931	-	-	540,931
Governmental Activities Capital Assets, Net	$ 225,836,772	$ 27,454,980	$ (154,775)	$ -	253,677,908
		Less Capital Retainage Payable			(1,860,612)
		Less Outstanding Capital Debt			(24,632,429)
		Less Unamortized Bond Premium			(1,998,152)
		Net Investment in Capital Assets			$ 225,186,715

Depreciation and amortization expense was charged to functions/programs of the Primary Government as follows:

Description	Governmental Activities
General Government	$ 4,875,291
Public Safety	969,049
Streets and Fleet	10,384,978
Parks and Recreation	4,528,157
Cemetery	45,762
Community Development	3,329
Total Depreciation Expense	$ 20,806,566

B. Business-Type Activities

Capital asset activity for the year ended December 31, 2025, is summarized below.

Business - Type Activities	Balance 12/31/2024	Additions	Deletions	Transfers	Balance 12/31/2025
Capital Assets, Not Being Depreciated					
Land	$ 10,900,562	$ -	$ -	$ -	$ 10,900,562
Water Rights	71,600,839	-	-	-	71,600,839
Construction in Progress	101,730,956	106,483,893	(367,253)	(13,024,950)	194,822,645
Total Capital Assets, Not Being Depreciated	184,232,357	106,483,893	(367,253)	(13,024,950)	277,324,046
Capital Assets, Being Depreciated					
Building and Improvements	39,892,630	-	(120,527)	7,182,920	46,955,023
Infrastructure	248,229,311	13,249,476	(1,446,787)	5,309,611	265,341,611
Machinery and Equipment	8,745,430	1,142,162	(605,867)	532,419	9,814,144
Other Assets	216,300	-	-	-	216,300
Total Capital Assets, Being Depreciated	297,083,671	14,391,638	(2,173,181)	13,024,950	322,327,078
Less Accumulated Depreciation					
Building and Improvements	30,935,699	1,366,191	(120,527)	-	32,181,363
Infrastructure	109,015,451	8,991,110	(8,038)	-	117,998,523
Machinery and Equipment	6,971,141	914,729	(605,867)	-	7,280,003
Other Assets	216,300	-	-	-	216,300
Total Accumulated Depreciation	147,138,591	11,272,030	(734,432)	-	157,676,189
Total Capital Assets, Being Depreciated, Net	149,945,080	3,119,608	(1,438,749)	13,024,950	164,650,889
Business-Type Activities Capital Assets, Net	$ 334,177,437	$ 109,603,501	$ (1,806,002)	$ -	$ 441,974,935

Less Capital Retainage Payable	$ (8,060,305)
Less Outstanding Capital Debt	(179,096,465)
Less Unamortized Bond Premium	(5,213,745)
Plus Unspent Bond Proceeds	40,040,973
Net Investment in Capital Assets	$ 289,645,393

Depreciation expense was charged to Funds as follows:

Description	Business-type Activities
Water	$ 6,911,051
Wastewater	1,985,197
Storm Drainage	2,375,782
Total Depreciation Expense	$ 11,272,030

C. Component Unit – Brighton Urban Renewal Authority

Capital asset activity for the Brighton Urban Renewal Authority the year ended December 31, 2025, was as follows:

Brighton Urban Renewal Authority (BURA)	Balance 12/31/2024	Additions	Deletions	Transfers	Balance 12/31/2025
Capital Assets, Not Being Depreciated					
Construction in Progress	$ 42,340	$ 458,278	$ -	$ -	$ 500,618
Total Capital Assets, Not Being Depreciated	42,340	458,278	-	-	500,618
Capital Assets, Being Depreciated					
Building and Improvements	5,696,212	-	-	-	5,696,212
Machinery and Equipment	110,466	152,782	-	-	263,248
Total Capital Assets, Being Depreciated	5,806,678	152,782	-	-	5,959,460
Less Accumulated Depreciation					
Building and Improvements	3,179,433	255,873	-	-	3,435,306
Machinery and Equipment	84,356	23,139	-	-	107,495
Total Accumulated Depreciation	3,263,789	279,012	-	-	3,542,801
Total Capital Assets, Being Depreciated, Net	2,542,889	(126,230)	-	-	2,416,659
BURA Activities Capital Assets, Net	$ 2,585,229	$ 332,048	$ -	$ -	$ 2,917,277
		Less Outstanding Capital Debt			(2,060,000)
		Plus Deferred Loss on Refunding			32,758
		Net Investment in Capital Assets			$ 890,035

D. Component Unit – Brighton Economic Development Corporation

Capital asset activity for the Brighton Economic Development Corporation for the year ended December 31, 2025, was as follows:

Brighton Economic Development Corporation (BEDC)	Balance 12/31/2024	Additions	Deletions	Transfers	Balance 12/31/2025
Capital Assets, Being Depreciated					
Machinery and Equipment	$ 78,713	$ -	$ -	$ -	$ 78,713
Total Capital Assets, Being Depreciated	78,713	-	-	-	78,713
Less Accumulated Depreciation					
Machinery and Equipment	78,713	-	-	-	78,713
Total Accumulated Depreciation	78,713	-	-	-	78,713
BEDC Capital Assets, Net	$ -	$ -	$ -	$ -	$ -

Note 5 – Interfund Activity

A. Interfund Transfers

The composition of interfund transfers as of December 31, 2025, is as follows:

Transfer in Fund	Transfer out Fund	Amount
General	Landscaping	$ 6,000
General	Lottery	250,000
General	Lodging Tax	372,250
Cemetery	General Fund	200,000
Cemetery	Cemetery Perpetual Fund	89,304
Water Fund	General Fund	2,100,000
Storm Drainage Fund	General Fund	113,067
	Total	$ 3,130,621

Transfers are used to allocate resources to different funds to support various projects and operations. All transfers are planned for and budgeted in accordance with funding restrictions where applicable.

Transfers in 2025 were made for the following purposes:

- Transfer of $6,000 from the Landscaping Fund to the General Fund was made to partially fund median maintenance work that is budgeted and paid from the General Fund and is an eligible use of these proceeds.
- Transfer of $250,000 from the Lottery Fund to the General Fund was made to partially fund parks maintenance work that is budgeted and paid from the General Fund and is an eligible use of these proceeds.
- Transfer of $372,250 from the Lodging Tax Fund to the General Fund was made to support art and cultural events that are budgeted and paid from the General Fund.
- Transfer of $200,000 from the General Fund to the Cemetery Fund was made to subsize the cost of maintenance of the City’s cemeteries.
- Transfer of $89,304 from the Cemetery Perpetual Fund to the Cemetery Fund was made to move interest earned on permanent balances to the Cemetery Fund for use on maintenance operations.
- Transfer of $2,100,000 from the General Fund to the Water Fund was made to support the construction of a new Water Treatment Plant that will come online in 2027.
- Transfer of $113,067 from the General Fund to the Storm Drainage Fund was made to forgive the annual payment due on an interfund loan originally made in 2021 to support the construction of a stormwater outfall. The loan is discussed further below.

B. Interfund Balances

The composition of interfund receivables/payables as of December 31, 2025, is as follows:

Interfund Receivable	Interfund Payable	Amount
General	Storm Drainage	$ 1,469,866
		$ 1,469,866

In 2021, the General Fund made a loan to the Storm Drainage Fund in the amount of $1,696,000 to support a significant capital construction project. The interfund loan bears no interest and is to be repaid over 15 years from 2025 through 2039. The payment due in 2025 totaling $113,067 was forgiven and reported as a transfer to the Storm Drainage Fund as discussed in section A above. The future payments due are outlined in the following table.

Year Ended December 31,	Payment
2026	$ 113,067
2027	113,067
2028	113,067
2029	113,067
2030	113,067
2031-2035	565,335
2036-2038	339,196
Total	$ 1,469,866

Note 6 – Long-Term Obligations

A. Governmental Activities

Long-Term Borrowing Related Obligations

Long-term borrowing related obligations related to governmental activities for the year ended December 31, 2025, are summarized as follows:

	Balance 12/31/2024	Increases	Decreases	Balance 12/31/2025	Due Within One Year
Publicly Sold					
Certificates of Participation					
2020 Tax Exempt	15,670,000	-	1,025,000	14,645,000	1,090,000
Borrowing Premium	2,184,031	-	208,003	1,976,028	208,003
Total Publicly Sold Borrowings	17,854,031	-	1,233,003	16,621,028	1,298,003
Direct Placement Borrowings					
Certificates of Participation					
2025 Tax Exempt	$ -	$ 6,115,000	$ -	$ 6,115,000	$ 505,000
2016 Tax Exempt Series 2016A	2,385,665	-	153,192	2,232,473	156,936
2016 Taxable Series 2016B	580,951	-	285,665	295,286	295,286
Borrowing Premium	35,033	-	12,909	22,124	12,909
Total Direct Placement Borrowings	3,001,649	6,115,000	451,766	8,664,883	970,131
Financed Purchases					
2023 Technology Financed Purchase	1,321,377	-	660,689	660,688	660,688
Total Financed Purchases	1,321,377	-	660,689	660,688	660,688
Total Governmental Activities	$ 22,177,057	$ 6,115,000	$ 2,345,458	$ 25,946,599	$ 2,928,822

2025 Certificates of Participation

In November 2025, the City issued Certificates of Participation, Tax Exempt Series 2025, in the amount of $6,115,000 to fund expansion of the City's public safety facilities through the purchase and remodel of a building to be used as a secondary Police Department Administration Building and the reconfiguration of the existing Police Department Building.

Certificates of Participation are structured as lease agreements where the investor holds a lien on a City-owned property, and the City makes bi-annual lease payments. Lease payments on the Certificates of Participation are due annually beginning May 2026, through 2035 (10 years.) Interest is due semi-annually on May 15 and November 15 with an interest rate of 3.845%. Principal payments are due annually on November 15.

Certificates of Participation are structured as lease purchase agreements which allows the City to terminate the lease if funds are not appropriated in future years. The leased property in Brighton, Colorado for the 2025 Certificates is the Police Department Substation located at 133 S. 27th Street, Brighton, CO 80601.

Annual debt service requirements for this outstanding obligation are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 505,000	$ 242,306	$ 747,306
2027	535,000	215,705	750,705
2028	555,000	195,134	750,134
2029	575,000	173,794	748,794
2030	595,000	151,685	746,685
2031-2035	3,350,000	396,035	3,746,035
Total	$ 6,115,000	$ 1,374,659	$ 7,489,659

2020 Certificates of Participation

In September 2020, the City issued $19,195,000 Certificates of Participation, Series 2020, to refund the outstanding Certificates of Participation, Series 2010A and 2010B. The 2010 Series were issued to finance the costs of constructing an adult recreation center, aquatic park, purchase and rehabilitate a building to be used as the Main City Hall, acquire open space land and develop vacant land into a park.

Certificates of Participation are structured as lease agreements where the investor holds a lien on a City-owned property, and the City makes bi-annual lease payments. Lease payments on the 2020 Certificates of Participation are due annually, beginning June 1, 2021, through 2035 (15 years). Interest is due semi-annually on June 1 and December 1. Interest accrues at rates ranging from 3.00% to 4.00% per annum.

The leased properties in Brighton, Colorado for the 2020 Certificates include the Police Department and Municipal Court facility located at 3401 E. Bromley Lane and the Recreation Center located at 555 North 11th Avenue.

Annual debt service requirements for this outstanding obligation are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 1,090,000	$ 532,150	$ 1,622,150
2027	1,160,000	488,550	1,648,550
2028	1,240,000	442,150	1,682,150
2029	1,315,000	392,550	1,707,550
2030	1,400,000	339,950	1,739,950
2031-2035	8,440,000	835,900	9,275,900
Total	$ 14,645,000	$ 3,031,250	$ 17,676,250

2016 Certificates of Participation

In March 2016, the City issued Certificates of Participation, Tax Exempt Series 2016A in the amount of $4,480,620 and Taxable Series 2016B in the amount of $2,519,380 to fund capital energy conservation improvement projects to the City's Recreation Center, City Hall, Historic City Hall, Police and Municipal Court, Utility Water Shop, Water Wells, Wastewater Treatment Facility and other City facilities as well as capital upgrades to various systems at the Brighton Armory, Water Treatment Plant and the City's Recreation Center. Of the total principal due, $5,969,904 is related to Governmental Activities and funded from those revenues. The remaining $1,030,096 is related to Enterprise Activities and is funded from Water and Wastewater Fund revenues as discussed later in this footnote.

Certificates of Participation are structured as lease agreements where the investor holds a lien on a City-owned property, and the City makes bi-annual lease payments. Lease payments on the Certificates of Participation, Tax Exempt Series 2016A, are due annually beginning February 2017, through 2031 (15 years.) Interest is due semi-annually on February 24 and August 24 with an interest rate of 2.43%. Lease payments on the Certificates of Participation, Taxable Series 2016B, are due annually beginning February 2017, through 2026 (10 years). Interest is due semi-annually on February 24 and August 24 with an interest rate of 3.34%.

Certificates of Participation are structured as lease purchase agreements which allows the City to terminate the lease if funds are not appropriated in future years. The leased property in Brighton, CO for the 2016 Certificates is the Historic City Hall Building located at 22 S. 4th Avenue.

Annual debt service requirements for the outstanding obligations are as follows:

2016 Certificates of Participation – Tax Exempt Series A

	Series A Tax Exempt		
Year Ended December 31,	**Principal**	**Interest**	**Total**
2026	$ 156,935	$ 53,301	$ 210,236
2027	395,301	48,048	443,349
2028	404,965	38,384	443,349
2029	414,866	28,484	443,350
2030	425,008	18,342	443,350
2031	435,398	7,951	443,349
Total	$ 2,232,473	$ 194,510	$ 2,426,983

2016 Certificates of Participation – Taxable Series B

Year Ended December 31,	Principal	Interest	Total
2026	$ 295,286	$ 7,417	$ 302,703
Total	$ 295,286	$ 7,417	$ 302,703

2023 Equipment Financed Purchase

The 2023 Equipment Financed Purchase Agreement is a tax-exempt financed-purchase program used by the City to finance capital equipment. The City entered into the agreement as of December 31, 2023. The interest rate for the lease is 0.0%. Principal and interest payments are due annually through 2026 (3 years).

Annual debt service requirements for this outstanding obligation are as follows:

2023 Equipment Financed Purchase

Year Ended December 31,	Principal	Interest	Total
2026	$ 660,688	$ -	$ 660,688
Total	$ 660,688	$ -	$ 660,688

Compensated Absence Liability

The City provides employees with Paid Time Off (PTO) that accrues throughout the year. Employees may also carry forward unused sick leave up to established limits. Accrued PTO and eligible sick leave balances that remain at year-end are valued based on the employee's current pay rate and an estimated likelihood of utilization or payout, and a liability is recorded accordingly.

The compensated absences liability related to governmental activities for the year ended December 31, 2025, is summarized as follows:

	Balance 12/31/2024	Net Change	Balance 12/31/2025	Due Within One Year
Compensated Absences	$ 2,754,937	$ 998,180	$ 3,753,117	$ 3,139,348

B. Business-Type Activities

Long-Term Borrowing Related Obligations

Long-term borrowing related obligations related to business-type activities for the year ended December 31, 2025, are summarized as follows:

	Balance 12/31/2024	Increases	Decreases	Balance 12/31/2025	Due Within One Year
Water Fund					
Publicly Sold					
Water Activity Enterprise Bonds					
2025 Revenue Bonds	$ -	$ 84,875,000	$ -	84,875,000	$ -
2022 Revenue Bonds	77,340,000	-	410,000	76,930,000	475,000
2016 Revenue Bonds Series A	13,395,000	-	975,000	12,420,000	965,000
Bond Premium	4,089,658	1,222,719	208,674	5,103,703	174,394
Arbitrage Liability	1,178,943	-	1,120,736	58,207	-
Total Publicly Sold Borrowings	96,003,601	86,097,719	2,714,410	179,386,910	1,614,394
Direct Placement Borrowings					
2016 Certificates of Participation					
Tax Exempt Series 2016A	591,071	-	37,955	553,116	38,882
Total Direct Placement Borrowings	591,071	-	37,955	553,116	38,882
Total Water Fund	$ 96,594,672	$ 86,097,719	$ 2,752,365	$ 179,940,026	$ 1,653,276
Wastewater Fund					
Publicly Sold					
Water Activity Enterprise Bonds					
2016 Revenue Bonds Series B	$ 4,475,000	$ -	$ 270,000	$ 4,205,000	$ 280,000
Bond Premium	119,408	-	9,366	110,042	9,366
Total Publicly Sold Borrowings	4,594,408	-	279,366	4,315,042	289,366
Direct Placement Borrowings					
Certificates of Participation					
2016 Tax Exempt Series 2016A	121,127	-	7,778	113,349	7,968
2023 Revenue Loan (Direct Placement)	30,144,000	-	1,529,000	28,615,000	1,607,000
Total Direct Placement Borrowings	30,265,127	-	1,536,778	28,728,349	1,614,968
Total Wastewater Fund	$ 34,859,535	$ -	$ 1,816,144	$ 33,043,391	$ 1,904,334
Total Business-Tyle Activties	$ 131,454,207	$ 86,097,719	$ 4,568,509	$ 212,983,417	$ 3,557,610

The City's Water Activity Enterprise includes both the Water and Wastewater Funds. When revenue bonds are issued within these funds, the revenues of both funds are considered obligated to the borrowings. However, debt service is budgeted and managed from the fund that benefited from the borrowing.

2025 Water Activity Enterprise Revenue Bonds

In February 2025, the City issued $84,875,000 Water Activity Enterprise Revenue Bonds to fund a capital investment in a new Water Treatment Plant scheduled to be operational in 2027. Principal and interest payments are due annually beginning on December 1, 2025, and continuing through 2055 (30 years). Interest accrues on the bonds at a rate ranging from 4.00% to 5.00% per annum. Debt service for these bonds is paid from Water Fund revenues.

Annual debt service requirements for this outstanding obligation are as follows:

Year Ending December 31,	Water Fund Principal	Interest	Total
2026	$ -	$ 3,715,350	$ 3,715,350
2027	-	3,715,350	3,715,350
2028	-	3,715,350	3,715,350
2029	-	3,715,350	3,715,350
2030	-	3,715,350	3,715,350
2031-2035	-	18,576,750	18,576,750
2036-2040	5,260,000	18,320,000	23,580,000
2041-2045	15,710,000	15,376,750	31,086,750
2046-2050	19,645,000	11,432,550	31,077,550
2051-2055	44,260,000	5,434,013	49,694,013
Total	$ 84,875,000	$ 87,716,813	$ 172,591,813

2022 Water Activity Enterprise Revenue Bonds

In November 2022, the City issued $77,685,000 Water Activity Enterprise Revenue Bonds to fund a capital investment in a new Water Treatment Plant scheduled to be operational in 2027. Principal and interest payments are due annually beginning on December 1, 2023, and continuing through 2052 (30 years). Interest accrues on the bonds at a rate of 5.0% per annum. Debt service for these bonds is paid from Water Fund revenues.

Annual debt service requirements for this outstanding obligation are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 475,000	$ 3,834,325	$ 4,309,325
2027	540,000	3,809,250	4,349,250
2028	605,000	3,780,625	4,385,625
2029	685,000	3,748,375	4,433,375
2030	755,000	3,712,375	4,467,375
2031-2035	4,990,000	17,886,700	22,876,700
2036-2040	12,205,000	15,998,375	28,203,375
2041-2045	19,575,000	11,819,375	31,394,375
2046-2050	25,145,000	6,257,625	31,402,625
2051-2052	11,955,000	605,125	12,560,125
Total	$ 76,930,000	$ 71,452,150	$ 148,382,150

2016 Water Activity Enterprise Revenue Bonds, Series A & B

In September 2016, the City issued Water Activity Enterprise Revenue Refunding Bonds to refund the outstanding 2009 Water Activity Enterprise Revenue Bonds. Series 2016A totaled $20,945,000 and refunded the outstanding 2009 Bonds for the Water System Project. Series 2016B totaled $6,325,000 and refunded the outstanding 2009 Bonds for the Sewer System Project. As a result, the 2009 revenue bonds are defeased and the liability for those bonds has been removed from the statement of net position.

Principal payments for the Water Activity Enterprise Revenue Refunding Bonds, Series 2016A, are due annually beginning June 1, 2017, and continuing through 2037 (20 years). Interest payments are due semi-annually on June 1 and December 1. Interest accrues on the bonds at rates ranging from 2.00% to 5.00% per annum. Debt service for this bond series is paid from Water Fund revenues.

Principal payments for the Water Activity Enterprise Revenue Refunding Bonds, Series 2016B, are due annually beginning June 1, 2017, through 2037 (20 years). Interest payments are due semi-annually on June 1 and December 1. Interest accrues on the bonds at a rate of 4.0% per annum. Debt service for this bond series is paid from Wastewater Fund revenues.

Annual debt service requirements for the outstanding obligations are as follows:

2016 Water Activity Enterprise Revenue Bonds – Series A

Year Ended December 31,	Principal	Interest	Total
2026	$ 965,000	$ 563,675	$ 1,528,675
2027	975,000	515,175	1,490,175
2028	985,000	466,175	1,451,175
2029	995,000	416,675	1,411,675
2030	1,005,000	366,675	1,371,675
2031-2035	5,265,000	1,063,825	6,328,825
2036-2037	2,230,000	89,600	2,319,600
Total	$ 12,420,000	$ 3,481,800	$ 15,901,800

2016 Water Activity Enterprise Revenue Bonds – Series B

Year Ended December 31,	Principal	Interest	Total
2026	$ 280,000	$ 162,600	$ 442,600
2027	290,000	151,200	441,200
2028	305,000	139,300	444,300
2029	310,000	127,000	437,000
2030	330,000	114,200	444,200
2031-2035	1,840,000	359,000	2,199,000
2036-2037	850,000	34,400	884,400
Total	$ 4,205,000	$ 1,087,700	$ 5,292,700

2016 Certificates of Participation

In March 2016, the City issued Certificates of Participation, Tax Exempt Series 2016A in the amount of $4,480,620 and Taxable Series 2016B in the amount of $2,519,380 to fund capital energy conservation improvement projects to the City's Recreation Center, City Hall, Historic City Hall, Police and Municipal Court, Utility Water Shop, Water Wells, Wastewater Treatment Facility and other City facilities as well as capital upgrades to various systems at the Brighton Armory, Water Treatment Plant and the City's Recreation Center. Further details related to this obligation are discussed in the Governmental Activities section.

Of the original principal amount, a total of $854,905 is related to Water Fund projects and is funded from the revenues of that fund. A total of $171,191 is related to Wastewater fund projects and is funded from the revenues of that fund.

Annual debt service requirements for the outstanding obligations are as follows:

2016 Certificates of Participation – Water Fund

Year Ended December 31,	Principal	Interest	Total
2026	38,882	13,206	52,088
2027	97,940	11,905	109,845
2028	100,334	9,510	109,844
2029	102,787	7,057	109,844
2030	105,300	4,544	109,844
2031	107,874	1,970	109,844
Total	$ 553,117	$ 48,193	$ 601,310

2016 Certificates of Participation – Wastewater Fund

Year Ended December 31,	Principal	Interest	Total
2026	7,968	2,706	10,674
2027	20,070	2,440	22,510
2028	20,561	1,949	22,510
2029	21,064	1,446	22,510
2030	21,579	931	22,510
2031	22,107	404	22,511
Total	$ 113,349	$ 9,876	$ 123,225

2023 Wastewater Revenue Loan (Direct Placement)

In June 2023, the City borrowed $31,599,000 through a taxable, direct placement financing to refinance buy-in agreement with Metro Water Recovery and convert all eligible flows to Metro Water Recovery for processing. Principal payments are due annually beginning on December 1, 2023, and continuing through 2038 (15 years). Interest payments are due on June 1 and December 1 of each year. Interest accrues on the loan at a rate of 4.96% per annum. Debt service for this loan is paid from Wastewater Fund revenues.

Annual debt service requirements for the outstanding obligations are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 1,607,000	$ 1,379,450	$ 2,986,450
2027	1,688,000	1,297,734	2,985,734
2028	1,774,000	1,211,877	2,985,877
2029	1,864,000	1,121,654	2,985,654
2030	1,959,000	1,026,844	2,985,844
2031-2035	11,397,000	3,534,074	14,931,074
2036-2038	8,326,000	633,094	8,959,094
Total	$ 28,615,000	$ 10,204,729	$ 38,819,729

Compensated Absence Liability

The City provides employees with Paid Time Off (PTO) that accrues throughout the year. Employees may also carry forward unused sick leave up to established limits. Accrued PTO and eligible sick leave balances that remain at year-end are valued based on the employee's current pay rate and an estimated likelihood of utilization or payout, and a liability is recorded accordingly.

The compensated absences liability related to business-type activities for the year ended December 31, 2025, is summarized as follows:

	Balance 12/31/2024	Net Change	Balance 12/31/2025	Due Within One Year
Compensated Absences				
Water Fund	$ 248,126	$ 101,144	$ 349,270	$ 297,219
Wastewater Fund	120,401	10,132	130,533	111,263
Storm Drainage Fund	24,017	31,182	55,199	47,195
Total Compensated Absences	$ 392,544	$ 142,458	$ 535,002	$ 455,677

C. Component Unit

Long-Term Borrowing Related Obligations

Long-term borrowing related obligations related to component units for the year ended December 31, 2025, are summarized as follows:

	Balance 12/31/2024	Increases	Decreases	Balance 12/31/2025	Due Within One Year
Brighton Urban Renewal Authority					
Direct Placement Borrowings					
2015A Tax Increment Revenue Bonds	$ 3,040,000	$ -	$ 980,000	$ 2,060,000	$ 1,010,000

2015 Revenue Bonds

In December 2015, BURA issued $9,890,000 Tax Increment Revenue Refunding Bonds, Series 2015A and $555,000 Taxable Tax Increment Revenue Bonds, Series 2015B, which were issued to refund the BURA outstanding Tax Increment Revenue Refunding and Improvement Bonds, Series 2009 and provide funding for an improvement project in the BURA area respectively. The 2015B Series was paid in full in 2016 (1 year).

The 2015A Series has an interest rate of 3.50%. Principal payments are due annually on December 1, through 2027 (12 years). Interest payments are due semi-annually on June 1 and December 1. The bonds are payable solely from sales tax increment revenues collected from the Brighton Pavilions and incremental property taxes generated by the urban renewal area.

Annual debt service requirements for the outstanding obligations are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 1,010,000	$ 72,100	$ 1,082,100
2027	1,050,000	36,750	1,086,750
Total	$ 2,060,000	$ 108,850	$ 2,168,850

Compensated Absence Liability

Employees of BURA receive the same leave benefits as employees of the City as described in sections A & B of this note, and therefore a compensated absences liability is similarly recorded. The compensated absence liability related to BURA for the year ended December 31, 2025, is summarized as follows:

	Balance 12/31/2024	Net Change	Balance 12/31/2025	Due Within One Year
Brighton Urban Renewal Authority				
Compensated Absences	$ 18,234	$ 6,712	$ 24,946	$ 19,632

Note 7 – Lease and Subscription-Based Information Technology Arrangements

A. Governmental Activities

Subscription-Based Information Technology Arrangements (SBITAs)

The City has entered into subscription-based information technology arrangements (SBITAs) for various software, including permitting system, financial reporting, and geographic information systems.

Subscription liabilities are measured at the present value of payments expected to be made during the noncancellable term of the agreement. Subscription-based software agreements do not include an explicit interest rate, so the present value is calculated using an implied interest rate of 4.31%. The subscription calls for payments of $364,275 through 2027 and provides for annual renewal options. The subscription asset is amortized on a straight-line basis over the subscription term.

As of December 31, 2025, the City recorded a subscription liability of $683,982 and a subscription asset of $998,641. During the year ended December 31, 2025, the City recognized amortization expense of $457,710 related to SBITAs.

Annual principal and interest due on SBITAs are as follows:

Year ended December 31,	Principal	Interest	Total
2026	$ 334,771	$ 29,504	$ 364,275
2027	349,211	15,063	364,274
Total	**$ 683,982**	**$ 44,567**	**$ 728,549**

Leaseback Arrangement

In 2020, the City entered into an agreement to purchase a parcel of land referred to as Bromley Lakes for a purchase price of $1,618,343. At that time, the City retained the purchase price as an advance payment for a 7-year leaseback term ending July 31, 2027, during which period the seller retains the right to use the property. The value of the leaseback is reported as a deferred inflow of resources in the government-wide financial statements and is amortized straight-line over the term of the agreement. During 2025, $231,192 of the value was amortized and as of December 31, 2025, the remaining value of the deferred inflow is $366,054.

Annual amortization of the deferred inflow is as follows:

Year ended December 31,	Principal	Interest	Total
2026	$ 231,192	$ -	$ 231,192
2027	134,862	-	134,862
Total	**$ 366,054**	**$ -**	**$ 366,054**

B. Business-Type Activities

Leases Receivables

The City leases land and space on water towers and other structures to wireless telecommunications providers for the placement and operation of cellular transmission equipment. These leases are noncancellable during the initial term, which is usually 5 years. Certain agreements include automatic renewal options and renewal periods are included in the measurement of the lease receivable if the City is reasonably certain the option will be exercised.

Lease payments are generally structured as fixed monthly amounts with stated annual escalation provisions of 3% effective on the anniversary date of the lease. The leases do not contain variable payments based on usage or performance.

At lease commencement, the City records a lease receivable and a deferred inflow of resources in an amount equal to the present value of lease payments expected to be received over the lease term. The lease agreements do not include an explicit interest rate, so the present value is calculated using an implied interest rate of 4.31%.

As of December 31, 2025, the City recorded a lease receivable of $831,826 and deferred inflows of resources of $809,912 related to leases. During the year ended December 31, 2025, the City recognized lease revenue related to its leases of $67,612 and interest income related to its leases of $21,131.

Annual principal and interest due on lease receivables are as follows:

Year ended December 31,	Principal	Interest	Total
2026	$ 57,324	$ 34,027	$ 91,351
2027	59,369	31,632	91,001
2028	64,630	29,102	93,732
2029	70,368	26,175	96,543
2030	58,287	23,242	81,529
2031 - 2035	161,808	90,702	252,510
2036 - 2040	156,119	61,143	217,262
2041 - 2045	203,921	20,853	224,774
Total	**$ 831,826**	**$ 316,876**	**$ 1,148,702**

Note 8 – Fund Balances

The City maintains balances in governmental funds as described in Note 1 Summary of Significant Accounting Policies. The fund balances in place as of December 31, 2025, include the following items:

	General Fund	Capital Improvement Fund	Parks Capital Improvement Fund	Other Governmental Funds	Total
Restricted					
Emergency Reseve - TABOR	1,845,006	733,559	521,088	117,237	3,216,890
Lodging Tax	-	-	-	917,540	917,540
Conservation Trust/Lottery	-	-	-	697,522	697,522
Highway Fund	-	-	-	250,778	250,778
Landscaping Fund	-	-	-	92,754	92,754
Denver Airport Agreement	496,000	-	-	-	496,000
Plastic Bag Fee Unspent Proceeds	435,368	-	-	-	435,368
PEG Channel Franchise Fees	-	210,777	-	-	210,777
Total Restricted	2,776,374	944,336	521,088	2,075,831	6,317,629
Committed					
City Council Ordinances or Resolutions					
Impact Fees Fund	-	-	-	14,559,027	14,559,027
Cemetery Fund	-	-	-	257,686	257,686
Cemetery Perpetual Care Fund	-	-	-	2,561,979	2,561,979
Food Sales Tax	134,000	-	-	-	134,000
Committed Emergency Reserve	10,489,150	4,017,005	-	-	14,506,155
Committed Stabilization Reserve	4,998,977	-	-	-	4,998,977
Total Committed	15,622,127	4,017,005	-	17,378,692	37,017,824
Assigned					
Capital	-	24,137,292	-	-	24,137,292
Parks, Recreation & Open Space	-	-	28,160,722	-	28,160,722
Total Assigned	-	24,137,292	28,160,722	-	52,298,014
Unassigned	19,806,522	-	-	-	19,806,522
Total Fund Balance	$38,205,023	$ 29,098,633	$ 28,681,810	$ 19,454,523	$ 115,439,989

Note 9 – Retirement Obligations

A. Fire & Police Pension Association of Colorado (FPPA)

Effective January 1, 2005, the City adopted retirement benefits for full-time police officers and their beneficiaries under the Fire & Policy Pension Association's (FPPA) Statewide Defined Benefit Plan (SWDB), a cost–sharing multiple-employer defined benefit pension plan. In 2024, this plan was combined with FPPA's Statewide Hybrid Plan: Defined Benefit Component to form the Statewide Retirement Plan: Defined Benefit and Hybrid Defined Benefit Components (SRP, the Plan). This plan merger did not change the terms, underlying conditions, or benefits available to participants. Colorado Statutes assign the authority to establish benefit provisions to the state legislature. Therefore, contribution requirements of plan members and the City are established by Colorado statute. Also, by statute, this election for coverage under the SRP is irrevocable.

The Fire and Police Pension Association (FPPA) uses the accrual basis of accounting. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position were calculated using this basis of accounting. 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. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information. Contact FPPA at 1-800-332-2772 to obtain a copy of the report or visit their website http://www.fppaco.org.

Description of Benefits

A plan member is eligible for a normal retirement pension once the member has completed at least twenty-five years of credited service and has attained the age of 55. Members with a combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80) 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 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' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. 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.

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, a member may elect to have their member contributions, along with 5 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

Contributions

The City and eligible employees are required to contribute to the Plan at rates established by State statutes. Employer contributions rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members 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. The increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2025, the total combined member and employer contribution rate was 22.5 percent. The City's contributions to the Plan for the year ended December 31, 2025, were $1,090,371, equal to the required contributions.

Basis of Presentation

The underlying financial information used to prepare the Schedule of Employer Contributions and Schedule of Collective Pension Amounts is based on FPPA's financial statements. FPPA follows the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of FPPA. Employer contributions in FPPA's financial statements are recognized in the period in which they are due. Investments are reported at fair value.

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 net pension liability of $0, representing its proportionate share of the net pension liability of the Plan. The net pension liability was measured at 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 the City's share of contributions to the Plan relative to the contributions of all participating entities. At December 31, 2024, the City's proportion was 0.787 percent, which was an increase of 0.052 percent from its proportion measured at December 31, 2023.

For the year ended December 31, 2025, the City recognized pension expense of $421,781. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Expected and Actual Experience	$ 1,892,075	$ 59,183
Change in Assumptions	677,156	-
Net Difference Projected and Actual on Investment Earnings	268,787	-
Proportion Changes and Differences City Contributions and Proportionate Share Contributions	396,025	312,587
City Contributions Subsequent to Measurement Date	1,090,371	-
	$ 4,324,414	$ 371,770

A balance of $1,090,371 reported as deferred outflows of resources is related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction (increase) of the net pension liability (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	$ 803,840
2027	1,171,834
2028	99,164
2029	122,345
2030	281,160
Thereafter	383,930
	$ 2,862,273

Actuarial Assumptions

The actuarial valuations as of January 1, 2025, determined the total pension liability using the following actuarial assumptions and other inputs:

	Total Pension Liability	**Actuarially Determined Contributions**
Actuarial Valuation Date	January 1, 2025	January 1, 2024
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Leave % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return*	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 projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60 percent of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

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 & Co., 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%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions 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.

The COLA assumption reflects the true nature of Board's Benefits Policy which includes a variable COLA and supplemental payments. Consistent with Board's policy, the COLA assumption will fluctuate 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.

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 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 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 Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as the City's proportionate share of the net pension asset (liability) if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate, as follows:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the net pension liability (asset)	$ 3,842,367	$ -	$ -

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at http://www.fppaco.org.

Other Information

For all full-time police officers hired after January 1, 2005, in addition to the contributions to the Plan, the City and officer contribute 1 percent each to a FPPA Section 457 account, bringing the total retirement contribution of the City for these police officers to 9 percent.

The following contributions were made by the City and Officers in the last three years:

Year Ended	Defined Benefit Plan Required Contributions		Defined 457 Plan Required Contributions	
December 31,	City	Employees	City	Employees
2025	$ 1,090,371	$ 1,255,163	$ 26,840	$ 120,954
2024	891,932	1,104,941	25,417	116,193
2023	622,789	876,548	21,828	91,262

B. <u>Empower Retirement</u>

Full-time and Part-time benefited employees not covered under FPPA are covered by a single employer defined contribution money purchase retirement plan. The contribution requirements of plan participants and the City are established and may be amended by the City Council. The Plan was administered by Mission Square Retirement until September 2025. The Plan switched to Empower as administrator in October 2025. In 2025, the contribution rate was set at 19 percent, with the employee contributing 9 percent, and the City contributing 10 percent of each participant's covered salary. During the year ended December 31, 2025, the City contributions were $2,625,459 and the employee contributions were $2,250,951.

Employees are fully vested immediately upon contribution. The City has no further pension obligations beyond collecting the money from the employee through payroll deduction, making the matching payments, and forwarding the money to Empower.

The City offers employees not covered by FPPA the opportunity to contribute to an Internal Revenue Code (IRC) Section 457 deferred compensation plan administered by Empower as of December 31, 2025. This plan allows employees and city council members at their option to defer a portion of their salary until future years. Compensation deferred is not available to the employee until termination, retirement, death, or permanent disability. All amounts deferred are held in trust by Empower for the exclusive benefit of participating employees.

Note 10 – Risk Management

A. Colorado Intergovernmental Risk Sharing Agency (CIRSA)

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. For these risks of loss, the City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to State statute.

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverage and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the City does not approve budgets nor does it have the ability to significantly affect the operations of CIRSA.

The City is liable for the first $25,000 on each liability (including auto liability) and property claim, $5,000 for auto physical damage claim and $1,000 for worker’s compensation claim. Wind and hail damage carry higher deductibles that vary based on the building or equipment insured. The amount of settlements has not exceeded insurance coverage in any of the past three fiscal years.

B. Self-Funded Health Plan

The City established a self-funded health plan effective January 1, 2014. The purpose of the program is to pay the health claims of eligible City employees and their covered dependents. As of January 1, 2014, the City entered into an administrative services only arrangement with United Health Care, whereby the City pays United Health Care a separate amount for administrative costs and claim servicing fees. The City agrees to provide monthly funding for the payment of claims. At the end of the year, the City retains any money not spent on claims. The following is a summary of changes in the City's estimated unpaid claims as of December 31, 2025.

	2025	2024
Estimated unpaid claims, January 1	$ 408,300	$ 410,600
Incurred Claims	4,616,004	4,087,527
Claims Payments	(4,509,304)	(4,089,827)
Estimated unpaid claims, December 31	$ 515,000	$ 408,300

Note 11 – Commitments and Contingencies

A. Grant Expenditures

The City participates in various Federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

B. Legal Contingencies

From time to time, the City is involved in pending litigation and claims incidental to its operations. Management, based upon the advice of legal counsel, believes the City has valid defenses against such claims. However, the final outcome of these matters cannot presently be determined, and adverse resolutions could result in liabilities in future periods.

C. Contractual Obligations

The City enters into a variety of contracts each year to support ongoing projects and operations. All contracts that result in a borrowing obligation are discussed in Note 6 – Long Term Obligations. All contracts for projects or operations that continue into future fiscal years are subject to annual appropriation of funds.

D. Construction and Other Significant Commitments

Brighton has $21,267,600 in outstanding contracts with various contractors. This total includes $8,964,640 in contracts for Governmental Activities and $12,302,960 in contracts for Business-type Activities.

E. Contingencies

Management is not aware of any outstanding claims or other financial contingencies that could have a material adverse effect on the City's financial statements.

F. Arbitrage

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for any tax-exempt issuances or changes in yields until such payment of the calculated liability is due. At December 31, 2025, the City had an accrued arbitrage liability of $58,207.

Note 12 – Tax Abatements

A. Primary Government

The City enters into incentive agreements to encourage economic development and redevelopment, to grow the local economy and to provide quality job opportunities for Brighton residents. Incentive agreements are discretionary and are considered on a case-by-case basis by the City Council. A written agreement is required and agreements become final after City Council action.

Incentive agreements are performance based. Performance-based means that before any monies are disbursed, the business shall meet or exceed the specific performance measures identified in the agreement. Specific performance measures may include: (a) meeting the requirements of the eligibility threshold for jobs and wages; (b) requiring new revenues generated by the business to equal or exceed the total dollar amount of the incentive provided during the period of the incentive agreement by rebate or refund; (c) requiring any rebate or refund to come from the revenues actually generated by that business; or (d) requiring the completion of significant development review process milestones such as successful completion and issuance of a development permit, building permit or certificate of occupancy.

Incentive packages vary and may include the City agreeing to forego a portion of its sales tax, a direct subsidy for public infrastructure costs or a rebate of sales taxes, use taxes, permit fees, or property taxes. This reduction of tax revenue meets the definition of a tax abatement under Governmental Accounting Standards Boards Statement no. 77, *Tax Abatement Disclosures.*

All incentive agreements are subject to annual appropriations by City Council as required in the Colorado Constitution and the City Charter. In 2025, the City paid $3,544,271 in sales tax rebates, of which $1,273,509 was rebated through BURA as discussed in section B below, and $600,417 in use tax abatements.

B. Component Unit – Brighton Urban Renewal Authority

The Brighton Urban Renewal Authority enters into incentive agreements similar to those entered into by the City and as described in section A of this note. A written agreement is required and agreements become final after action by the BURA Commissioners. BURA's rebates include sales and property taxes.

In 2025, the Brighton Urban Renewal Authority paid $1,273,509 in sales tax rebates which represented City sales tax revenues that are rebated to BURA and then to the recipient with BURA acting as a pass through for the rebate. Additionally, BURA rebated $1,332,900 in property tax revenues, of which $156,124 was rebated to the City.

Note 13 – New and Pending Accounting Pronouncements

As of December 31, 2025, GASB had issued several statements not yet required to be implemented by the City. Management intends to adopt each Statement, if applicable, by the required date, and modify and expand financial statements and disclosures accordingly. The statements which might impact the City are as follows:

1. **GASB Statement No. 103, Financial Reporting Model Improvements**
   This statement will be effective for the City beginning with its fiscal year ending December 31, 2026, with earlier adoption encouraged. Statement No. 103's primary objective is to improve key component of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

2. **GASB Statement No. 104, Disclosure of Certain Capital Assets**
   This statement will be effective for the City beginning with its fiscal year ending December 31, 2026, with earlier adoption encouraged. Statement No. 104's primary objective is to provide users of government financial statements with essential information about certain types of capital assets.

3. **GASB Statement No. 105, Subsequent Events**
   This statement will be effective for the City beginning with its fiscal year ending December 31, 2026, with earlier adoption encouraged. Statement No. 105's primary objective is to provide guidance on the recognition and disclosure of subsequent events and to align the accounting and financial reporting requirements with the terminology and framework used in auditing standards.

Note 14 – Subsequent Events

The City has evaluated subsequent events through the date the financial statements are available for issue, which includes the date of the Independent Auditors' Report, and no other subsequent events were identified.

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REQUIRED SUPPLEMENTARY INFORMATION

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BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Taxes				
Sales Tax	$ 30,432,185	$ 30,432,185	$ 29,713,177	$ (719,008)
Use Tax	8,122,264	8,122,264	7,858,060	(264,204)
Property Tax	6,122,219	6,122,219	6,079,154	(43,065)
Franchise Tax	1,876,265	1,876,265	1,768,322	(107,943)
Other Tax	51,133	51,133	19,898	(31,235)
Licenses and Permits	1,729,168	1,729,168	2,016,290	287,122
Grants and Intergovernmental	5,779,679	5,779,679	5,282,290	(497,389)
Charges for Services	4,781,697	4,781,697	4,352,334	(429,363)
Fines and Forfeitures	458,381	458,381	573,862	115,481
Investment Earnings	200,000	200,000	1,738,281	1,538,281
Sale of Capital Assets	209	209	-	(209)
Miscellaneous	409,519	409,519	384,283	(25,236)
Total Revenues	59,962,719	59,962,719	59,785,951	(176,768)
EXPENDITURES				
General Government	20,519,738	22,247,487	21,445,514	801,973
Public Safety	20,519,669	20,745,349	21,117,247	(371,898)
Streets and Fleet	4,578,134	4,636,089	4,863,645	(227,556)
Parks and Recreation	9,651,055	9,858,433	9,829,454	28,979
Community Development	2,850,123	2,959,200	3,245,700	(286,500)
Budget Reserves	200,000	187,720	-	187,720
Total Expenditures	58,318,719	60,634,278	60,501,560	132,718
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,644,000	(671,559)	(715,609)	(44,050)
OTHER FINANCING SOURCES (USES)				
Transfers In	631,000	631,000	628,250	2,750
Transfers Out	(2,300,000)	(2,300,000)	(2,413,067)	(113,067)
Total Other Financing Sources (Uses)	(1,669,000)	(1,669,000)	(1,784,817)	(110,317)
Net Change in Fund Balance	$ (25,000)	$ (2,340,559)	(2,500,426)	$ (154,367)
ADJUSTMENTS TO GAAP BASIS				
SBITA Proceeds			998,641	
SBITA Capital Outlay			(998,641)	
Net Change in Fund Balance, GAAP Basis			(2,500,426)	
Fund Balance, January 1			40,705,449	
Fund Balance, December 31			$ 38,205,023	

See the accompanying independent auditors' report.

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Last 10 Fiscal Years

Fiscal year ending December 31, Measurement period ending December 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017
Employer's proportion of the net pension liability (asset)	0.7874%	0.7358%	0.7813%	0.8298%	0.8477%	0.7505%	0.7990%	0.8743%	0.9218%
Employer's proportion of the net pension liability (asset)	$ -	$ -	$ 693,505	$ (4,497,098)	$ (1,840,087)	$ (424,453)	$ 1,010,168	$ (1,257,827)	$ 333,079
Employer's covered payroll	$ 8,975,839	$ 7,637,200	$ 6,807,350	$ 6,691,216	$ 6,449,721	$ 5,188,357	$ 4,949,607	$ 4,553,362	$ 4,074,515
Employer's proportion of the net pension liability (asset) as a percentage of its covered payroll	0.0%	0.0%	10.2%	(67.2%)	(28.5%)	(8.2%)	20.4%	(27.6%)	8.2%
Plan fiduciary net position as a percentage of the total pension liability	100.00%	100.00%	97.60%	116.20%	106.70%	101.90%	95.20%	106.30%	98.21%

Notes to the Required Supplementary Information

Information presented in this schedule has been determined as of the City's measurement date (December 31 of the year prior to the most recent fiscal year-end) of the net pension liability in accordance with GASB Statement No. 68.

In 2024, FPPA merged their Statewide Defined Benefit Plan and Statewide Hybrid Plan: Defined Benefit Component to form the single Statewide Retirement Plan: Defined Benefit and Hybrid Defined Benefit Components. This plan merger did not change the terms, underlying conditions, or benefits available to participants.

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years available.

See the accompanying independent auditors' report.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year ended December 31, 2025

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily requited contribution	$ 1,090,371	$ 891,932	$ 622,789	$ 586,301	$ 544,673	$ 442,511	$ 425,329	$ 395,604	$ 355,996	$ 357,826
Contributions in relation to the statutorily required contribution	1,090,371	891,932	622,789	586,301	544,673	442,511	425,329	395,604	355,996	357,826
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$10,393,513	$ 8,975,839	$ 7,637,200	$ 6,807,350	$ 6,691,216	$ 6,449,721	$ 5,188,357	$ 4,949,607	$ 4,553,362	$ 4,074,515
Contributions as a percentage of covered payroll	10.49%	9.94%	8.15%	8.61%	8.14%	6.86%	8.20%	7.99%	7.82%	8.78%

Notes to the Required Supplementary Information

Information presented in this schedule has been determined as of the City's most recent fiscal year-end in accordance with GASB Statement No. 68.

In 2025, FPPA merged their Statewide Defined Benefit Plan and Statewide Hybrid Plan: Defined Benefit Component to form the single Statewide Retirement Plan: Defined Benefit and Hybrid Defined Benefit Components. This plan merger did not change the terms, underlying conditions, or benefits available to participants.

Changes in Assumptions

1. The price inflation assumption was lowered to 2.50% from 3.005% in 2018.
2. Effective January 1, 2016, the post-retirement mortality assumption for healthy lives was changed to the RP-2014 Healthy Annuitant Mortality Table with adjustments for blue collar employees with scale BB.
3. Beginning in 2015, members elected to increase member contribution rates by 0.50% annually through 2022 when the contribution rate will reach 12.00%.
4. Employer contribution rates were 8.00% from 2014 through 2020. Employer contribution rates will increase 0.50% annually through 2028 when the employer contribution rate will reach 12.00%.

Changes in Benefits

1. Effective January 1, 2021, a member may qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

See the accompanying independent auditors' report.

OTHER SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS AND BUDGETARY COMPARISON SCHEDULES BY FUND

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NONMAJOR GOVERNMENTAL FUNDS - DESCRIPTIONS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenue sources that are legally restricted to be used for specific purposes. The following special revenues funds are included in this section of the report:

- Landscaping Fund - To account for developer contributions for maintaining the greenbelt on the perimeter of a newly built subdivision.
- Lottery Fund – To account for funding received through the State of Colorado's Conservation Trust Fund.
- Cemetery Fund – To account for the cemetery revenues restricted for maintenance of the City's two cemeteries.
- Highway Fund – To account for funds received through an intergovernmental agreement with the Colorado Department of Transportation.
- Lodging Tax – To account for revenues received through a voter approved tax on short term lodging within the City.
- Impact Fees – To account for fees collected through development that are designated for use on projects as defined in the City's Municipal Code.

Permanent Fund

The Cemetery Perpetual Care Fund is used to account for fees collected from lot sales that are to be used for the perpetual maintenance needs of the cemeteries.

NONMAJOR GOVERNMENTAL FUNDS – COMBINING BALANCE SHEET

December 31, 2025

	SPECIAL REVENUE FUNDS						PERMANENT FUND	
	LANDSCAPING FUND	LOTTERY FUND	CEMETARY FUND	HIGHWAY FUND	LODGING TAX FUND	IMPACT FEES FUND	CEMETERY PERPETUAL FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS								
Cash and Investments	$ 440,044	$ 697,522	$ 182,707	$ 254,528	$ 900,612	$ 14,641,200	$ 2,561,979	$ 19,678,592
Accounts Receivable	-	-	161,936	-	-	-	-	161,936
Taxes Receivable	-	-	-	-	23,956	-	-	23,956
Total Assets	$ 440,044	$ 697,522	$ 344,643	$ 254,528	$ 924,568	$ 14,641,200	$ 2,561,979	$ 19,864,484
LIABILITIES								
Accounts Payable	$ -	$ -	$ 29,217	$ -	$ -	$ -	$ -	$ 29,217
Accrued Wages Payable	-	-	14,454	-	-	-	-	14,454
Deposits and Escrows	347,290	-	19,000	-	-	-	-	366,290
Total Liabilities	347,290	-	62,671	-	-	-	-	409,961
FUND BALANCE								
Restricted	92,754	697,522	24,286	254,528	924,568	82,173	-	2,075,831
Committed	-	-	257,686	-	-	14,559,027	2,561,979	17,378,692
Total Fund Balance	92,754	697,522	281,972	254,528	924,568	14,641,200	2,561,979	19,454,523
Total Liabilities and Fund Balance	$ 440,044	$ 697,522	$ 344,643	$ 254,528	$ 924,568	$ 14,641,200	$ 2,561,979	$ 19,864,484

See the accompanying independent auditors' report.

NONMAJOR GOVERNMENTAL FUND’S – COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Year ended December 31, 2025

	SPECIAL REVENUE FUNDS						PERMANENT FUND	
	LANDSCAPING FUND	LOTTERY FUND	CEMETARY FUND	HIGHWAY FUND	LODGING TAX FUND	IMPACT FEES FUND	CEMETERY PERPETUAL FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES								
Taxes								
Other Tax	$ -	$ -	$ -	$ -	$ 491,113	$ -	$ -	$ 491,113
Grants and Intergovernmental	-	470,303	-	-	-	-	-	470,303
Charges for Services	-	-	425,747	-	-	4,340,269	93,443	4,859,459
Investment Earnings	33,556	18,114	15,629	14,208	32,032	636,012	109,639	859,190
Miscellaneous	-	-	23,070	-	-	-	-	23,070
Total Revenues	33,556	488,417	464,446	14,208	523,145	4,976,281	203,082	6,703,135
EXPENDITURES								
General Government	-	-	-	-	234,255	-	-	234,255
Streets and Fleet	-	-	-	125,000	-	2,200	-	127,200
Parks and Recreation	-	-	-	-	-	2,736,910	-	2,736,910
Cemetery	-	-	809,522	-	-	-	-	809,522
Total Expenditures	-	-	809,522	125,000	234,255	2,739,110	-	3,907,887
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,556	488,417	(345,076)	(110,792)	288,890	2,237,171	203,082	2,795,248
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	289,304	-	-	-	-	289,304
Transfers Out	(6,000)	(250,000)	-	-	(372,250)	-	(89,304)	(717,554)
Total Other Financing Sources (Uses)	(6,000)	(250,000)	289,304	-	(372,250)	-	(89,304)	(428,250)
Net Change in Fund Balance	27,556	238,417	(55,772)	(110,792)	(83,360)	2,237,171	113,778	2,366,998
Fund Balance, January 1	65,198	459,105	337,744	365,320	1,007,928	12,404,029	2,448,201	17,087,525
Fund Balance, December 31	$ 92,754	$ 697,522	$ 281,972	$ 254,528	$ 924,568	$ 14,641,200	$ 2,561,979	$ 19,454,523

See the accompanying independent auditors’ report.

BUDGETARY COMPARISON SCHEDULE – LANDSCAPING FUND

Year ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Investment Earnings	$ 1,000	$ 1,000	$ 33,556	$ 32,556
Total Revenues	1,000	1,000	33,556	32,556
OTHER FINANCING USES				
Transfers Out	$ (6,000)	$ (6,000)	$ (6,000)	-
Total Other Financing Uses	(6,000)	(6,000)	(6,000)	-
Net Change in Fund Balance	$ (5,000)	$ (5,000)	27,556	$ 32,556
Fund Balance, January 1			65,198	
Fund Balance, December 31			$ 92,754	

See the accompanying independent auditors' report.

BUDGETARY COMPARISON SCHEDULE – LOTTERY FUND

Year ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Grants and Intergovernmental	$ 527,244	$ 527,244	$ 470,303	$ (56,941)
Investment Earnings	1,000	1,000	18,114	17,114
Total Revenues	528,244	528,244	488,417	(39,827)
EXPENDITURES				
Capital Outlay				
Parks and Recreation	270,000	270,000	-	270,000
Total Expenditures	270,000	270,000	-	270,000
Excess of Revenues Over Expenditures	258,244	258,244	488,417	230,173
OTHER FINANCING USES				
Transfers Out	(250,000)	(250,000)	(250,000)	-
Total Other Financing Uses	(250,000)	(250,000)	(250,000)	-
Net Change in Fund Balance	$ 8,244	$ 8,244	238,417	$ 230,173
Fund Balance, January 1			459,105	
Fund Balance, December 31			$ 697,522	

See the accompanying independent auditors' report.

BUDGETARY COMPARISON SCHEDULE – CEMETERY FUND
Year ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Charges for Services	$ 552,054	$ 552,054	$ 425,747	$ (126,307)
Investment Earnings	1,500	1,500	15,629	14,129
Miscellaneous	14,500	14,500	23,070	8,570
Total Revenues	568,054	568,054	464,446	(103,608)
EXPENDITURES				
Cemetery	728,054	819,581	809,522	10,059
Budget Reserves	40,000	40,000	-	40,000
Total Expenditures	768,054	859,581	809,522	50,059
Deficiency of Revenues Under Expenditures	(200,000)	(291,527)	(345,076)	(53,549)
OTHER FINANCING SOURCES				
Transfers In	200,000	200,000	289,304	89,304
Total Other Financing Sources	200,000	200,000	289,304	89,304
Net Change in Fund Balance	$ -	$ (91,527)	(55,772)	$ 35,755
Fund Balance, January 1			337,744	
Fund Balance, December 31			$ 281,972	

See the accompanying independent auditors' report.

BUDGETARY COMPARISON SCHEDULE – HIGHWAY FUND

Year ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Investment Earnings	$ 5,000	$ 5,000	$ 14,208	$ 9,208
Total Revenues	5,000	5,000	14,208	9,208
EXPENDITURES				
Streets and Fleet	125,000	125,000	125,000	-
Total Expenditures	125,000	125,000	125,000	-
Deficiency of Revenues Under Expenditures	(120,000)	(120,000)	(110,792)	9,208
Net Change in Fund Balance	$ (120,000)	$ (120,000)	(110,792)	$ 9,208
Fund Balance, January 1			365,320	
Fund Balance, December 31			$ 254,528	

See the accompanying independent auditors' report.

BUDGETARY COMPARISON SCHEDULE – LODGING TAX FUND
Year ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Taxes				
Other Tax	$ 606,169	$ 606,169	$ 491,113	$ (115,056)
Investment Earnings	5,000	5,000	32,032	27,032
Total Revenues	611,169	611,169	523,145	(88,024)
EXPENDITURES				
General Government	450,000	212,750	234,255	(21,505)
Budget Reserves	20,000	44,000	-	44,000
Total Expenditures	470,000	256,750	234,255	22,495
Excess (Deficiency) of Revenues Over (Under) Expenditures	141,169	354,419	288,890	(65,529)
OTHER FINANCING USES				
Transfers Out	(75,000)	(372,250)	(372,250)	-
Total Other Financing Uses	(75,000)	(372,250)	(372,250)	-
Net Change in Fund Balance	$ 66,169	$ (17,831)	(83,360)	$ (65,529)
Fund Balance, January 1			1,007,928	
Fund Balance, December 31			$ 924,568	

See the accompanying independent auditors' report.

BUDGETARY COMPARISON SCHEDULE – IMPACT FEES FUND

Year ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Charges for Services	$ 3,144,175	$ 3,144,175	$ 4,340,269	$ 1,196,094
Investment Earnings	-	-	636,012	636,012
Total Revenues	3,144,175	3,144,175	4,976,281	1,832,106
EXPENDITURES				
Streets and Fleet	-	-	2,200	(2,200)
Parks and Recreation	-	1,250,000	2,736,910	(1,486,910)
Total Expenditures	-	1,250,000	2,739,110	(1,489,110)
Excess of Revenues Over Expenditures	3,144,175	1,894,175	2,237,171	342,996
OTHER FINANCING USES				
Transfers Out	(3,000,000)	(1,750,000)	-	(1,750,000)
Total Other Financing Uses	(3,000,000)	(1,750,000)	-	(1,750,000)
Net Change in Fund Balance	$ 144,175	$ 144,175	2,237,171	$ (1,407,004)
Fund Balance, January 1			12,404,029	
Fund Balance, December 31			$ 14,641,200	

See the accompanying independent auditors' report.

BUDGETARY COMPARISON SCHEDULE – CEMETERY PERPETUAL CARE FUND

Year ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
RVENUES				
Charges for Services	$ 80,000	$ 80,000	$ 93,443	$ 13,443
Investment Earnings	5,000	5,000	109,639	104,639
Total Revenues	85,000	85,000	203,082	118,082
OTHER FINANCING USES				
Transfers Out	-	(89,304)	(89,304)	-
Total Other Financing Uses	-	(89,304)	(89,304)	-
Net Change in Fund Balance	$ 85,000	$ (4,304)	113,778	$ 118,082
Fund Balance, January 1			2,448,201	
Fund Balance, December 31			$ 2,561,979	

See the accompanying independent auditors' report.

CAPITAL PROJECTS FUNDS - DESCRIPTIONS

Capital Projects Funds are used to account for the acquisition or construction of major capital facilities other than those financed by the City's enterprise funds. The City reports the following two Capital Projects Funds, both of which are considered major funds:

- Capital Improvement Fund – To account for the acquisition and construction of general capital projects not accounted for in other capital projects or enterprise funds. The projects in the fund are financed in part by a voter approved sales tax as well as transfers from the General Fund and Impact Fees Fund.

- Parks and Recreation Capital Improvement Fund – To account for the acquisition and construction of parks and recreation capital projects. The projects in the fund are financed primarily by a voter approved sales tax.

The financial statements for these funds are included in the basic financial statements. This section of the report includes the budgetary comparison schedules for these funds.

BUDGETARY COMPARISON SCHEDULE – CAPITAL IMPROVEMENT FUND

Year ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Taxes				
Sales Tax	$ 8,982,404	$ 8,982,404	$ 8,933,510	$ (48,894)
Franchise Tax	225,645	225,645	232,831	7,186
Grants and Intergovernmental	3,382,254	3,382,254	2,711,067	(671,187)
Charges for Services	22,221	22,221	33,448	11,227
Investment Earnings	100,000	100,000	1,333,787	1,233,787
Oil & Gas Royalties	3,000,000	3,000,000	3,629,109	629,109
Miscellaneous	26,878	26,878	363,918	337,040
Sale of Capital Assets	63,363	63,363	72,034	8,671
Total Revenues	15,802,765	15,802,765	17,309,704	1,506,939
EXPENDITURES				
General Government	1,276,986	4,559,820	4,119,627	440,193
Public Safety	500,000	1,178,395	762,529	415,866
Streets and Fleet	17,112,922	34,563,191	17,830,557	16,732,634
Community Development	200,000	200,000	86,491	113,509
Budget Reserves	200,000	200,000	-	200,000
Debt Service				
Principal	666,271	666,271	1,325,789	(659,518)
Interest	210,034	210,034	211,205	(1,171)
Loan Fees	-	-	765	(765)
Total Expenditures	20,166,213	41,577,711	24,336,963	17,240,748
Deficiency of Revenues Under Expenditures	(4,363,448)	(25,774,946)	(7,027,259)	18,747,687
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	-	-	6,115,000	6,115,000
Cost of Issuance	-	-	(115,000)	115,000
Total Other Financing Sources (Uses)	-	-	6,000,000	6,230,000
Net Change in Fund Balance	$ (4,363,448)	$ (25,774,946)	(1,027,259)	$ 24,977,687
Fund Balance, January 1			30,125,892	
Fund Balance, December 31			$ 29,098,633	

See the accompanying independent auditors' report.

BUDGETARY COMPARISON SCHEDULE – PARKS AND RECREATION CAPITAL IMPROVEMENT FUND

Year ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Taxes				
Sales Tax	$ 5,581,827	$ 5,581,827	$ 6,223,932	$ 642,105
Grants and Intergovernmental	1,298,135	1,298,135	1,134,830	(163,305)
Charges for Services	-	-	38,679	38,679
Investment Earnings	100,000	100,000	1,487,247	1,387,247
Miscellaneous	75,000	75,000	75,000	-
Total Revenues	7,054,962	7,054,962	8,959,688	1,904,726
EXPENDITURES				
Parks and Recreation	30,109,321	34,206,448	16,134,810	18,071,638
Budget Reserves	200,000	200,000	-	200,000
Debt Service				
Principal	798,757	798,757	798,757	-
Interest	436,029	436,029	436,030	(1)
Total Expenditures	31,544,107	35,641,234	17,369,597	18,271,637
Deficiency of Revenues Under Expenditures	(24,489,145)	(28,586,272)	(8,409,909)	20,176,363
Net Change in Fund Balance	$ (24,489,145)	$ (28,586,272)	(8,409,909)	$ 20,176,363
Fund Balance, January 1			37,091,719	
Fund Balance, December 31			$ 28,681,810	

See the accompanying independent auditors' report.

PROPRIETARY FUNDS - DESCRIPTIONS

Proprietary funds are used to account for activities managed as a business with rates and fees intended to fund operational and capital expenses of the activity. The City reports the following three proprietary funds, all of which are considered major funds:

- Water Fund – To account for the revenues and expenses associated with providing water service to customers.

- Wastewater Fund – To account for the revenues and expenses associated with the processing and treatment of wastewater for customers.

- Storm Drainage Fund – To account for revenues and expenses associated with providing storm water services to customers.

The financial statements for these funds are included in the basic financial statements. This section of the report includes the budgetary comparison schedules for these funds.

BUDGETARY COMPARISON SCHEDULE – WATER FUND
Year ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES				
Charges for Services	$ 28,862,518	$ 19,862,518	$ 20,085,920	$ 223,402
Licenses and Permits	10,265	10,265	112,412	102,147
Fines and Forfeitures	267,847	267,847	267,542	(305)
Miscellaneous	36,000	36,000	4,685,934	4,649,934
Total Revenues	29,176,630	20,176,630	25,151,808	4,975,178
OPERATING EXPENSES				
Operations	12,277,873	13,136,855	13,327,316	190,461
Administration	2,355,908	470,908	555,582	84,674
Debt Service				
Principal	1,624,639	1,624,639	1,422,955	(201,684)
Interest	4,060,375	5,660,375	7,236,941	1,576,566
Loan Fees	-	-	800	800
Total Operating Expenses	20,318,795	20,892,777	22,543,594	1,650,817
NONOPERATING REVENUES (EXPENSES)				
Debt Proceeds	-	-	85,000,000	85,000,000
Cost of Issuance	(625,577)	(625,577)	(1,094,727)	(469,150)
Investment Earnings	2,852,913	2,852,913	5,682,639	2,829,726
Capital Outlay	(93,385,325)	(122,413,623)	(103,498,702)	18,914,921
Sale of Capital Assets	15,862	15,862	(1,041,675)	(1,057,537)
Transfers In	2,100,000	2,100,000	2,100,000	-
Budget Reserves	(200,000)	(200,000)	-	200,000
Total Nonoperating Revenues and (Expenses)	(89,242,127)	(118,270,425)	(12,852,465)	105,417,960
Loss Before Capital Contributions	(80,384,292)	(118,986,572)	(10,244,251)	108,742,321
CAPITAL GRANTS AND CONTRIBUTIONS	9,000,000	18,000,000	14,240,069	(3,759,931)
Excess (Deficiency) of Revenues Over (Under) Expenses Before Reconciling Items	$ (71,384,292)	$ (100,986,572)	$ 3,995,818	$ 104,982,390
ADJUSTMENTS TO GAAP BASIS				
Capitalized Assets			103,498,702	
Borrowing Proceeds			(85,000,000)	
Long-term Debt Adjustments			1,422,955	
Contributed Capital Assets			6,063,085	
Depreciation			(6,911,051)	
Change in Net Position, GAAP Basis			23,069,509	
Net Position, January 1			248,670,076	
Net Position, December 31			$ 271,739,585	

See the accompanying independent auditors' report.

BUDGETARY COMPARISON SCHEDULE – WASTEWATER FUND

Year ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES				
Charges for Services	$ 11,695,994	$ 11,695,994	$ 10,434,372	$ (1,261,622)
Licenses and Permits	50,000	50,000	22,539	(27,461)
Miscellaneous	20,000	20,000	-	(20,000)
Total Revenues	11,765,994	11,765,994	10,456,911	(1,309,083)
OPERATING EXPENSES				
Operations	6,182,625	5,986,760	6,346,389	359,629
Administration	819,822	1,019,822	998,359	(21,463)
Debt Service				
Principal	3,436,024	3,436,024	1,806,778	(1,629,246)
Interest	-	-	1,618,472	1,618,472
Loan Fees	-	-	400	400
Total Operating Expenses	10,438,471	10,442,606	10,770,398	327,792
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	375,765	375,765	238,942	(136,823)
Capital Outlay	(1,195,622)	(4,913,838)	(1,966,844)	2,946,994
Sale of Capital Assets	-	-	57,025	57,025
Budget Reserves	(200,000)	(200,000)	-	200,000
Total Nonoperating Expenses	(1,019,857)	(4,738,073)	(1,670,877)	3,067,196
Loss Before Capital Contributions	307,666	(3,414,685)	(1,984,364)	1,430,321
CAPITAL CONTRIBUTIONS	112,741	112,741	364,599	251,858
Excess (Deficiency) of Revenues Over (Under) Expenses Before Reconciling Items	$ 420,407	$ (3,301,944)	$ (1,619,765)	$ 1,682,179
ADJUSTMENTS TO GAAP BASIS				
Capitalized Assets			1,966,844	
Long-term Debt Adjustments			1,806,778	
Contributed Capital Assets			2,735,096	
Depreciation			(1,985,197)	
Change in Net Position, GAAP Basis			2,903,756	
Net Position, January 1			(3,085,007)	
Net Position, December 31			$ (181,251)	

See the accompanying independent auditors' report.

BUDGETARY COMPARISON SCHEDULE – STORM DRAINAGE FUND
Year ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES				
Charges for Services	$ 2,426,054	$ 2,426,054	$ 2,245,726	$ (180,328)
Miscellaneous	225,000	225,000	-	(225,000)
Total Revenues	2,651,054	2,651,054	2,245,726	(405,328)
OPERATING EXPENSES				
Operations	587,364	571,317	663,318	92,001
Administration	322,562	522,562	356,134	(166,428)
Total Operating Expenses	909,926	1,093,879	1,019,452	(74,427)
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	32,963	32,963	41,668	8,705
Capital Outlay	(2,812,793)	(3,900,488)	(2,677,054)	1,223,434
Developer Reimbursements	-	(417,000)	(417,036)	(36)
Transfers In	-	-	113,067	113,067
Budget Reserves	(200,000)	(600,000)	-	600,000
Total Nonoperating Revenues (Expenses)	(2,979,830)	(4,884,525)	(2,939,355)	1,945,170
Loss Before Capital Contributions	(1,238,702)	(3,327,350)	(1,713,081)	1,614,269
CAPITAL CONTRIBUTIONS	1,097,253	1,097,253	750,714	(346,539)
Excess (Deficiency) of Revenues Over (Under) Expenses Before Reconciling Items	$ (141,449)	$ (2,230,097)	$ (962,367)	$ 1,267,730
ADJUSTMENTS TO GAAP BASIS				
Capitalized Assets			2,677,054	
Contributed Capital Assets			3,934,749	
Depreciation			(2,375,782)	
Change in Net Position, GAAP Basis			3,273,654	
Net Position, January 1			38,000,998	
Net Position, December 31			$ 41,274,652	

See the accompanying independent auditors' report.

INTERNAL SERVICE FUNDS - DESCRIPTIONS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies within the government on a cost reimbursement basis. The City's Internal Service Funds account for the following services:

- Benefits Fund - To account for the allocation of costs associated with employee insurance plans and other benefits provided to City employees.

- Fleet Fund - To account for the centralized maintenance of all city-owned vehicles.

INTERNAL SERVICE FUNDS – COMBINING STATEMENT OF NET POSITION

Year ended December 31, 2025

	BENEFITS FUND	FLEET FUND	TOTAL
ASSETS			
Current Assets			
Cash and Investments	$ 4,978,371	$ 176,627	$ 5,154,998
Accounts Receivable	228,771	5,902	234,673
Inventory	-	36,142	36,142
Total Current Assets	5,207,142	218,671	5,425,813
LIABILITIES			
Current Liabilities			
Accounts Payable	2,655	54,470	57,125
Accrued Wages Payable	-	34,148	34,148
Estimated Unpaid Claims	515,000	-	515,000
Total Liabilities	517,655	88,618	606,273
NET POSITION			
Unrestricted	4,689,487	130,053	4,819,540
Total Net Position	$ 4,689,487	$ 130,053	$ 4,819,540

See the accompanying independent auditors' report.

INTERNAL SERVICE FUNDS – COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year ended December 31, 2025

	BENEFITS FUND	FLEET FUND	TOTAL
OPERATING REVENUES			
Charges for Services	$ 6,737,358	$ 1,337,228	$ 8,074,586
Miscellaneous	7,525	72,907	80,432
Total Operating Revenues	6,744,883	1,410,135	8,155,018
OPERATING EXPENSES			
Insurance Claims	4,509,304	-	4,509,304
Insurance Premiums	1,244,618	-	1,244,618
Professional Services	280,000	-	280,000
Personnel Services	-	657,179	657,179
Operations	-	138,569	138,569
Repairs and Maintenance	-	566,817	566,817
Total Operating Expenses	6,033,922	1,362,565	7,396,487
Operating Income	710,961	47,570	758,531
NONOPERATING REVENUES (EXPENSES)			
Investment Earning (Loss)	197,816	6,599	204,415
Total Nonoperating Revenues	197,816	6,599	204,415
Change in Net Position	908,777	54,169	962,946
Net Position, January 1	3,780,710	75,884	3,856,594
Net Position, December 31	$ 4,689,487	$ 130,053	$ 4,819,540

See the accompanying independent auditors' report.

INTERNAL SERVICE FUNDS – COMBINING STATEMENT OF CASH FLOWS

Year ended December 31, 2025

	BENEFITS FUND	FLEET FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	$ 6,768,300	$ 1,332,446	$ 8,100,746
Other Receipts	7,525	72,907	80,432
Other Payments	-	(474,343)	(474,343)
Payments to Suppliers and Service Providers	(5,927,076)	(781,491)	(6,708,567)
Net Cash Provided by Operating Activities	848,749	149,519	998,268
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Investments	197,816	6,599	204,415
Net Cash Provided by Investing Activities	197,816	6,599	204,415
Net Increase in Cash and Cash Equivalents	1,046,565	156,118	1,202,683
Cash and Cash Equivalents, January 1	3,931,806	20,509	3,952,315
Cash and Cash Equivalents, December 31	$ 4,978,371	$ 176,627	$ 5,154,998
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	$ 710,961	$ 47,570	$ 758,531
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Changes in Assets and Liabilities:			
Accounts Receivable	30,942	(4,782)	26,160
Inventory	-	42,463	42,463
Accounts Payable	146	50,011	50,157
Accrued Wages Payable	-	14,257	14,257
Estimated Unpaid Claims	106,700	-	106,700
Total Adjustments	137,788	101,949	239,737
Net Cash Provided by Operating Activities	$ 848,749	$ 149,519	$ 998,268

See the accompanying independent auditors' report.

BUDGETARY COMPARISON SCHEDULE – BENEFITS FUND

Year ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES				
Charges for Services	$ 6,195,578	$ 6,195,578	$ 6,737,358	$ 541,780
Miscellaneous	-	-	7,525	7,525
Total Revenues	6,195,578	6,195,578	6,744,883	549,305
OPERATING EXPENSES				
Insurance Claims	4,974,527	4,974,527	4,509,304	465,223
Insurance Premiums	1,123,128	1,123,128	1,244,618	(121,490)
Professional Services	413,797	413,797	280,000	133,797
Operations	19,463	19,463	-	19,463
Total Operating Expenses	6,530,915	6,530,915	6,033,922	496,993
Operating Income (Loss)	(335,337)	(335,337)	710,961	1,046,298
NONOPERATING REVENUES				
Investment Earnings	$ 10,000	$ 10,000	$ 197,816	$ 187,816
Total Nonoperating Revenues	10,000	10,000	197,816	187,816
Excess (Deficiency) of Revenues Over (Under) Expenses	$ (325,337)	$ (325,337)	908,777	$ 1,234,114
Net Position, January 1			3,780,710	
Net Position, December 31			$ 4,689,487	

See the accompanying independent auditors’ report.

BUDGETARY COMPARISON SCHEDULE – FLEET FUND

Year ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
OPERATING REVENUES				
Charges for Services	$ 1,248,987	$ 1,248,987	$ 1,337,228	$ 88,241
Miscellaneous	-	-	72,907	72,907
Total Revenues	1,248,987	1,248,987	1,410,135	161,148
OPERATING EXPENSES				
Personnel Services	572,548	637,548	657,179	(19,631)
Operations	288,964	146,378	138,569	7,809
Supplies	-	-	-	-
Repairs and Maintenance	387,475	587,061	566,817	20,244
Total Operating Expenses	1,248,987	1,370,987	1,362,565	8,422
Operating Income (Loss)	-	(122,000)	47,570	169,570
NONOPERATING REVENUES				
Investment Earnings	-	-	6,599	6,599
Total Nonoperating Revenues	-	-	6,599	6,599
Excess (Deficiency) of Revenues Over (Under) Expenses	$ -	$ (122,000)	54,169	$ 176,169
Net Position, January 1			75,884	
Net Position, December 31			$ 130,053	

See the accompanying independent auditors' report.

COMPONENT UNITS - DESCRIPTIONS

Brighton Urban Renewal Authority (BURA)

BURA, created in 2002, provides redevelopment within the City limits. The City Council appoints the governing board of BURA. One of the BURA commissioners is a member of City Council. The BURA is reliant upon the City to approve projects and receive funding for its projects which include grants and tax increment financing.

Brighton Economic Development Corporation (BEDC)

BEDC is a 501c (6) Colorado non-profit organization serving the Greater Brighton Area. BEDC is the primary agent for economic development services. BEDC offers relocation, retention and expansion assistance and support to businesses. BEDC works to expand and diversify the local tax base by facilitating the creation of quality jobs and the attraction of retail development. BEDC encourages responsible, diverse growth and development that enhances Brighton's quality of life as a desirable place to live, work, learn and play.

Brighton Legacy Foundation (BLF)

BLF is a 501c (3) nonprofit formed for the purpose of supporting non-profit organizations that serve the Brighton community. The organization receives the majority of its funding from the City of Brighton and then awards those funds to local organizations through competitive grant programs.

COMPONENT UNITS – COMBINING STATEMENT OF NET POSITION

Year ended December 31, 2025

	BRIGHTON URBAN RENEWAL AUTHORITY	BRIGHTON ECONOMIC DEVELOPMENT CORPORATION	BRIGHTON LEGACY FOUNDATION	TOTAL
ASSETS				
Current Assets				
Cash and Investments	$ 9,490,546	$ 298,541	$ 9,674	$ 9,798,761
Restricted Cash and Investments	1,592,075	-	6,873	1,598,948
Accounts Receivable	2,325	-	-	2,325
Taxes Receivable	5,390,876	-	-	5,390,876
Total Assets	$ 16,475,822	$ 298,541	$ 16,547	$ 16,790,910
LIABILITIES				
Current Liabilities				
Accounts Payable	$ 1,340,572	$ 3,682	$ -	$ 1,344,254
Accrued Wages Payable	12,578	-	-	12,578
Total Current Liabilities	1,353,150	3,682	-	1,356,832
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	5,390,876	-	-	5,390,876
Total Deferred Inflows of Resources	5,390,876	-	-	5,390,876
FUND BALANCES				
Restricted	1,592,075	-	-	1,592,075
Unassigned	8,139,721	294,859	16,547	8,451,127
Total Fund Balance	9,731,796	294,859	16,547	10,043,202
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 16,475,822	$ 298,541	$ 16,547	$ 16,790,910
Amount Reported in the Statement of Net Position is Different due to:				
Total Fund Balance	$ 9,731,796	$ 294,859	16,547	$ 10,043,202
Capital Assets, Not Being Depreciated	500,618	-	-	500,618
Capital Assets, Net of Accumulated Depreciation	2,416,659			2,416,659
Deferred Charge on Refunding	32,758	-	-	32,758
Compensated Absences	(24,946)	-	-	(24,946)
Accrued Interest Payable	(2,963)	-	-	(2,963)
Long-Term Debt	(2,060,000)	-	-	(2,060,000)
Total Net Position	$ 10,593,922	$ 294,859	$ 16,547	$ 10,905,328

See the accompanying independent auditors' report.

COMPONENT UNITS – COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION

Year ended December 31, 2025

	BRIGHTON URBAN RENEWAL AUTHORITY	BRIGHTON ECONOMIC DEVELOPMENT CORPORATION	BRIGHTON LEGACY FOUNDATION	TOTAL
REVENUES				
Taxes				
Sales Tax	$ 1,308,759	$ -	$ -	$ 1,308,759
Property Tax	5,503,291	-	-	5,503,291
Grants and Intergovernmental	80,000	299,054	203,028	582,082
Charges for Services	132,159	70,000	-	202,159
Investment Earnings	519,670	3,362	-	523,032
Oil & Gas Royalties	43,477	-	-	43,477
Miscellaneous	-	161	10,352	10,513
Total Operating Revenues	7,587,356	372,577	213,380	8,173,313
EXPENDITURES				
Current				
Personnel Services	293,027	6,231	-	299,258
Purchased Services	810,466	3,061	-	813,527
Operations	418,262	97,545	6,832	522,639
Capital Outlay	611,059	-	-	611,059
Grants Awarded	442,304	244,237	196,250	882,791
Incentive Agreements	5,736,968	-	-	5,736,968
Debt Service				
Principal	980,000	-	-	980,000
Interest	106,400	-		106,400
Loan Fees	2,200	-	-	2,200
Total Expenditures	9,400,686	351,074	203,082	9,954,842
Net Change in Fund Balance	(1,813,330)	21,503	10,298	(1,781,529)
Fund Balance, January 1	11,545,126	273,356	6,249	11,824,731
Fund Balance, December 31	$ 9,731,796	$ 294,859	$ 16,547	$ 10,043,202
Amount Reported in the Statement of Activities is Different due to:				
Net Change in Fund Balances	$ (1,813,330)	$ 21,503	$ 10,298	$ (1,781,529)
Change in Accrued Interest	1,410	-	-	1,410
Depreciation	(279,012)	-	-	(279,012)
Capital Outlay	611,059	-	-	611,059
Principal Payments	980,000	-	-	980,000
Change in Accrued Compensated Absences	(6,713)	-	-	(6,713)
Amortization of Loss on Refunding	(29,516)	-	-	(29,516)
Change in Net Position	$ (536,102)	$ 21,503	$ 10,298	$ (504,301)

See the accompanying independent auditors' report.

STATISTICAL SECTION

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TABLE OF CONTENTS - STATISTICAL SECTION

SCHEDULE 1 – NET POSITION
(most recent 10 years, amounts expressed in thousands)
December 31, 2025

	2016	2017	2018	2019	2020
Governmental Activities					
Net Investment in capital assets	$ 86,601	$ 94,990	$ 98,819	$ 102,396	$ 122,195
Restricted	26,569	26,575	25,486	16,325	17,758
Unrestricted	32,960	32,961	43,836	65,700	76,552
Total governmental activities net position	$ 146,130	$ 154,526	$ 168,141	$ 184,421	$ 216,505
Business-type Activities					
Net Investment in capital assets	$ 102,032	$ 110,314	$ 126,259	$ 114,966	$ 133,669
Restricted	-	-	190	155	-
Unrestricted	61,261	65,549	61,461	69,654	64,860
Total business-type activities net position	$ 163,293	$ 175,863	$ 187,910	$ 184,775	$ 198,529
Primary Government					
Net Investment in capital assets	$ 188,633	$ 205,304	$ 225,078	$ 217,362	$ 255,864
Restricted	26,569	26,575	25,676	16,480	17,758
Unrestricted	94,221	98,510	105,297	135,354	141,412
Total primary government net position	$ 309,423	$ 330,389	$ 356,051	$ 369,196	$ 415,034

	2021	2022	2023	2024	2025
Governmental Activities					
Net Investment in capital assets	$ 115,983	$ 126,113	$ 161,386	$ 201,112	$ 225,187
Restricted	36,138	19,476	29,091	40,333	31,899
Unrestricted	79,379	110,370	109,413	92,059	89,994
Total governmental activities net position	$ 231,500	$ 255,959	$ 299,890	$ 333,504	$ 347,080
Business-type Activities					
Net Investment in capital assets	$ 145,886	$ 166,979	$ 187,735	$ 258,991	$ 289,645
Restricted	-	-	74,533	-	-
Unrestricted	56,504	50,257	(63,169)	24,595	23,188
Total business-type activities net position	$ 202,390	$ 217,236	$ 199,099	$ 283,586	$ 312,833
Primary Government					
Net Investment in capital assets	$ 261,869	$ 293,092	$ 349,121	$ 460,103	$ 514,832
Restricted	36,138	19,476	103,623	40,333	31,899
Unrestricted	135,883	160,627	46,244	116,654	113,182
Total primary government net position	$ 433,890	$ 473,195	$ 498,989	$ 617,090	$ 659,913

SOURCE: Current and prior year's financial statements

SCHEDULE 2 – CHANGES IN NET POSITION
(most recent 10 years, amounts expressed in thousands)
Year ended December 31, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental Activities:										
General Government	$ 11,035	$ 11,550	$ 11,337	$ 16,251	$ 18,529	$ 16,123	$ 15,100	$ 19,545	$ 21,846	$ 26,523
Public Safety	10,649	12,642	11,362	12,866	14,509	15,100	14,634	16,742	18,296	22,718
Streets and Fleet	9,289	11,869	10,275	11,546	9,482	15,720	16,721	17,948	19,974	20,040
Parks and Recreation	8,024	9,296	9,458	9,080	10,096	10,527	11,826	11,913	14,394	18,879
Cemetery	456	515	581	506	554	785	650	702	818	858
Community Development	1,941	2,407	3,107	2,416	2,483	2,177	2,320	2,671	2,724	3,369
Interest on long-term debt	1,658	1,909	1,710	1,661	1,895	646	797	753	704	658
Total governmental activities expenses	43,052	50,188	47,830	54,326	57,548	61,078	62,048	70,274	78,757	93,045
Business-type Activities:										
Water	13,305	13,979	14,750	17,858	21,293	20,940	26,287	25,915	23,673	30,168
Waste Water	5,209	9,837	6,501	7,592	8,017	8,200	10,255	55,893	11,046	10,949
Storm Drainage	1,153	1,778	1,708	2,270	2,239	2,024	2,433	2,893	2,872	3,812
Total business-type activities expenses	19,667	25,594	22,959	27,720	31,549	31,164	38,975	84,701	37,591	44,929
Total primary governmental expenses	62,719	75,782	70,789	82,046	89,097	92,242	101,023	154,975	116,348	137,974
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	$ 729	$ 1,465	$ 870	$ 3,046	$ 4,850	$ 4,942	$ 4,200	$ 4,341	$ 2,146	$ 4,821
Public Safety	247	208	614	731	485	394	261	332	443	72
Streets and Fleet	509	1,121	1,379	1,704	1,373	634	1,178	1,487	-	34
Parks and Recreation	1,696	2,245	1,526	1,338	1,184	1,092	4,295	1,899	5,873	3,937
Cemetery	397	412	347	317	493	443	596	491	562	519
Community Development	1,239	1,353	2,650	3,125	2,090	2,017	2,600	2,016	3,566	2,491
Operating grants and contributions	3,376	5,361	2,712	3,425	7,738	5,480	7,378	14,192	8,894	9,598
Capital grants and contributions	5,527	12,709	7,730	9,519	22,400	6,422	8,521	19,649	12,478	15,639
Total governmental activity revenues	13,720	24,874	17,828	23,205	40,613	21,424	29,029	44,407	33,963	37,112
Business-type activities:										
Charges for services										
Water	11,664	14,261	14,028	13,030	12,260	13,543	15,461	15,525	18,929	20,466
Waste Water	6,843	7,435	7,960	8,159	6,803	7,975	8,523	8,040	10,061	10,457
Storm Drainage	613	733	816	862	749	928	1,157	1,452	1,842	2,246
Operating grants and contributions	-	-	107	115	129	90	133	99	205	-
Capital grants and contributions	7,016	15,081	10,730	11,903	23,227	12,491	28,604	35,252	45,284	28,088
Total business-type activities revenues	26,136	37,510	33,641	34,069	43,168	35,027	53,878	60,368	76,321	61,257
Total primary government revenues	39,856	62,384	51,469	57,274	83,781	56,451	82,907	104,775	110,284	98,369
Net (Expense)/Revenue										
Governmental activities	(29,332)	(25,314)	(30,002)	(31,121)	(16,935)	(39,654)	(33,019)	(25,867)	(44,794)	(55,933)
Business-type activities	6,469	11,916	10,682	6,349	11,619	3,863	14,903	(24,333)	38,730	16,328
Total primary government net	(22,863)	(13,398)	(19,320)	(24,772)	(5,316)	(35,791)	(18,116)	(50,200)	(6,064)	(39,605)

SCHEDULE 2 – CHANGES IN NET POSITION (continued)
(most recent 10 years, amounts expressed in thousands)
Year ended December 31, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Changes in Net Position										
Governmental activities:										
Taxes	42,086	33,183	38,084	41,674	42,951	47,025	53,215	53,632	62,516	61,320
Oil & Gas Royalties	-	-	-	-	-	-	-	-	-	3,629
Investment earnings	684	522	1,166	1,914	2,114	(463)	(2,409)	6,495	5,437	5,623
Sale of capital assets	-	-	120	33	85	-	168	2	94	72
Miscellaneous	628	5	2,653	4,387	3,869	8,087	6,503	9,670	10,327	1,077
Transfers	-	-	-	(607)	-	-	-	-	(1,413)	(2,213)
Total governmental activities	43,398	33,710	42,023	47,401	49,019	54,649	57,477	69,799	76,961	69,508
Business-type activities:										
Investment income	510	431	931	1,683	1,825	(272)	(368)	6,025	4,181	5,963
Miscellaneous	434	223	435	528	319	269	316	138	1,635	4,686
Sale of capital assets	-	-	-	42	(9)	-	(5)	33	(65)	57
Transfers	-	-	-	607	-	-	-	-	1,413	2,213
Total business-type activities	944	654	1,366	2,860	2,135	(3)	(57)	6,196	7,164	12,919
Total primary government	44,342	34,364	43,389	50,261	51,154	54,646	57,420	75,995	84,125	82,427
Changes in Net Position										
Governmental activities	14,065	8,396	12,021	16,280	32,084	14,995	24,458	43,932	32,167	13,575
Business-type activities	7,413	12,570	12,048	9,209	13,754	3,860	14,846	(18,137)	45,894	29,247
Total primary government	$ 21,478	$ 20,966	$ 24,069	$ 25,489	$ 45,838	$ 18,855	$ 39,304	$ 25,795	$ 78,061	$ 42,822

SOURCE: Current and prior year's financial statements

SCHEDULE 3 – FUND BALANCE – GOVERNMENTAL FUNDS
(most recent 10 years, amounts expressed in thousands)
December 31, 2025

	2016	2017	2018	2019	2020
General Fund					
Nonspendable	$ 179	$ 148	$ 23	$ 197	$ 413
Restricted	1,408	1,478	1,532	1,579	1,715
Committed	10,229	11,333	10,956	14,402	12,390
Assigned	2,337	3,630	3,630	-	-
Unassigned	4,934	3,408	9,067	18,102	28,171
Total General Fund	$ 19,087	$ 19,997	$ 25,208	$ 34,280	$ 42,689
All Other Governmental Funds Combined					
Nonspendable	$ -	$ -	$ 20	$ -	$ -
Restricted	24,982	25,097	23,357	1,656	1,112
Committed	10,212	11,698	14,769	15,413	15,203
Assigned	-	-	-	24,772	30,802
Total all other governmental funds	$ 35,194	$ 36,795	$ 38,146	$ 41,841	$ 47,117

	2021	2022	2023	2024	2025
General Fund					
Nonspendable	$ 106	$ -	$ 110	$ 102	$ -
Restricted	1,672	1,772	2,490	2,399	2,776
Committed	12,967	15,453	14,737	15,133	15,622
Assigned	-	-	-	-	-
Unassigned	35,650	42,141	35,478	23,071	19,807
Total General Fund	$ 50,395	$ 59,366	$ 52,815	$ 40,705	$ 38,205
All Other Governmental Funds Combined					
Nonspendable	$ -	$ 53	$ 119	$ 667	$ -
Restricted	21,160	17,704	11,794	13,009	3,541
Committed	16,639	18,026	34,637	19,111	21,396
Assigned	24,096	30,387	34,883	51,518	52,298
Total all other governmental funds	$ 61,895	$ 66,170	$ 81,433	$ 84,305	$ 77,235

SOURCE: Current and prior year's financial statements

SCHEDULE 4 – CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
(most recent 10 years, amounts expressed in thousands)

Year ended December 31, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues by Source										
Taxes	$ 41,185	$ 33,074	$ 38,085	$ 41,674	$ 42,951	$ 47,024	$ 53,215	$ 53,632	$ 62,515	$ 61,320
Licenses, fees and permits	966	1,053	2,158	2,359	1,568	1,444	1,871	1,444	2,690	2,016
Grants & Intergovernmental	6,754	8,053	6,048	7,068	12,648	6,855	7,116	14,169	8,894	9,599
Charges for services	3,259	4,327	4,722	7,402	8,473	7,765	11,089	8,879	9,532	9,284
Fines and forfeitures	449	437	404	499	433	314	197	277	379	574
Investment income	684	513	1,139	1,885	2,042	(447)	(2,337)	6,312	5,301	5,418
Miscellaneous	2,071	4,200	3,003	3,751	3,772	10,597	6,913	9,666	9,468	4,547
Total revenues	55,368	51,657	55,559	64,638	71,887	73,552	78,064	94,379	98,779	92,758
Expenditures by Function										
General Government	10,302	10,820	10,588	11,108	16,850	14,975	15,830	19,877	20,958	25,799
Public Safety	10,185	10,544	11,725	12,507	13,939	14,644	14,932	17,275	18,982	21,880
Streets and Fleet	3,076	3,445	3,212	3,311	3,375	7,981	11,669	18,375	38,612	22,821
Parks and Recreation	5,155	6,134	6,945	6,766	5,962	8,185	17,100	25,788	23,656	28,701
Community Development	1,941	2,436	3,145	2,424	2,489	2,200	2,358	2,663	2,729	3,332
Cemetery	417	454	518	486	505	741	585	671	764	810
Capital Outlay [1]	12,518	14,111	9,786	12,181	12,182	-	-	-	-	999
Debt Service-Principal	805	1,097	1,430	1,477	1,524	1,680	1,530	2,243	1,640	2,125
Debt Service-Interest & Fees	1,629	1,759	1,691	1,641	1,900	663	814	758	709	648
Total expenditures	46,028	50,800	49,040	51,901	58,726	51,069	64,818	87,650	108,050	107,115
Excess (deficiency) of revenues over (under) expenditures	9,340	857	6,519	12,737	13,161	22,483	13,246	6,729	(9,271)	(14,357)
Other Financing Sources (Uses)										
Borrowing Proceeds	-	-	-	-	19,195	-	-	1,982	-	6,000
Borrowing Premium	-	-	-	-	3,120	-	-	-	-	-
Payments to Escrow Agent	-	-	-	-	(22,011)	-	-	-	-	-
SBITA Proceeds	-	-	-	-	-	-	-	-	-	999
Proceeds from Sale of Capital Assets	6,115	1,608	19	-	-	-	-	-	-	-
Dev. Contrib/Insurance Recoveries	-	102	-	636	-	-	-	-	-	-
Transfers in	2,308	1,615	1,250	2,859	3,222	1,503	3,176	31,061	23,793	918
Transfers out	(2,315)	(1,671)	(1,226)	(3,466)	(3,001)	(1,503)	(3,176)	(31,061)	(25,206)	(3,131)
Total other financing sources (uses)	6,108	1,654	43	29	525	-	-	1,982	(1,413)	4,786
Net change in fund balances	$ 15,448	$ 2,511	$ 6,562	$ 12,766	$ 13,686	$ 22,483	$ 13,246	$ 8,711	$ (10,684)	$ (9,571)
Debt service as a percentage of noncapital expenditures	7.26%	7.78%	7.95%	7.85%	7.36%	4.89%	4.08%	5.12%	3.66%	3.70%

Sources and Notes provided on the following page.

SCHEDULE 4 – CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS (continued)
(most recent 10 years, amounts expressed in thousands)
Year ended December 31, 2025

SOURCE: Current and prior year's financial statements

NOTES:

1. Beginning in 2021, capital outlay expenditures are included in functionalized expenditures. For purposes of calculating the debt service ratio, noncapital expenditures are determined by reducing total governmental expenditures by current-year capital asset additions, net of developer contributions, as separately tracked by the City.

   Beginning in 2025, capital outlay includes outlay related to subsctiption-based software arrangements.

SCHEDULE 5 – SALES TAX REVENUES BY CATEGORY (most recent 10 years)

Year ended December 31, 2025

	2016	2017	2018	2019	2020
General merchandise	$ 6,760	$ 6,775	$ 8,368	$ 8,323	$ 9,630
Food stores	4,737	5,394	5,352	5,486	3,849
Eating and drinking establishments	2,810	2,808	3,458	3,724	3,525
Building materials/home improvements	21,410	3,347	4,414	4,348	3,875
Auto dealers/repairs/supplies	2,207	2,222	2,492	2,667	2,882
Utilities	2,591	2,695	2,667	2,686	3,001
All other categories	1,354	1,895	685	11,198	11,670
Total	$ 41,869	$ 25,136	$ 27,436	$ 38,432	$ 38,432
City direct sales tax rate	3.75%	3.75%	3.75%	3.75%	3.75%

	2021	2022	2023	2024	2025
General merchandise	$ 9,512	$ 10,708	$ 11,327	12,487	12,963
Food stores	4,389	4,925	5,468	5,635	5,601
Eating and drinking establishments	4,602	4,972	4,902	5,039	5,561
Building materials/home improvements	3,443	3,525	3,302	3,277	3,481
Auto dealers/repairs/supplies	2,840	3,161	2,936	2,715	3,024
Utilities	2,614	3,132	2,911	3,330	3,256
All other categories	11,032	8,009	7,839	9,380	10,744
Total	$ 38,432	$ 38,432	$ 38,684	$ 41,863	$ 44,629
City direct sales tax rate	3.75%	3.75%	3.75%	3.75%	3.75%

SOURCE: City of Brighton sales tax system and previous financial statements.

NOTES

1. This schedule does not include motor vehicle use tax nor does it include use tax on building materials.
2. Sales tax revenues are reported net of rebates.

SCHEDULE 6 – DIRECT AND OVERLAPPING SALES TAX RATES
(most recent 10 years)

	2016	2017	2018	2019	2020
City of Brighton	3.75%	3.75%	3.75%	3.75%	3.75%
State of Colorado	2.90%	2.90%	2.90%	2.90%	2.90%
Adams County	0.75%	0.75%	0.75%	0.75%	0.75%
Rapid Transit District (RTD)	1.00%	1.00%	1.00%	1.00%	1.00%
Scientific and Cultural Facilities District (SCFD)	0.10%	0.10%	0.10%	0.10%	0.10%
Football Stadium District	0.00%	0.00%	0.00%	0.00%	0.00%
Total direct and overlapping sales tax rates	8.50%	8.50%	8.50%	8.50%	8.50%

	2021	2022	2023	2024	2025
City of Brighton	3.75%	3.75%	3.75%	3.75%	3.75%
State of Colorado	2.90%	2.90%	2.90%	2.90%	2.90%
Adams County	0.75%	0.75%	0.75%	0.75%	0.75%
Rapid Transit District (RTD)	1.00%	1.00%	1.00%	1.00%	1.00%
Scientific and Cultural Facilities District (SCFD)	0.10%	0.10%	0.10%	0.10%	0.10%
Football Stadium District	0.00%	0.00%	0.00%	0.00%	0.00%
Total direct and overlapping sales tax rates	8.50%	8.50%	8.50%	8.50%	8.50%

SOURCE: State of Colorado Department of Revenue

SCHEDULE 7 – PRINCIPAL SALES AND USE TAX PAYMENT CATEGORIES
(most recent 10 years, in thousands)

	2016	2017	2018	2019	2020
Top 10 filers	$ 28,779	$ 12,054	$ 13,061	$ 14,329	$ 16,335
All Other filers	13,090	13,082	14,375	15,438	14,515
Total	$ 41,869	$ 25,136	$ 27,436	$ 29,767	$ 30,850
Top 10 filers percent of total	68.7%	48.0%	47.6%	48.1%	52.9%
City direct sales tax rate	3.75%	3.75%	3.75%	3.75%	3.75%

	2021	2022	2023	2024	2025
Top 10 filers	$ 16,156	$ 17,538	$ 17,990	$ 19,032	$ 19,676
All Other filers	18,348	20,894	20,694	22,831	24,953
Total	$ 34,504	$ 38,432	$ 38,684	$ 41,863	$ 44,629
Top 10 filers percent of total	46.8%	45.6%	46.5%	45.5%	44.1%
City direct sales tax rate	3.75%	3.75%	3.75%	3.75%	3.75%

SOURCE: City of Brighton sales tax system and previous financial statements.

NOTES
1. This schedule does not include motor vehicle use tax nor does it include use tax on building materials.
2. Sales tax revenues are reported net of rebates

SCHEDULE 8 – TYPE OF OUTSTANDING DEBT AND RATIO TO PERSONAL INCOME
(most recent 10 years, amounts expressed in thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
2025 Certificate of Participation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,115
2020 Certificate of Participation	-	-	-	-	19,195	18,465	17,570	16,640	15,670	14,645
2016 Certificate of Participation	6,124	5,701	5,341	4,974	4,596	4,207	3,806	3,393	2,967	2,531
2010 Certificate of Participation	25,515	24,685	23,936	22,940	-	-	-	-	-	-
Leases and Financed Purchases	-	1,608	1,392	1,172	947	718	483	1,566	1,321	661
Borrowing Premium	118	112	106	100	3,103	2,882	2,661	2,440	2,219	1,998
Total Governmental Activities	31,757	32,106	30,775	29,186	27,841	26,272	24,520	24,039	22,177	25,950
Business-type Activities										
2025 Revenue Bonds	-	-	-	-	-	-	-	-	-	84,875
2023 Direct Placement Loan	-	-	-	-	-	-	-	31,599	30,144	28,615
2022 Revenue Bonds	-	-	-	-	-	-	77,685	77,685	77,340	76,930
2016 Revenue Bonds	27,270	26,185	25,085	23,965	22,805	21,610	20,385	19,130	17,870	16,625
2016 Certificate of Participation	859	1,001	965	925	884	843	800	757	712	684
Borrowing Premium	1,249	1,189	1,129	1,069	1,009	948	4,575	4,264	4,209	5,244
Total Business-type Activities	29,378	28,375	27,179	25,959	24,698	23,401	103,445	133,435	130,275	212,973
Total Primary Government										
Certificate of Participation	32,498	31,387	30,242	28,839	24,675	23,515	22,176	20,790	19,349	23,975
Water/Sewer Revenue Bonds	27,270	26,185	25,085	23,965	22,805	21,610	98,070	96,815	95,210	178,430
Water/Sewer Loans	-	-	-	-	-	-	-	31,599	30,144	28,615
Leases	-	1,608	1,392	1,172	947	718	483	1,566	1,321	661
Borrowing Premium	1,367	1,301	1,235	1,169	4,112	3,830	7,236	6,704	6,428	7,242
Total primary government	$ 61,135	$ 60,481	$ 57,954	$ 55,145	$ 52,539	$ 49,673	$ 127,965	$ 157,474	$ 152,452	$ 238,923
Percentage of Per Capita Personal Income	4.32%	3.84%	3.50%	3.11%	2.78%	2.42%	5.63%	5.96%	5.74%	8.73%
Debt Per Capita	$ 1.66	$ 1.58	$ 1.48	$ 1.36	$ 1.27	$ 1.18	$ 3.00	$ 3.62	$ 3.48	$ 5.26

SOURCE: Current and prior year's financial statements, Statistical Table 12 of this report.

SCHEDULE 9 –LEGAL DEBT MARGIN INFORMATION
(most recent 10 years, amounts expressed in thousands)

	2016	2017	2018	2019	2020
General obligation debt outstanding [1]	$ -	$ -	$ -	$ -	$ -
Total net debt applicable to debt limit	-	-	-	-	-
Computation of maximum debt allowed:					
Actual value of property	4,243,434	4,234,952	4,334,016	4,613,073	5,067,387
Legal debt limit percentage	3%	3%	3%	3%	3%
Legal debt limit [2]	127,303	127,049	130,020	138,392	152,022
Legal debt margin [3]	127,303	127,049	130,020	138,392	152,022
Legal debt margin as a percentage of debt limit	100%	100%	100%	100%	100%
Population	36,912	38,192	39,211	40,584	41,468
Net general bonded debt per capita	0%	0%	0%	0%	0%

	2021	2022	2023	2024	2025
General obligation debt outstanding [1]	$ -	$ -	$ -	$ -	$ -
Total net debt applicable to debt limit	-	-	-	-	-
Computation of maximum debt allowed:					
Actual value of property	5,709,158	6,845,865	8,007,768	8,016,314	8,789,480
Legal debt limit percentage	3%	3%	3%	3%	3%
Legal debt limit [2]	171,275	205,376	240,233	240,489	263,684
Legal debt margin [3]	171,275	205,376	240,233	240,489	263,684
Legal debt margin as a percentage of debt limit	100%	100%	100%	100%	100%
Population	42,143	42,623	43,518	43,789	45,389
Net general bonded debt per capita	0%	0%	0%	0%	0%

SOURCE: Current and prior year's financial statements and Table 12 of this report.

NOTES:
1. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City has no other general obligation bonds outstanding.
2. The legal debt limit is 3% of the actual value of the property as determined by the County Assessor's Offices.
3. The legal debt margin is the City's available borrowing authority.

SCHEDULE 10 – DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (most recent 10 years)
Year ended December 31, 2025

Jurisdiction	Debt Outstanding Government Activities	Percentage Applicable to the City	Estimated Share of Overlapping Debt
Direct Debt:			
City of Brighton	$ 25,946,599	100.0%	$ 25,946,599
Overlapping Debt:			
Counties	243,319,289	6.3%	15,225,284
School Districts	890,725,994	28.2%	250,976,404
Special Districts	3,354,905,459	23.3%	780,251,435
Total Overlapping Debt	4,488,950,742		1,046,453,123
Total Direct and Overlapping Debt	$ 4,514,897,341		$ 1,072,399,722

SOURCE: Adams County and Weld County Assessor's office and individual taxing entities.

Note:
Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

SCHEDULE 11 – PLEDGED REVENUE COVERAGE
For Debt Outstanding as of December 31, 2025
(most recent 10 years, amounts expressed in thousands)

Water Activity Enterprise Obligations [1]

Fiscal Year	Gross Water / Wastewater Revenues [2]	Less: Operating Expenses [3]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage Ratio [4]
2016	25,024	11,636	13,388	930	1,319	2,249	5.95
2017	30,526	12,247	18,279	1,085	1,022	2,107	8.68
2018	32,227	13,277	18,950	1,100	989	2,089	9.07
2019	33,690	17,891	15,799	1,160	926	2,086	7.57
2020	35,958	21,441	14,517	1,201	881	2,081	6.98
2021	30,136	20,790	9,346	1,236	842	2,078	4.50
2022	42,264	26,114	16,150	1,267	2,761	4,028	4.01
2023	40,716	28,531	12,185	1,298	5,170	6,468	1.88
2024	57,913	20,737	37,176	3,105	6,039	9,144	4.07
2025	55,475	29,892	25,583	3,230	8,855	12,085	2.12

SOURCE: Current and prior year's financial statements

NOTES:
1. The Water Activity Enterprise Revenue Bonds, Certificates of Participation, and Direct Placement Loan are repaid from net available revenues of the Water and Wastewater Funds.
2. Gross Revenues do not include developer contributed capital.
3. Operating Expenses do not include amortization, depreciation, interest expense, or loss on disposal of capital assets.
4. The minimum coverage ratio required by borrowing agreements in place as of the time of this report is 1.25.

SCHEDULE 12 – DEMOGRAPHIC AND ECONOMIC STATISTICS
(most recent 10 years)

Fiscal Year	Population (1)	Total Personal Income (thousands of dollars) (2)	Per Capita Personal Income (3)	Median Age (4)	School Enrollment (5)	Unemployment Rate (6)
2016	36,912	1,416,609	38,844	33	12,010	4.1%
2017	38,192	1,574,083	39,851	33	12,244	2.9%
2018	39,211	1,657,018	41,408	33	11,740	3.5%
2019	40,584	1,771,126	43,641	33	11,629	3.8%
2020	41,468	1,887,167	45,509	33	11,208	7.2%
2021	42,143	2,056,283	48,793	34	11,877	7.3%
2022	42,623	2,413,613	56,627	34	11,961	4.8%
2023	43,518	2,538,318	58,328	34	11,923	2.3%
2024	43,789	2,639,294	60,273	35	12,075	2.7%
2025	45,389	2,735,731	60,273	35	12,212	3.8%

SOURCES:
1. 2025 Population - ESRI Community Profile
2. Total Personal Income - Product of Per Capital Personal Income by Population
3. Per Capita Personal Income - US Bureau of Economic Analysis weighted average of Adams and Weld Counties figures for 2023
4. Median Age - ESRI Community Profile
5. School Enrollment - School Districts
6. Unemployment Rate - ESRI Community Profile

NOTES:
Per Capital Personal Income (3) for 2025 was not available at the time of issuance of this report, so the prior year number was reported.

SCHEDULE 13 – PRINCIPAL EMPLOYERS
(2016 and 2025)

	2016			2025		
	Employees	Percentage	Rank	Employees	Percentage	Rank
Adams County	2,121	25%	1	1,970	25%	2
School District 27J	1,792	21%	2	2,413	30%	1
Vestas	1,680	20%	3	610	8%	5
Platte Valley Medical Center	648	8%	4	921	11%	3
City of Brighton	451	5%	5	745	9%	4
O'Neal Flat Rolled Metals	321	4%	6	-	0%	-
King Soopers	291	3%	7	-	0%	0
Walmart Supercenter	318	4%	8	365	5%	6
Transwest	231	3%	9	257	3%	8
Halliburton	735		10			
Target				200	2%	10
Wells Precast				350	4%	7
United Power				208	3%	9
TOTAL	8,588	91%		8,039	100%	

SOURCE: Brighton Economic Development Corporation

SCHEDULE 14 – FULL TIME EQUIVALENT (FTE) EMPLOYEES BY FUNCTION/PROGRAM
(most recent 10 years)

Functions/Programs	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
General Government	71.0	72.0	74.9	80.6	73.8	78.5	80.5	81.7	78.7	89.2
Public Safety										
Officers	68.0	64.0	65.0	70.0	74.0	82.0	81.0	90.0	86.0	87.0
Civilians	26.0	28.0	29.0	29.0	32.3	32.5	31.5	27.8	33.5	34.0
Total Public Safety	94.0	92.0	94.0	99.0	106.3	114.5	112.5	117.8	119.5	121.0
Public Works	25.0	29.0	29.0	30.0	27.3	22.5	31.8	32.6	27.5	27.5
Parks and Recreation	39.0	41.0	40.0	41.5	41.5	45.0	47.5	50.0	46.0	43.0
Community Development	20.0	21.0	22.0	21.0	22.0	23.0	22.0	22.5	16.0	24.0
Cemetery	3.0	4.0	4.0	4.0	4.0	5.0	4.0	5.0	5.0	5.0
Total Governmental Activities	252.0	259.0	263.9	276.1	274.8	288.5	298.3	309.6	292.7	309.7
Business-Type Activities										
Water	28.0	32.0	34.0	35.0	34.8	34.7	31.0	29.7	34.6	33.0
Wastewater	25.0	28.0	28.0	28.0	27.8	20.7	18.0	12.0	11.5	12.1
Storm Drainage	3.0	4.0	4.0	4.0	4.0	3.1	3.0	5.3	5.3	4.2
Total Business-Type Activities	56.0	64.0	66.0	67.0	66.6	58.5	52.0	47.0	51.3	49.3
Component Units										
Urban Renewal Authority	6.0	4.0	-	-	2.0	2.0	2.0	2.0	2.0	3.0
Total Component Units	6.0	4.0	-	-	2.0	2.0	2.0	2.0	2.0	3.0
Total FTE Employees By Function/Program	314.0	327.0	329.9	343.1	343.4	349.0	352.3	358.6	346.0	362.0

SOURCE: City payroll/human resources records
NOTE: Reflects total positions filled and does not factor in vacancies.

SCHEDULE 15 – OPERATING INDICATORS BY FUNCTION/PROGRAM
(most recent 10 years)

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Calls for service	56,092	55,805	56,777	63,592	71,902	43,366	58,012	60,486	61,448	61,445
Arrests	2,791	2,240	1,961	1,951	1,685	1,875	1,782	2,197	2,313	2,293
Summons issued	5,463	4,680	4,824	4,341	5,406	4,494	3,641	5,829	6,719	6,619
Streets										
Street resurfacing (miles)	2	5	6	5	2	3	5	3	3	3
Street slurry seal (miles)	9	6	12	11	5	3	1	1	1	7
Street chip seal (miles)	0	5	8	6	2	3	0	0	0	1
Parks and Recreation										
Recreation Center admissions [3]	172,617	192,605	178,072	169,755	50,504	73,577	99,251	118,696	144,409	172,531
Senior Center program participants	37,296	40,269	41,390	39,902	10,561	13,779	26,956	76,021	30,872	50,072
Senior Center services	11,075	14,491	17,476	15,956	15,635	14,751	12,042	29,684	13,291	12,427
Water										
Gallons pumped (millions)	1,858	1,978	1,932	1,918	2,405	2,170	2,243	1,891	2,329	2,223
Average daily consumption (million gallons)	5	5	5	5	6	6	6	5	6	6
Wastewater										
Gallons treated (millions)[1]	756	740	788	656	538	537	556	297	0	0
Cemetery										
Internments[2]	149	170	109	118	162	209	200	175	196	171

SOURCE: Various City Departments

NOTES:

1. In July 2023, the City transferred all remaining flows processed by the City's wastewater treatment plant to Metro Water Recovery and began the process of decommissioning the City's plant. The City will no longer process wastewater after 2023.
2. Includes both human and pet internments.

SCHEDULE 16 – CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
(most recent 10 years)

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	53	55	55	59	59	60	65	68	73	74
Streets										
Street Miles	159	161	162	160	160	160	164	169	169	172
Parks and Recreation										
Recreation Center	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Parks	47	48	43	43	43	43	45	45	45	45
Park acreage	300	303	241	307	307	307	355	355	355	355
Swimming pools	4	4	4	4	4	4	4	4	4	4
Tennis courts	8	8	8	8	8	8	8	8	8	8
Skateboard Park	2	2	2	2	2	2	2	2	2	2
Inline Hockey Rink	1	1	1	1	1	1	1	1	1	1
4-Plex Ball fields	2	2	2	2	2	2	2	2	2	2
Open Space (acres)	960	1,023	869	1,044	1,044	1,044	1,044	1,044	1,044	1,044
Trails (miles)	34	38	32	38	38	48	62	62	62	62
Water										
Treatment plant	2	2	2	2	2	2	2	2	2	2
Water mains (miles)	227	225	235	237	242	247	267	319	270	280
Water customers	10,104	11,700	10,760	11,007	11,556	11,959	12,378	12,913	13,383	13,583
Storage capacity (million gallons)	17	17	17	17	17	17	19	19	19	19
Wastewater										
Treatment plant	1	1	1	1	1	1	1	1	1	1
Sanitary sewer (miles)	146	169	180	180	182	187	191	196	190	194
Storm drainage										
Storm sewer (miles)	60	76	101	101	105	108	111	114	118	125
Cemeteries	2	2	2	2	2	2	2	2	2	2

SOURCE: Various City Departments

COMPLIANCE SECTION

LOCAL HIGHWAY FINANCE REPORT

Brighton℠

COMPLIANCE SECTION

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)	$ 16,096,813.17
a. Motor Fuel (from Item I.A.1)	$ -	2. Maintenance:	3,294,066.19
b. Motor Vehicle (from Item I.B.1)	$ -	3. Road and Street Services:	
c. Total (a + b)	$ -	a. Snow and Ice Removal	197,393.16
2. General Fund Appropriations	0.00	b. Other & Traffic Control Operations	
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 19,316,018.85	**c. Total (a + b)**	$ 197,393.16
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 2,709,660.68	4. General Administration & Miscellaneous	1,062,940.43
5. Transfers from Toll Facilities	0.00	5. Highway Law Enforcement and Safety	1,569,100.43
6. Proceeds of Sale of Bonds and Notes:		**6. Total (1 through 5)**	$ 22,220,313.38
a. Bonds - Original Issues	0.00	**B. Debt Service on Local Obligations:**	
b. Bonds - Refunding Issues	0.00	1. Bonds:	
c. Notes	0.00	a. Interest	0.00
d. Total (a + b + c)	$ -	b. Redemption	0.00
7. Total (1 through 6)	$ 22,025,679.53	**c. Total (a + b)**	$ -
B. Private Contributions	7,441,473.92	2. Notes:	
C. Receipts from State government (from page 1, Item II.C.4)	$ 846,882.80	a. Interest	0.00
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -	b. Redemption	0.00
E. Total receipts (A.7 + B + C + D)	$ 30,314,036.25	**c. Total (a + b)**	$ -
		3. Total (1c + 2c)	$ -
		C. Payments to State for Highways	0.00
		D. Payments to Toll Facilities	0.00
		E. Total Expenditures (A6 + B3 + C + D)	$ 22,220,313.38

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	0	$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -	0	
B. Notes (Total)	0	$ -	$ -	$ -

LOCAL HIGHWAY FINANCE REPORT

LOCAL HIGHWAY FINANCE REPORT			**STATE:** COLORADO	
THIS INFORMATION FROM THE RECORDS OF: CITY OF BRIGHTON	**PREPARED BY:** Angelica Jauregui ajauregui@brightonco.gov		**REPORT YEAR ENDING DATE(mm/yyyy):** 12/2025	

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

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Total (1 - (2 through 4))	0	0	0	0

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		**A.4. Miscellaneous Local Receipts:**	
a. Property Taxes and Assesments	0.00	a. Interest on investments	1,842,109.40
b. Non-property Taxes and Assessments Imposts	19,316,018.85	b. Other Misc. Local Receipts	867,551.28
c. Total (a + b)	$ 19,316,018.85	**c. Total (a + b)**	$ 2,709,660.68
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	704,532.14	1. FHWA (from Item I.D.5.)	0.00
2. State General Funds		2. Other Federal Agencies:	0.00
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	142,350.66		
c. Total (a + b)	$ 142,350.66		
4. Total (1 + 2 + 3c)	$ 846,882.80	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	0.00
b. Engineering Costs	0.00
c. Construction Costs	16,096,813.17
d. Total Capital Outlay (a+ b + c)	$ 16,096,813.17

Form FHWA-536 (Rev. 02-2025) Page2

Schedule of Expenditures of Federal Awards (SEFA)

Brighton[SM]

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

Honorable Mayor and Members
of the City Council
City of Brighton, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining funds of City of Brighton, Colorado (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, and have issued our report thereon dated June 29, 2026.

Report On Internal Control Over Financial Reporting

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

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

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

Report On Compliance And Other Matters

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

Purpose Of This Report

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

RubinBrown LLP

June 29, 2026

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report On Compliance For The Major Federal Program, Report On Internal Control Over Compliance

Honorable Mayor and Members
of the City Council
City of Brighton, Colorado

Report On Compliance For The Major Federal Program

Opinion On The Major Federal Program

We have audited City of Brighton, Colorado's (the City) compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget's *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2025. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

Basis For Opinion On The Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards*); and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities For The Audit Of Compliance section of our report.

We are required to be independent of the City and to meet our ethical responsibilities in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities Of Management For Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities For The Audit Of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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 GAAS, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, we:

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

- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report On Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities For The Audit Of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

RubinBrown LLP

June 29, 2026

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2025

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Justice			
Direct Funding			
Demonstration Program on Trauma-Informed, Victim Centered Training for Law Enforcement	16.058	N/A	147,715
Crime Victim Assistance	16.575	N/A	143,180
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	12,576
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	N/A	168,050
		Agency Subtotal	471,521
U.S. Department of Transportation			
Pass-through Funding			
State and Community Highway Safety	20.600	2025nhtsa402.0504	3,798
Evinronmental Protection Agency			
Direct Funding			
Congressionally Mandated Projects	66.202	N/A	959,752
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	N/A	110,539
		Agency Subtotal	1,070,291
Executive Office of the President			
High Intensity Drug Trafficking Areas Program	95.001	N/A	9,375
		Grand Total	$ 1,554,985

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 – General

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal financial assistance programs of the City. All federal financial assistance received by the City directly from federal agencies, as well as federal financial assistance passed through other government agencies, including the State of Colorado, is included in the Schedule.

Note 2 – Basis of Presentation

The Schedule includes the federal award activity of the City under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 3 – Summary of Significant Accounting Policies

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

Note 4 – Indirect Costs

The City has elected to use the 15 percent de minimums indirect cost rate as allowed under the Uniform Guidance.

Section I - Summary Of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	___ yes	✓ no
Significant deficiency(ies) identified?	___ yes	✓ none reported
Noncompliance material to financial statements noted?	___ yes	✓ no

Federal Awards

Internal control over the major federal program:		
Material weakness(es) identified?	___ yes	✓ no
Significant deficiency(ies) identified?	___ yes	✓ none reported
Type of auditors' report issued on compliance for the major federal program:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes	✓ no

Identification of the major federal program:

AL No.	Name Of Federal Program Or Cluster
66.202	Congressionally Mandated Projects

Dollar threshold used to distinguish between Type A and Type B programs:		$1,000,000
Auditee qualified as low-risk auditee?	___ yes	✓ no

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings And Questioned Costs

None noted

Section IV - Summary Schedule Of Prior Audit Findings

None noted.