

Town of Crested Butte, Colorado

Financial Statements

December 31, 2022



**Town of Crested Butte, Colorado
Financial Statements
For the Year Ended December 31, 2022**

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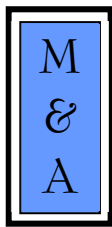
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INDEPENDENT AUDITOR'S REPORT





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INDEPENDENT AUDITOR'S REPORT

**To the Mayor and Town Council
Town of Crested Butte, Colorado**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Crested Butte, Colorado (the "Town"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2022, 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 ("U.S. GAAP").

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Town 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 U.S. GAAP, 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 Town's ability to continue as a going concern for one year after the date that the financial statements are issued.

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INDEPENDENT AUDITOR'S REPORT
To the Mayor and Town Council
Town of Crested Butte, Colorado

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 U.S. GAAS 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 U.S. GAAS, 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 Town'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 Town'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 financial statement audit.

Required Supplementary Information

U.S. GAAP require that Management's Discussion and Analysis in section B be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in section B in accordance with U.S. 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.

INDEPENDENT AUDITOR'S REPORT
To the Mayor and Town Council
Town of Crested Butte, Colorado

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information in section E is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The individual fund budgetary comparison information, the *Local Highway Finance Report* in section F, and the Schedule of Expenditures of Federal Awards as required by Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* included in section G, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary comparison information, the *Local Highway Finance Report* in section F, and the Schedule of Expenditures of Federal Awards in section G are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 the Town's internal control over financial reporting and on compliance.



McMahan and Associates, L.L.C.
Avon, Colorado
September 28, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS



TOWN OF CRESTED BUTTE, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2022

Our discussion and analysis of the Town of Crested Butte's financial performance provides an overview of the Town of Crested Butte's financial activities for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the Town of Crested Butte.

A. FINANCIAL HIGHLIGHTS

- The Town's assets exceed liabilities and deferred inflows by \$70,945,577 (i.e., net position) at the end of the year, an increase of \$7,750,362 from the prior year.
- Governmental activities reported net position of \$22,719,261, a decrease of \$115,514 in comparison to prior year.
- The Town's fund balance for the General Fund, which includes the Sales Tax Fund under Governmental Accounting Standards Board (GASB) Statement 54 reporting requirements, was \$8,995,152, a decrease of \$905,296 in comparison to prior year.
- The Town of Crested Butte's total long-term debt was \$4,677,172 at the end of year. This debt is all associated with upgrades to the Water and Wastewater treatment plants.

B. PROJECT HIGHLIGHTS

- The Town completed and adopted the Community Compass in 2022, a comprehensive plan for the town that includes a 5-year strategic plan as well as a decision making-framework to guide policy development going forward.
- A developer was selected in May 2022 for a 34-unit low income housing tax credit (LIHTC) project on town-owned property. The former town dump was cleaned in 2022 to facilitate construction.
- The Town adopted the full suite of 2021 building codes as well as several 'above code' measures that advance efforts to reduce greenhouse gas emissions related to construction and buildings. Among those steps, Crested Butte became the first jurisdiction in Colorado to eliminate new connections to natural gas.
- The Town worked closely with FEMA and achieved a CRS rating of 7, resulting in 15% savings for property owners with flood insurance.
- Construction began on a \$20M renovation to the wastewater treatment plant.
- The new park improvements and ADA river access were completed at the Rec Path Bridge.
- The Town launched the initial modules of a new ERP system utilizing Tyler Technologies.
- The Town has been engaged with Gunnison County's 230-unit Whetstone housing project and began evaluation of utility extension to serve the development 2 miles south of town.

C. OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private sector business.

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions 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 include general government, public safety, streets and highways, culture and recreation and community development. The

business type activities include sewer and water.

Fund financial statements. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that is available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in a reconciliation statement.

Proprietary Funds. Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government wide financial statements, only in more detail. The Town reports its water and sewer operations as an enterprise fund.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

D. GOVERNMENT-WIDE FINANCIAL ANALYSIS

On December 31, 2022, total net position was \$70,945,577, an increase of \$7,750,362 from the prior year. This increase was largely due to planned investments in capital assets.

A large portion of net position is the investment in capital assets (net of related debt) which accounts for 55% of total net position. This amount reflects the investment in all capital assets less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens and are not available for future spending.

Unrestricted net position is the part of net position that can be used to finance day to day operations without constraints, represents 44% of total net position.

The following table summarizes the Town's net position:

Town of Crested Butte's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 29,310,171	\$ 30,405,465	\$ 6,786,397	\$ 6,736,428	\$ 36,096,568	\$ 37,141,893
Capital assets	31,971,476	25,457,562	11,526,897	10,596,393	43,498,373	36,053,955
Total Assets	61,281,647	55,863,027	18,313,294	17,332,821	79,594,941	73,195,848
Liabilities:						
Other liabilities	2,124,032	3,141,220	641,281	667,169	2,765,313	3,808,389
Long-term liabilities	116,075	112,523	4,404,826	4,704,764	4,520,901	4,817,287
Total Liabilities	2,240,107	3,253,743	5,046,107	5,371,933	7,286,214	8,625,676
Deferred Inflows of Resources:						
Property taxes	1,363,150	1,374,957	-	-	1,363,150	1,374,957
Net Position:						
Net investment in capital assets	31,971,476	25,457,562	6,849,725	5,624,834	38,821,201	31,082,396
Restricted	527,606	560,983	382,463	-	910,069	560,983
Unrestricted	25,179,308	25,215,782	6,034,999	6,336,054	31,214,307	31,551,836
Total Net Position	\$ 57,678,390	\$ 51,234,327	\$ 13,267,187	\$ 11,960,888	\$ 70,945,577	\$ 63,195,215

The following table summarizes the Town's changes in net position:

Town of Crested Butte's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
REVENUES:						
Program revenues:						
Charges for services	\$ 1,155,239	1,195,128	2,718,136	2,017,190	3,873,375	3,212,318
Operating grants and contributions	1,501,444	33,886	492,036	151,169	1,993,480	185,055
Capital grants and contributions	117,194	262,006	586,056	821,189	703,250	1,083,195
General revenues:						
Sales and use taxes	7,971,676	7,137,917			7,971,676	7,137,917
Real estate transfer tax	2,758,463	4,243,264			2,758,463	4,243,264
Property taxes	1,410,717	1,216,107	-	-	1,410,717	1,216,107
Specific ownership taxes	303,388	305,186	-	-	303,388	305,186
Franchise taxes	45,008	34,642	-	-	45,008	34,642
Miscellaneous taxes	1,323,863	827,480	-	-	1,323,863	827,480
Investment earnings	96,594	20,325	166,218	11,392	262,812	31,717
Gain on asset disposition	21,653	-	-	-	21,653	-
Miscellaneous	145,878	119,927	-	-	145,878	119,927
Total Revenues	16,851,117	15,395,868	3,962,446	3,000,940	20,813,563	18,396,808
EXPENSES:						
General government	3,179,743	3,337,348	-	-	3,179,743	3,337,348
Public safety	1,291,984	1,180,498	-	-	1,291,984	1,180,498
Public works	1,312,155	1,377,319	-	-	1,312,155	1,377,319
Community development	1,151,683	862,835	-	-	1,151,683	862,835
Culture and recreation	1,826,875	563,466	-	-	1,826,875	563,466
Affordable housing	357,726	261,782	-	-	357,726	261,782
Transportation	1,286,888	604,696	-	-	1,286,888	604,696
Sewer, water and sanitation	-	-	2,656,147	2,367,110	2,656,147	2,367,110
Total Expenses	10,407,054	8,187,944	2,656,147	2,367,110	13,063,201	10,555,054
Change in Net Position	6,444,063	7,207,924	1,306,299	633,830	7,750,362	7,841,754
Net Position - Beginning	51,234,327	44,026,403	11,960,888	11,327,058	63,195,215	55,353,461
Net Position - Ending	\$ 57,678,390	\$ 51,234,327	\$ 13,267,187	\$ 11,960,888	\$ 70,945,577	\$ 63,195,215

E. FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

Governmental funds. The focus of government funds is to provide information on near term inflows, outflows and balances of spendable resources. In particular, unreserved 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, 2022, the Town's governmental funds reported combined ending fund balance of \$22,719,261, a decrease of \$115,514 over the prior year. Of the combined ending fund balance for all governmental funds, 37% or \$8,578,152 constitutes unassigned fund balance, which is available for appropriation at the Town's discretion. The Town has four major governmental funds. They are General, General Capital, Affordable Housing and Street and Alley. The Town has one other governmental fund, the Conservation Trust Fund which accounts for the funds received from the Colorado State Lottery Commission.

The General Fund is the primary operating fund for the Town of Crested Butte. Under the fund reporting requirements of GASB 54, the sales tax fund is now combined into the General fund for reporting purposes. At the end of 2022, unassigned fund balance for the General Fund was \$8,578,152. This unassigned fund balance is approximately 122% of the total 2022 expenditures of the combined General Fund. The unassigned fund balance decreased by \$861,296 during 2022.

The General Capital Fund accounts for general capital acquisitions and maintenance expenditures. Real estate transfer taxes and use tax revenues are its major sources of revenue. At the end of 2022, the General Capital Fund balance available for capital projects was \$10,176,034, an increase of \$1,502,413.

The Affordable Housing Fund accounts for development of affordable housing units, including acquisition and maintenance expenditures for Town owned units and infrastructure development for affordable housing area within Town. Its main source of revenue is an excise tax assessed on short term rentals in Town. Other sources of revenue include fee assessment on certain building permits within Town, and grants. Its total fund balance was \$585,455 at the end of 2022, a decrease of \$852,844. The decrease was largely due to the purchase of affordable housing units.

The Street and Alley Fund accounts for construction and maintenance expenditures on the Town's streets, alleys, right of ways, sidewalks and parking lots. Its main source of revenue is a dedicated property tax. Its total fund balance was \$2,852,014 at the end of 2022, an increase of \$129,590. A significant portion of the increase was due to street and parking maintenance projects.

Proprietary funds. The Town has one enterprise fund which accounts for sewer, water, and trash operations. Year-end unrestricted net position of the sewer and water fund amounted to \$6,034,999 in 2022, a decrease of \$301,055. Year-end total net position amounted to \$13,267,187 in 2022, an increase of \$1,306,299. The increase was primarily related to higher than expected charges for service and tap fees. Ordinance 2021-19 went into effect on 1/1/22, increasing the base monthly rate, together with a 20% increase in rates for usage in excess of 1 EQR

F. BUDGETARY HIGHLIGHTS

Beginning mid-June 2020, outdoor tourism, including camping, biking, and hiking began to boom. Driving this boom were people seeking to escape urban areas during the pandemic and related shutdowns. Many of these people camped or stayed in short term rentals and worked remotely. These factors continued into fall. September and October 2020 were record months for sales tax collections, headlined by lodging, grocery, and retail. This "Zoom Boom" has continued into 2022. As of October 2022, sales tax collections have increased 12.7% over 2021. We expect 2023 sales tax collections to continue being strong, albeit with a lower growth trajectory than 2022.

Recent trends illustrate changing demographics in Crested Butte and the northern Gunnison Valley. Housing prices skyrocketed in 2020 and 2021, although both the volume of sales and the price increases slowed in 2022. Town continues to see an influx of remote workers moving to Crested Butte. This is driving increasing demands on Town's infrastructure and services. In addition to the housing boom, the local backcountry has been experiencing unprecedented usage. Finally, this rapid increase in housing expense is making it nearly impossible for most workers who do not already own homes in town to live in town. To best evaluate and respond to these trends, Town Council and staff brought together residents and other key constituents in 2021 and 2022 to determine what the vision and path forward should be. The resulting document, titled the Community Compass, will provide guiding principles to ensure that public policy, change and investments within and around the Town occur in compliance with the Town's mutually agreed upon values.

Capital expenditures vary from year to year as with the timing of certain one-time costs and special projects. After limiting large expenditures during 2020 and 2021 due to pandemic uncertainty, the 2023 capital budget includes several large projects and expenditures in the General Capital, Affordable Housing and Enterprise Funds. Operating expenditures will increase in 2022 due to an increased infrastructure footprint, increased staff, and inflation. A separate budget is prepared for each fund and/or area of operations and is discussed in more detail with each fund.

Overall, Crested Butte's financial condition is healthy due to the growth in sales and real estate transfer taxes, combined with rate increases and closely managed expenditures. Over the last few years, Town made significant investments in open space projects, affordable housing, water treatment plant, and wastewater treatment plant upgrades. The 2023 budget includes \$26,155,188 in capital expenditures with an offsetting \$3,633,621 in anticipated grants. Additionally, Town is closing on a \$14,000,000 loan in December 2022 for purposes of the Enterprise Fund projects. Some of the capital outlay is for routine equipment replacement, building maintenance and related. Some of the capital outlay is for new projects including affordable housing builds, a new skatepark, electric vehicle charging infrastructure, open space easements, and capital improvements for water and wastewater treatment plants and outlying infrastructure. Discipline over spending has been a long-standing practice in all departments to ensure dollars are spent wisely and with long-term benefits in mind. Requests for funds for both operations and capital always exceed revenue sources. Council has directed staff to maintain at least one year of operating reserves in Town funds.

The ballot measure approved in November 2016 will allow for the Town to issue up to \$2,110,000 in debt. The funds will be used to pay the Mt. Emmons Mining Company ("MEMC") \$2,000,000 once they have abandoned the more than

9,000 acres of unpatented mining claims on and around Mt. Emmons, also known as the Red Lady. MEMC, a subsidiary of Freeport-McMoRan, has been working with the Town, County, and community partners towards this goal over the past five years. Withdrawal and abandonment of the claims requires Federal approval the timeline of which is uncertain. However, the parties are hopeful of the completion by 2023 so this expense has been included in the 2023 budget.

G. CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town of Crested Butte invested \$9,335,433 in capital assets for its governmental and business type activities in 2022. As required by GASB34, the investment in capital assets includes land, buildings, improvements other than buildings, equipment, water systems, sewer systems and infrastructure.

Long-term Debt. At the end of 2022, the total outstanding long-term debt of the Town was \$4,677,172, a decrease of \$294,387 from 2021. The total amount is attributable to business-type activities. As of December 31, 2022, the Town had \$12,500,000 in additional authorized but unissued debt in revolving loan funds with the Colorado Water Resources and Power Development Authority.

H. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The budget is based on trends and assumptions about the future. With very few exceptions, we do not know today which vendors will be paid how much for what particular product or service during 2023. We look back at recent experience and use that data, along with indicators for the future, to estimate costs for many different supplies, utilities, contracted services, repairs, and maintenance, etc. Likewise, the revenue budget is based on limited known data and projections for many unknowns.

A primary assumption for the 2023 budget deals with post-pandemic inflation and related factors. Most indicators suggest ongoing inflation rate and increasing interest rates as the Federal Reserve tries to slow the inflation. The annual inflation rate for the United States is 7.7% for the 12 months ended October 2022 after rising 8.2% previously, according to U.S. Labor Department data published Nov. 10. The Federal Reserve raised the target range for the federal funds rate by 75bps to 3.75%-4% during its November 2022 meeting, marking a sixth consecutive rate hike and the fourth straight three-quarter point increase, pushing borrowing costs to a new high since 2008. In October, the Consumer Price Index for All Urban Consumers increased 0.4 percent, seasonally adjusted, and rose 7.7 percent over the last 12 months, not seasonally adjusted. The index for all items less food and energy increased 0.3 percent in October (SA); up 6.3 percent over the year (NSA). In addition, to inflation and the related increases in price of goods, we are also in a very low unemployment environment and have been facing severe supply chain backlogs for the past year or more with little relief in sight.

The most significant economic indicator for the Town is sales tax. Town sales tax revenue of \$6,150,000 is budgeted in 2023, roughly a 37% increase over 2022 budget and flat with the 2022 projected revenue. Visitors contribute significantly to Crested Butte's economy. Crested Butte's largest month for sales tax collections (July) is typically at least 80% greater than the lowest month (April). Crested Butte receives a portion of the Gunnison County sales tax, which is projected to be \$657,542 in 2023. The Town receives ½ of the County sales tax generated within the municipality.

With the surprisingly positive sales tax trend and insignificant levels of debt outside of the enterprise fund, the Town has made significant progress toward general infrastructure needs including maintenance, vehicle replacements and one-time projects in recent years. Healthy Town reserves have allowed for significant projects in recent years related to open space preservation, affordable housing, and climate action. Large strides are planned in affordable housing and vehicle replacement in the 2023 budget.

Certain predictions must be made regarding the coming year. These key assumptions and changes were some of the primary topics for discussion during the public budget work sessions with Town Council.

Total Revenue

- Sales tax revenue – assumes 0% growth in 2023 over 2022 projected revenue. Although sales tax revenues have seen strong growth in recent years, our approach is typically conservative with regards to revenue generation to manage expenses accordingly.
- Other taxes – the real estate transfer tax is projected to be lower than recent revenues as we cautiously monitor the impact of increasing interest rates and the related impact on the real estate market.
- Nicotine tax – a Town ballot initiative was passed in 2019 that applied an excise tax on cigarettes and other nicotine containing products. The related amount budgeted for 2023 is \$200,000. These funds are intended to be used locally for Community health and wellness initiatives. These funds will be distributed to the school district and through Town's spring and fall community grant cycles.

- Grant and contribution revenue totaling \$3,633,621 is expected including funds from Department of Local Affairs and Great Outdoors Colorado (GOCO). Of this total \$580,000 will support the Big Mine Skate Park Project, \$295,000 will support Community Development projects, \$35,000 will support Open Space projects, \$1,870,869 will support Affordable Housing building projects and the remaining \$852,752 will support wastewater renovation projects.
- Vacation rental license fees and excise tax – In January 2018 the Town began issuing vacation rental licenses for the first time. Additionally, Town collects a 7.5% excise tax on all vacation rentals. Excise tax collections are anticipated to be \$1,000,000 in 2023 and used strictly to support affordable housing efforts.
- Water and Sewer fees – base rates for monthly water and sewer services will increase by a 23% per month per EQR. Concurrent with this increase, there is a reduction in the amount of water included in the base rate. These changes are part of a strategy to increase revenues by 30% while encouraging water conservation. The increase is necessary to offset costs for the plant upgrades and will be closely monitored over the coming year(s).
- Contribution from reserves - 2023 will see contributions from reserves in multiple funds:
 - Enterprise Fund - \$11,428,887 draw down as Town will be making significant investments to water and wastewater plants and infrastructure. These funds will be replenished by way of new debt assumed in the same amount.
 - Parks (sub-set of Capital) will operate at a negative \$679,568.
 - Affordable Housing – \$2,620,631. However, presales and prefunding will restore this draw down of reserves.
 - Streets & Alleys – \$767,458. This draw down is largely due to the need to replace heavy equipment.
 - Open Space (sub-set of Capital) will utilize up to \$1,960,000 from reserves.

Total Expenditures

- Personnel – the 2023 budget contemplates the addition (or full year impact of) four positions. Those include a public works maintenance worker, a sustainability coordinator, a part-time recreation and open space coordinator, and a building inspector. An 8% increase for wages is included to help offset the rapidly increasing cost of living as well as a 4% merit increase to reward exemplary performance. Town currently has 51 full time employees.
- Employee health insurance – 4.5% increase in medical premiums versus 2022.

I. REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Crested Butte's finances. If you have questions about this report or need additional financial information, contact the Town of Crested Butte, Finance Department, PO Box 39, Crested Butte, Colorado 81224.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



Town of Crested Butte, Colorado
Statement of Net Position
December 31, 2022

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments - Unrestricted	22,468,432	6,229,883	28,698,315
Cash and investments - Restricted	9,587	-	9,587
Receivables, net:			
Taxes	2,240,447	-	2,240,447
Other governments	1,487,977	-	1,487,977
Other	-	536,699	536,699
Inventories	-	19,815	19,815
Investment in joint venture	3,103,728	-	3,103,728
Capital assets, not being depreciated	17,128,270	2,133,696	19,261,966
Capital assets, net of accumulated depreciation	14,843,206	9,393,201	24,236,407
Total Assets	61,281,647	18,313,294	79,594,941
Liabilities:			
Accounts payable	927,873	319,717	1,247,590
Deposits payable	1,196,159	3,700	1,199,859
Interest payable	-	17,136	17,136
Compensated absences:			
Due in more than one year	116,075	28,382	144,457
Debt payable:			
Due within one year	-	300,728	300,728
Due in more than one year	-	4,376,444	4,376,444
Total Liabilities	2,240,107	5,046,107	7,286,214
Deferred Inflows of Resources:			
Property taxes	1,363,150	-	1,363,150
Net Position:			
Net investment in capital assets	31,971,476	6,849,725	38,821,201
Restricted:			
TABOR emergency reserve	417,000	-	417,000
Debt service	-	382,463	382,463
Conservation Trust Fund	110,606	-	110,606
Unrestricted	25,179,308	6,034,999	31,214,307
Total Net Position	57,678,390	13,267,187	70,945,577

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

Town of Crested Butte, Colorado
Statement of Activities
For the Year Ended December 31, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Functions/Programs:						
Governmental activities:						
General government	3,179,743	168,168	-	-	(3,011,575)	(3,011,575)
Public safety	1,291,984	36,457	-	-	(1,255,527)	(1,255,527)
Public works	1,312,155	2,600	-	-	(1,309,555)	(1,309,555)
Community development	1,151,683	662,056	21,193	-	(468,434)	(468,434)
Culture and recreation	1,826,875	185,564	10,617	117,194	(1,513,500)	(1,513,500)
Affordable housing	357,726	100,394	1,469,634	-	1,212,302	1,212,302
Transportation	1,286,888	-	-	-	(1,286,888)	(1,286,888)
Total - Governmental activities	10,407,054	1,155,239	1,501,444	117,194	(7,633,177)	(7,633,177)
Business-type activities:						
Sewer, water and sanitation	2,656,147	2,718,136	492,036	586,056		1,140,081
Total - Business-type activities	2,656,147	2,718,136	492,036	586,056		1,140,081
Total	13,063,201	3,873,375	1,993,480	703,250	(7,633,177)	1,140,081
						(6,493,096)
General revenues:						
Taxes:						
Sales and use taxes					7,971,676	-
Real estate transfer tax					2,758,463	-
Property taxes					1,410,717	-
Specific ownership taxes					303,388	-
Franchise taxes					45,008	-
Miscellaneous taxes					1,323,863	-
Investment earnings					96,594	166,218
Gain on asset disposition					21,653	-
Miscellaneous					145,878	-
Total - General revenues and transfers					14,077,240	166,218
Change in Net Position					6,444,063	1,306,299
Net Position - January 1					51,234,327	11,960,888
Net Position - December 31					57,678,390	13,267,187
						70,945,577

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

FUND FINANCIAL STATEMENTS



Town of Crested Butte, Colorado
Balance Sheet
Governmental Funds
December 31, 2022

	General Fund	Affordable Housing Fund	General Capital Fund	Street and Alley Fund	Conservation Trust Fund	Total Governmental Funds
Assets:						
Cash and investments - Unrestricted	9,041,844	-	10,433,725	2,882,257	110,606	22,468,432
Cash and investments - Restricted	9,587	-	-	-	-	9,587
Receivables:						
Taxes	1,188,526	-	-	1,051,921	-	2,240,447
Intergovernmental	875	1,470,434	11,820	4,848	-	1,487,977
Due from other fund	765,648	-	-	-	-	765,648
Total Assets	11,006,480	1,470,434	10,445,545	3,939,026	110,606	26,972,091
Liabilities:						
Accounts payable	520,615	119,331	269,411	18,516	-	927,873
Due to other fund	-	765,648	-	-	-	765,648
Deposits payable	1,179,484	-	100	16,575	-	1,196,159
Total Liabilities	1,700,099	884,979	269,511	35,091	-	2,889,680
Deferred Inflows of Resources:						
Property taxes	311,229	-	-	1,051,921	-	1,363,150
Fund Balances:						
Restricted	417,000	-	-	-	110,606	527,606
Committed	-	585,455	10,176,034	2,852,014	-	13,613,503
Unassigned	8,578,152	-	-	-	-	8,578,152
Total Fund Balances	8,995,152	585,455	10,176,034	2,852,014	110,606	22,719,261
Total Liabilities, Deferred Inflows, and Fund Balances	11,006,480	1,470,434	10,445,545	3,939,026	110,606	26,972,091

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

Town of Crested Butte, Colorado
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2022

Total Governmental Fund Balances		22,719,261
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The Town has an equity interest in Mountain Express. Equity investments related to governmental activities are not currently available financial resources and, therefore, are not reported in the funds.		3,103,728
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of capital assets	44,329,205	
Less: Accumulated depreciation	<u>(12,357,729)</u>	
		31,971,476
Long-term liabilities and deferred inflows of resources, including debt payable, interest payable, compensated absences and pension related deferred inflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued compensated absences		<u>(116,075)</u>
Net Position of Governmental Activities		<u><u>57,678,390</u></u>

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

Town of Crested Butte, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General Fund	Affordable Housing Fund	General Capital Fund	Street and Alley Fund	Conservation Trust Fund	Total Governmental Funds
Revenues:						
Taxes	7,382,610	1,059,032	1,493,448	1,119,562	-	11,054,652
Real estate transfer tax	-	-	2,758,463	-	-	2,758,463
Licenses, permits, and fees	617,816	-	-	2,600	-	620,416
Intergovernmental revenue	29,196	1,469,634	117,194	-	10,623	1,626,647
Charges for services	323,859	100,394	-	-	-	424,253
Housing payments in lieu	-	143,163	-	-	-	143,163
Investment income	96,594	-	-	-	-	96,594
Miscellaneous	18,732	-	83,835	2,715	-	105,282
Total Revenues	8,468,807	2,772,223	4,452,940	1,124,877	10,623	16,829,470
Expenditures:						
General government	2,173,005	-	-	-	-	2,173,005
Public safety	1,211,663	-	-	-	-	1,211,663
Public works	795,039	-	-	-	-	795,039
Streets	-	-	-	490,513	-	490,513
Community development	1,154,230	-	-	-	-	1,154,230
Culture and recreation	376,367	-	-	-	-	376,367
Affordable housing	-	115,546	-	-	-	115,546
Transportation	1,338,799	-	-	-	-	1,338,799
Capital outlay	-	3,509,521	5,297,180	504,774	-	9,311,475
Total Expenditures	7,049,103	3,625,067	5,297,180	995,287	-	16,966,637
Excess (Deficiency) of Revenues Over Expenditures	1,419,704	(852,844)	(844,240)	129,590	10,623	(137,167)
Other Financing Sources (Uses):						
Transfers in	-	-	2,325,000	-	-	2,325,000
Transfers (out)	(2,325,000)	-	-	-	-	(2,325,000)
Sale of assets	-	-	21,653	-	-	21,653
Total Other Financing Sources (Uses)	(2,325,000)	-	2,346,653	-	-	21,653
Net Change in Fund Balances	(905,296)	(852,844)	1,502,413	129,590	10,623	(115,514)
Fund Balances - January 1 (restated)	9,900,448	1,438,299	8,673,621	2,722,424	99,983	22,834,775
Fund Balances - December 31	8,995,152	585,455	10,176,034	2,852,014	110,606	22,719,261

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

Town of Crested Butte, Colorado
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2022

Net Change in Fund Balances of Governmental Funds	(115,514)
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**Amounts reported for governmental activities in the Statement of Activities
are different because:**

The change in equity interest in joint venture does not provide or use current financial resources and, therefore, is not reported as revenue or expenditure in the governmental funds.	49,215
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the difference between capital outlay and depreciation:

Depreciation expense	(1,187,824)	
Capital outlay	7,701,738	
	6,513,914	6,513,914

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 funds.

Change in accrued compensated absences	(3,552)
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Change in Net Position of Governmental Activities	6,444,063
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Town of Crested Butte, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2022

	Business-type Activities
	Sewer, Water, and Sanitation Enterprise Fund
Assets:	
Current assets:	
Cash and investments - Unrestricted	6,229,883
Accounts receivable	536,699
Inventories	19,815
Total - Current assets	6,786,397
Noncurrent assets:	
Capital assets, not being depreciated	2,133,696
Capital assets, net of accumulated depreciation	9,393,201
Total - Noncurrent assets	11,526,897
Total Assets	18,313,294
Liabilities:	
Current liabilities:	
Accounts payable	319,717
Deposits payable	3,700
Interest payable	17,136
Current portion of long-term debt	300,728
Total - Current liabilities	641,281
Noncurrent liabilities:	
Compensated absences	28,382
Debt, net of current portion	4,376,444
Total - Noncurrent liabilities	4,404,826
Total Liabilities	5,046,107
Net Position:	
Net investment in capital assets	6,849,725
Restricted for debt service	382,463
Unrestricted	6,034,999
Total Net Position	13,267,187

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

Town of Crested Butte, Colorado
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities
	Sewer, Water, and Sanitation Enterprise Fund
Operating Revenues:	
Charges for services	2,718,136
Total Operating Revenues	<u>2,718,136</u>
Operating Expenses:	
Operations and maintenance	1,876,875
Administrative fee	65,000
Depreciation	<u>607,771</u>
Total Expenses	<u>2,549,646</u>
Operating Income (Loss)	168,490
Non-operating Revenues (Expenses):	
State and federal grants	492,036
Investment income	166,218
Interest expense	<u>(106,501)</u>
Total Non-operating Revenues (Expenses)	<u>551,753</u>
Income before Capital Contributions	720,243
Capital Contributions:	
Tap fees	<u>586,056</u>
Change in Net Position	1,306,299
Net Position - January 1	<u>11,960,888</u>
Net Position - December 31	<u><u>13,267,187</u></u>

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

Town of Crested Butte, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities
	Sewer, Water, and Sanitation Enterprise Fund
Cash Flows From Operating Activities:	
Cash received from customers	2,356,958
Cash paid to suppliers for goods and services	(1,019,829)
Cash paid to employees	(673,746)
Cash payments for internal services	(65,000)
Net Cash Provided (Used) by Operating Activities	598,383
Cash Flows From Capital and Related Financing Activities:	
Tap fees received	586,056
Intergovernmental revenue	492,036
Interest paid	(107,551)
Principal repayments on debt	(294,387)
Acquisition of capital assets	(1,538,275)
Net Cash Provided (Used) by Capital and Related Financing Activities	(862,121)
Cash Flows From Investing Activities:	
Interest received	166,218
Net Cash Provided (Used) by Investing Activities	166,218
Net Change in Cash and Cash Equivalents	(97,520)
Cash and Investments - Beginning	6,327,403
Cash and Investments - Ending	6,229,883
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	168,490
Adjustments:	
Depreciation expense	607,771
(Increase) decrease in accounts receivable	(145,640)
(Increase) decrease in inventory	(1,849)
Increase (decrease) in accounts payable	184,359
Increase (decrease) in deferred revenue	(216,538)
Increase (decrease) in accrued benefits	790
Increase (decrease) in deposits payable	1,000
Total Adjustments	429,893
Net Cash Provided (Used) by Operating Activities	598,383

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

NOTES TO THE FINANCIAL STATEMENTS



Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022

I. Summary of Significant Accounting Policies

The Town of Crested Butte, Colorado (the "Town") was incorporated in 1974, under the provisions of Article XX of the Colorado Constitution and Municipal Home Rule Act of 1971. The Town operates under a Council-Manager form of government. The Town's major operations include public safety, highways and streets, culture, and recreation, planning and zoning, community development, public improvements, administration, transportation, and sewer, water, and sanitation utilities. The Town is located in Gunnison County, Colorado.

The Town's financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP and used by the Town are discussed below.

A. Reporting Entity

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

Based on the criteria above, the Town is not financially accountable for any other entity nor is the Town a component unit of any other government.

B. Government-wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Government-wide financial statements report on information of all of the activities of the Town. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's public safety, public works, culture and recreation, community development, affordable housing, transportation, and administration functions are classified as governmental activities. The sewer, water, and sanitation functions are classified as business-type activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's governmental functions and business-type activities. The governmental functions are also supported by general government revenues (sales taxes, property and specific ownership taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with the governmental function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund. The General Fund includes the transactions of the Sales Tax Fund.

The *Affordable Housing Fund* is used to finance the development and preservation of affordable housing.

The *General Capital Fund* accounts for general government capital projects, outlays, and maintenance as well as open space acquisitions. It is financed primarily by real estate transfer taxes and sales and use tax revenues.

The *Street and Alley Fund* accounts for all expenditures for streets, alleys, and sidewalks. Its revenue stream is mostly property taxes.

The Town reports the following non-major governmental fund:

The *Conservation Trust Fund* accounts for State of Colorado lottery funds to be used for parks and recreation services and capital.

The Town reports the following major proprietary or business-type fund:

The *Sewer, Water and Sanitation Enterprise Fund* ("Enterprise Fund") accounts for sewer, water, and trash collection operations.

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt and compensated absences are recorded only when payment is due.

Franchise fees, licenses, and interest associated with current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Sales and lodging taxes collected by vendors at year end on behalf of the Town are also recognized as revenue if collected within 30 days after year end. Expenditure driven grants are recognized as revenue when qualified expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

3. Financial Statement Presentation

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent to the value of the interfund services provided and other charges between the Town's sewer, water and sanitation functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the sewer, water, and sanitation function.

Amounts reported as program revenues include 1) charges to customers and applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are the operation of the sewer and water systems and contracting for trash collection within the Town. Operating expenses for the enterprise fund include operating expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

The Town pools deposits and investment of all funds. Each fund's share of the pool is readily identified by the Town's internal records.

Cash and cash equivalents include amounts is demand deposits as well as short term investments with a maturity date within 3 months of the date acquired by the Town.

Investments are stated at fair value or net asset value. The change in fair value and amortized cost of investments is recognized as an increase or decrease to investment assets and investment income.

The Town follows Colorado state statutes as an investment policy, which permits investments in the following type of obligations:

- U.S. Treasury obligations (maximum maturity of 60 months)
- Federal instrumentality securities (maximum maturity of 60 months)
- FDIC-insured certificates of deposit (maximum maturity of 18 months)
- Corporate bonds (maximum maturity of 36 months)
- Prime commercial paper (maximum maturity of 9 months)
- Eligible banker's acceptances
- Repurchase agreements
- General obligations and revenue obligations
- Local government investment pools
- Money market mutual funds

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Inventory and Prepaid Items

All inventories are valued at cost using the first-in, first-out method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

The Town uses the consumption method to account for prepaid items. Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

4. Joint Venture

The Town's 50% equity interest in the Mount Express joint venture (as discussed in note IV.C.) has been recorded in the governmental activities column of the Statement of Net Position.

The Town's initial investment in the joint venture was recorded as an expenditure in the General Fund at the time the investment was made.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

5. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, vehicles, and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements.

Capital assets are defined by the Town as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at cost where historical records are available and at an estimated historical cost where no historical record exists. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred.

Capital assets (excluding land, certain intangibles, and projects in progress) are depreciated, using the straight-line method, over the following estimated useful lives:

Buildings	50 years
Building improvements	20 - 30 years
Infrastructure, plant and systems	15 - 40 years
Vehicles	5 - 15 years
Equipment	5 - 10 years

6. Long-term Debt

Long-term debt is reported as a liability on the government-wide and proprietary fund type financial statements.

At the governmental fund reporting level, debt proceeds are reported as other financing sources and uses. Debt issuance costs are reported as expenditures/expense when incurred.

7. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the obligated governmental fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental-activities column in the government-wide financial statements. Vested or accumulated vacation leave of the proprietary fund type is recorded as an expense and liability of that fund as the benefits accrue to employees.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

8. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Town has no items that qualify for reporting under this category on the government-wide Statement of Net Position.

Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualifies for reporting in the category. Property taxes, reported in the governmental Balance Sheet and on the Statement of Net Position, are deferred and recognized as an inflow of resources in the period that the amounts become available.

9. Fund Equity

Governmental accounting standards establish fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity to the level of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned fund balance is limited to negative residual fund balance. For further details on the various fund balance classifications, refer to Note IV.F.

10. Net Position

Net position represents the difference between assets and liabilities, and deferred inflows of resources. Net position can be reported in three categories: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition or construction of improvements on those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

11. Tap Fees

Sewer and water tap fees substantially represent a contribution from developers or individuals for existing or contemplated new facilities to serve new customers. Therefore, such amounts are treated as systems development fees and are recorded as capital contributions in the Statement of Revenues, Expenses and Changes in Net Position.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

I. Summary of Significant Accounting Policies (continued)

F. Significant Accounting Policies

1. Use of Estimates

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

2. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

II. Reconciliation of Government-wide and Fund Financial Statements

These financial statements include a reconciliation between the total fund balances of all governmental funds as presented on the Governmental Funds Balance Sheet and the net position of governmental activities as reported in the government-wide Statement of Net Position. Additionally, these financial statements include a reconciliation between the total net change in fund balances of all governmental funds as presented on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the change in net position of governmental activities as reported in the government-wide Statement of Activities.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

An annual budget and appropriation ordinance is adopted by Town Council in accordance with the Town's Home Rule Charter.

Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

The Town followed these procedures in preparing, approving, and enacting its budget for 2022.

- (1) For the 2022 budget year, prior to August 25, 2021, the County Assessor sent to the Town a certified assessed valuation of all taxable property within the Town's boundaries.
- (2) Prior to the end of the 2021 fiscal year, the Town Manager submitted to the Town Council a budget and accompanying message.
- (3) Prior to December 15, 2021, the Town computed and certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

- (4) After a required publication of "Notice of Proposed Budget", the Town adopted the proposed budget and an appropriation resolution which legally appropriated expenditures for the upcoming year.
- (5) After adoption of the budget ordinance, the Town may make the following changes:
 - a) transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of those estimated in the budget;
 - c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2021 were collected in 2022, and taxes certified in 2022 will be collected in 2023. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of 1% per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16.

B. TABOR Amendment

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

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending for fiscal years ending after December 31, 1995. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved \$417,000 of the December 31, 2022 year-end fund balance in the General Fund for this purpose, which is the approximate required reserve amount.

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

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

IV. Detailed Notes on all Funds

A. Deposits and Investments

1. Deposits

The Town's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). Amounts on deposit in excess of \$250,000, the FDIC-insured limit at each participating institution, must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The collateral pool is to be maintained by another institution or held in trust for all the uninsured public as a group. The fair value of the collateral must equal or exceed 102% of the uninsured deposits. At December 31, 2022, bank balance of the Town's accounts was \$15,364,811.

At the end of 2022, the Town held deposits and investments with the following maturities:

	Standard & Poor's Rating (Fitch)	Carrying Amounts	Maturities	
			Less than one year	Less than five years
Deposits:				
Petty cash	Not Rated	\$ 475	\$ 475	\$ -
Checking	Not Rated	1,616,251	1,616,251	-
Savings	Not Rated	13,465,155	13,465,155	-
Certificates of deposit*	Not Rated	386,592	386,592	-
Investments:				
Investment pools	AAAm (AAAf)	13,239,429	13,239,429	-
Total		<u>\$ 28,707,902</u>	<u>\$ 28,707,902</u>	<u>\$ -</u>

*Non-negotiable

The Town's cash and investments are presented on the Statement of Net Position as follows:

Reconciliation to Statement of Net Position:

Cash and investments - Unrestricted	\$ 28,698,315
Cash and investments - Restricted	9,587
Total	<u>\$ 28,707,902</u>

2. Investments

The Town measures and records its investments using fair value measurement guidelines established by GAAP. At December 31, 2022, the Town had the following recurring fair value measurements:

Investments Measured at Net Asset Value

COLOTRUST	<u>\$ 13,239,429</u>
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Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

2. Investments (continued)

Interest Rate Risk: As a means of limiting its exposure to interest rate risk, the Town diversifies its investments by security type and institution. The Town also coordinates the maturities of its investments to closely match cash flow needs and invests in securities with limited, shorter-term maturities.

Credit Risk: State law limits investments to those authorized by State statutes, including U.S. agencies and 2a7-like pools. The Town's investment policy is to apply the prudent-investor rule: investments are made as a prudent person would be expected to act with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Pools: The Town's holdings in investment pools are comprised of balances with COLOTRUST, which is an investment vehicle established for local government entities in Colorado to pool surplus funds. It operates similarly to money market funds, whereby each share is equal in value to \$1. Investments of the trust consist of U.S. Treasury bills, notes, and note strips, and repurchase agreements collateralized by U.S. Treasury securities. The Town has no regulatory oversight for the pool. Investment balances in the pools are not subject to limitations or restrictions on withdrawals.

B. Receivables

Receivables as of December 31, 2022 for the Town's funds, including applicable allowances for uncollectible accounts, were as follows:

	General Fund	Affordable Housing	General Capital Fund	Street and Alley Fund	Sewer, Water and Sanitation Enterprise Fund	Total
Property tax	\$ 311,229	\$ -	\$ -	\$ 1,051,921	\$ -	\$ 1,363,150
Sales tax	877,297	-	-	-	-	877,297
Intergovernmental	875	1,470,434	11,820	4,848	-	1,487,977
Other	-	-	-	-	536,699	536,699
Gross Receivables	1,189,401	1,470,434	11,820	1,056,769	536,699	4,265,123
Less: Allowance for uncollectibles	-	-	-	-	-	-
Net Receivables	\$ 1,189,401	\$ 1,470,434	\$ 11,820	\$ 1,056,769	\$ 536,699	\$ 4,265,123

C. Investment in Joint Venture

Mountain Express is a joint venture of the Town and the Town of Mt. Crested Butte ("Mt. Crested Butte"). Mountain Express provides bus service to the Crested Butte ski area and throughout the towns. The Town and Mt. Crested Butte contribute 95% of their respective municipal 1% sales tax adopted for transportation services to Mountain Express. Mt. Crested Butte also contributes 25% of the proceeds of its 4% admissions tax designated for transportation.

The separately-issued financial statements of Mountain Express as of and for the year ended December 31, 2022 are available from the Town.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Investment in Joint Venture (continued)

Mountain Express's financial information as of and for the year ended December 31, 2022 is summarized as follows:

Assets:	
Cash and investments	\$ 3,076,033
Other assets	3,340,427
Total assets	<u>6,416,460</u>
 Total liabilities	 <u>209,005</u>
 Net position	 <u><u>\$ 6,207,455</u></u>
 Total contributions and other revenues	 \$ 3,221,844
Total expenses and distributions	(3,123,414)
Change in net position	<u><u>\$ 98,430</u></u>

D. Capital Assets

Governmental capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental Activities:</i>				
Capital Assets Not Being Depreciated:				
Land	\$ 11,584,137	\$ 2,400,576	\$ -	\$ 13,984,713
Construction in progress	95,420	3,048,137	-	3,143,557
Total Capital Assets Not Being Depreciated	<u>11,679,557</u>	<u>5,448,713</u>	<u>-</u>	<u>17,128,270</u>
 Capital Assets Being Depreciated:				
Buildings and improvements	7,901,877	1,338,100	-	9,239,977
Other improvements	5,964,707	-	-	5,964,707
Infrastructure and improvements	5,740,483	-	-	5,740,483
Equipment and vehicles	5,422,293	914,925	(81,450)	6,255,768
Total Capital Assets Being Depreciated	<u>25,029,360</u>	<u>2,253,025</u>	<u>(81,450)</u>	<u>27,200,935</u>
 Less Accumulated Depreciation For:				
Buildings and improvements	(2,061,513)	(270,129)	-	(2,331,642)
Other improvements	(2,273,049)	(197,223)	-	(2,470,272)
Infrastructure and improvements	(3,332,135)	(242,541)	-	(3,574,676)
Equipment and vehicles	(3,584,658)	(477,931)	81,450	(3,981,139)
Total Accumulated Depreciation	<u>(11,251,355)</u>	<u>(1,187,824)</u>	<u>81,450</u>	<u>(12,357,729)</u>
 Total Capital Assets Being Depreciated, Net	<u>13,778,005</u>	<u>1,065,201</u>	<u>-</u>	<u>14,843,206</u>
 Governmental Activities Capital Assets, Net	<u><u>\$ 25,457,562</u></u>	<u><u>\$ 6,513,914</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 31,971,476</u></u>

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

IV. Detailed Notes on all Funds (continued)

D. Capital Assets (continued)

Business-type capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Business-type Activities:</u></i>				
Capital Assets Not Being Depreciated:				
Land	\$ 27,610	\$ -	\$ -	\$ 27,610
Construction in progress	567,811	1,538,275	-	2,106,086
Total Capital Assets Not Being Depreciated	595,421	1,538,275	-	2,133,696
Capital Assets Being Depreciated:				
Buildings	149,980	-	-	149,980
Other improvements	63,634	-	-	63,634
Water plant and distribution system	7,016,209	-	-	7,016,209
Sewer plant and distribution system	10,418,535	-	-	10,418,535
Equipment and vehicles	1,549,206	-	-	1,549,206
Total Capital Assets Being Depreciated	19,197,564	-	-	19,197,564
Less Accumulated Depreciation For:				
Buildings and improvements	(87,373)	(3,253)	-	(90,626)
Other improvements	(43,484)	(1,146)	-	(44,630)
Water plant and distribution system	(3,474,724)	(255,367)	-	(3,730,091)
Sewer plant and collection system	(4,392,268)	(263,148)	-	(4,655,416)
Equipment and vehicles	(1,198,743)	(84,857)	-	(1,283,600)
Total Accumulated Depreciation	(9,196,592)	(607,771)	-	(9,804,363)
Total Capital Assets Being Depreciated, Net	10,000,972	(607,771)	-	9,393,201
Business-type Activities Capital Assets, Net	\$ 10,596,393	\$ 930,504	\$ -	\$ 11,526,897

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

IV. Detailed Notes on all Funds (continued)

D. Capital Assets (continued)

Depreciation expense for 2022 was charged to Town functions as follows:

Governmental Activities:

General government	\$ 525,650
Public safety	76,732
Public works	205,818
Culture and recreation	236,859
Affordable housing	142,765
Total Depreciation Expense - Governmental Activities	<u>\$ 1,187,824</u>

Business-type Activities:

Water	\$ 288,009
Sewer	319,762
Total Depreciation Expense - Business-type Activities	<u>\$ 607,771</u>

E. Long-term Liabilities

The Town has entered into loan agreements with the Colorado Water Resources and Power Development Authority ("CWPRDA") to fund improvements to the Town's sewer and water plants and related sewer collection and water distribution systems.

1. Water Pollution Control Revolving Fund

- On May 25, 2010, the Town entered into a loan agreement in the principal amount of \$1,900,000, with interest at 2.0% per annum. Blended principal and interest payments are due May 1 and November 1 annually to maturity on November 1, 2030.
- On March 10, 2020, the Town entered into a loan agreement in the principal amount of \$2,025,600, with interest at 2.5% per annum. Blended principal and interest payments are due May 1 and November 1 annually to maturity on May 1, 2040.
- On December 9, 2022, the Town entered into loan agreements in the principal amounts of \$9,500,000 and \$3,000,000, with interest at 2.75% and 0.60% per annum, respectively. Blended principal and interest payments are due May 1 and November 1 annually to maturity on May 1, 2052. As of December 31, 2022, the Town had not made any draws on the loans and had \$12,500,000 in authorized but unissued debt.

2. Drinking Water Revolving Fund

- On February 29, 2012, the Town entered into a loan agreement in the principal amount of \$400,000, with interest at 2.0% per annum. Blended principal and interest payments are due May 1 and November 1 annually to maturity on May 1, 2032.
- On May 1, 2017 the Town entered into a loan agreement in the principal amount of \$2,500,000, with interest at 2.0% per annum. Blended principal and interest payments are due May 1 and November 1 annually to maturity on May 1, 2037.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Long-term Liabilities (continued)

3. Rate Covenants

Pursuant to the loan agreements with CWRPDA, the Town is required to establish and collect rates, fees, and charges for the use / sale of products and services of the sewer and water system that, together with other moneys available, are expected to produce annual revenues (as defined, excluding property taxes and grants received for capital improvements) sufficient for such calendar year to pay the sum of estimated operation and maintenance expenses, 110% of the debt service coming due on the bonds during the calendar year and other debt service requirements.

4. Annual Debt Service Requirements

Aggregate annual debt service requirements to maturity at December 31, 2022 for business activities are as follows:

	Principal	Interest	Total
2023	\$ 300,726	\$ 101,212	\$ 401,938
2024	307,205	94,734	401,939
2025	313,822	88,116	401,938
2026	320,585	81,352	401,937
2027	327,495	74,443	401,938
2028 - 2032	1,549,853	265,908	1,815,761
2033 - 2037	1,240,823	113,627	1,354,450
2038 - 2042	316,663	11,972	328,635
Total	\$ 4,677,172	\$ 831,364	\$ 5,508,536

As of December 31, 2022, the Town had \$12,500,000 in authorized but unissued debt for business activities, which had aggregate annual debt service requirements to maturity for the years following December 31, 2022 as follows (assuming available amounts were drawn upon in 2023):

	Principal	Interest	Total
2023	\$ 269,069	\$ 245,882	\$ 514,951
2024	307,206	269,150	576,356
2025	313,587	262,768	576,355
2026	320,134	256,222	576,356
2027	326,852	249,504	576,356
2028 - 2032	1,741,321	1,140,458	2,881,779
2033 - 2037	1,937,686	944,092	2,881,778
2038 - 2042	2,161,308	720,472	2,881,780
2043 - 2047	2,416,137	465,642	2,881,779
2048 - 2052	2,706,700	175,078	2,881,778
Total	\$ 12,500,000	\$ 4,729,268	\$ 11,465,711

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Long-term Liabilities (continued)

5. Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 112,523	\$ -	\$ 3,552	\$ 116,075	\$ -
Total Governmental Activities					
Long-term Liabilities	<u>\$ 112,523</u>	<u>\$ -</u>	<u>\$ 3,552</u>	<u>\$ 116,075</u>	<u>\$ -</u>
Business-type Activities:					
<u>Water Pollution Control Revolving Fund:</u>					
2010 Loan	\$ 744,211	\$ -	\$ (76,262)	\$ 667,949	\$ 77,795
2020 Loan	1,937,559	-	(83,534)	1,854,025	85,636
<u>Drinking Water Revolving Fund:</u>					
2012 Loan	233,718	-	(20,215)	213,503	20,622
2017 Loan	2,056,071	-	(114,376)	1,941,695	116,675
Loans, net	4,971,559	-	(294,387)	4,677,172	300,728
Compensated absences	27,592	790	-	28,382	-
Total Business-type Activities					
Long-term Liabilities	<u>\$ 4,999,151</u>	<u>\$ 790</u>	<u>\$ (294,387)</u>	<u>\$ 4,705,554</u>	<u>\$ 300,728</u>

F. Fund Balance Disclosures

The Town classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts inherently non-spendable since they represent inventories and prepaid items.

Spendable Fund Balance:

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority, which is the Town Council. The Town Council must take formal action through either an ordinance or a resolution – both of which are equally binding – to establish, modify or rescind committed fund balance amounts.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Town Council or its management designees. The Town Manager has the authority to establish, modify or rescind assigned fund balance to a specific department or project within a fund, as stated in the Town's adopted financial policies.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Fund Balance Disclosures (continued)

Unassigned – includes residual positive fund balance within the General Fund, which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Town's restricted amounts are to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly unassigned amounts when expenditures are made.

As of December 31, 2022, fund balances are composed of the following:

<u>Classification</u>	<u>General Fund</u>	<u>Affordable Housing Fund</u>	<u>General Capital Fund</u>	<u>Street and Alley Fund</u>	<u>Conservation Trust Fund</u>	<u>Total Governmental Funds</u>
Restricted:						
TABOR emergency reserve	\$ 417,000	\$ -	\$ -	\$ -	\$ -	\$ 417,000
Conservation Trust	-	-	-	-	110,606	110,606
Committed:						
Affordable housing	-	585,455	-	-	-	585,455
Capital projects	-	-	10,176,034	-	-	10,176,034
Streets and parking	-	-	-	2,852,014	-	2,852,014
Unassigned	8,578,152	-	-	-	-	8,578,152
Total	<u>\$ 8,995,152</u>	<u>\$ 585,455</u>	<u>\$ 10,176,034</u>	<u>\$ 2,852,014</u>	<u>\$ 110,606</u>	<u>\$ 22,719,261</u>

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

V. Other Information

A. Segment information

The Town has separate revenue loans to finance system improvements in the sewer and water departments. The two departments are accounted for in a single fund (the Sewer, Water and Sanitation Enterprise Fund) but the lender relies on the revenue generated by the individual activities for repayment. Summary 2022 financial information for each department is presented below:

Condensed Statement of Net Position

	<u>Sewer</u>	<u>Water</u>
Assets:		
Current assets	\$ 3,309,688	\$ 2,299,535
Capital assets, net	<u>7,090,071</u>	<u>4,436,826</u>
Total Assets	<u>10,399,759</u>	<u>6,736,361</u>
Liabilities:		
Current liabilities	403,929	119,173
Non-current liabilities	<u>2,429,365</u>	<u>1,975,461</u>
Total Liabilities	<u>2,833,294</u>	<u>2,094,634</u>
Net Position:		
Net investment in capital assets	4,480,427	2,369,298
Restricted for debt service	266,547	115,916
Unrestricted	<u>2,819,491</u>	<u>2,156,512</u>
Total Net Position	<u><u>\$ 7,566,465</u></u>	<u><u>\$ 4,641,727</u></u>

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

V. Other Information (continued)

A. Segment information (continued)

**Condensed Statement of Revenues,
Expenses, and Changes in Net Position**

	Sewer	Water
Operating Revenues:		
Charges for services	\$ 1,506,138	\$ 870,285
Operating Expenses:		
Depreciation expense	319,762	288,009
Operating expenses	1,064,971	463,137
Total Operating Expenses	1,384,733	751,146
Operating Income (Loss)	121,405	119,139
Non-operating Revenues (Expenses):		
State and federal grants	492,036	-
Investment income	92,103	53,219
Interest expense	(54,642)	(51,859)
Total Non-operating Revenues (Expenses)	529,497	1,360
Income before Capital Contributions	650,902	120,499
Capital Contributions:		
Tap fees	362,337	223,719
Change in Net Position	1,013,239	344,218
Net Position - January 1	3,911,627	7,083,466
Reclassify capital assets / fund balance	2,641,599	(2,785,957)
Net Position - December 31	\$ 7,566,465	\$ 4,641,727

B. Defined Contribution Pension Plan

The Town participates in the Colorado Retirement Association ("CRA"), a multiple-employer public employee retirement system, which is a qualified plan as defined by Internal Revenue Code section 401(a) and Colorado Revised Statutes section 24-54. The plan provides retirement benefits through a defined contribution plan to participating Colorado counties, municipalities, and special districts. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. CRA administers this plan on behalf of the Town.

State statute assigns the authority to establish and amend the benefit provisions of the plans that participate in CRA to the respective employer governments.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

V. Other Information (continued)

B. Defined Contribution Pension Plan (continued)

There are no unfunded past service liabilities. After one year of service, all employees are required to participate in the plan after the first paid wages. The Town is required to contribute 6% - 12% of employee base pay, excluding overtime. The employee is required to contribute based on the following schedule:

Years of Service	Required Contribution Percentage
On date of 1st Anniversary up to date of 5th Anniversary	6%
On date of 5th Anniversary up to date of 8th Anniversary	7%
On date of 8th Anniversary up to date of 10th Anniversary	8%
On date of 12th Anniversary up to date of 15th Anniversary	10%
On date of 15th Anniversary	12%

All contributions, both Town and employee, and investment earnings are 100% vested upon participation; as such, there are no forfeitures.

The contribution requirements of the retirement plan participants and the Town are established, and may be amended, by the Town Council. During 2022, the Town matched employees' contributions of \$234,672 with required employer contributions of \$234,672. The Town's total payroll for 2022 was \$3,855,654 and covered payroll was \$2,857,856.

As the Town is not the trustee and does not administer the plan, the plan is not included in the financial statements. The Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

C. Deferred Compensation

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until separation from service or death.

The Town has no liability for the soles under the plan, does not administer the plan and is not the trustee of the plan; therefore, the plan is not included in the financial statements.

The plan's deferral limit was \$20,500 in 2022 with a catchup provision for an additional \$6,500 for participants over 50.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

V. Other Information (continued)

D. Risk Management

1. Colorado Intergovernmental Risk Sharing Agency

The Town is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. To address such risks, the Town is a participant in a public entity risk pool administered by Colorado Intergovernmental Risk Sharing Agency ("CIRSA").

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of \$500,000 per claim or occurrence for property, \$600,000 per claim or occurrence for liability, and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the Town may be liable for any losses in excess of this coverage, the Town does not anticipate such losses at December 31, 2022. The deductible amount paid by the Town for each incident in 2022 was \$1,000; there is no change in coverage from past years. All settlements for the year ended December 31, 2022 were under the maximum coverage allowed.

Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

The Town's share of CIRSA's assets, liabilities, and fund equity as of December 31, 2022 is as follows:

Property and Casualty Pool	Equity Ratio	Share of Surplus (Deficit) Dec. 31/22
Operating Fund	0.55%	\$ 91,885
Loss Fund	-1.50%	117,808
Pooled Excess Fund	0.34%	(80,436)
Reserve Fund	0.39%	32,094

CIRSA's combined financial information as of and for the year ended December 31, 2022 (the latest year for which audited data is available) is summarized as follows:

Assets:	
Cash and investments	\$ 93,543,771
Other assets	3,383,732
Total assets	<u>96,927,503</u>
Total liabilities	<u>52,728,701</u>
Net position	<u>\$ 44,198,802</u>
Total contributions and other revenues	\$ 32,686,577
Total expenses and distributions	(44,606,905)
Change in net position	<u><u>\$(11,920,328)</u></u>

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

V. Other Information (continued)

D. Risk Management (continued)

1. Colorado Intergovernmental Risk Sharing Agency (continued)

A copy of CIRSA's audit report can be obtained by writing to CIRSA, 3665 Cherry Creek North Drive, Denver, CO 80209, or by calling (800)-228-7136.

2. Workers Compensation and Health Insurance

The Town is exposed to various risks of loss related to workers' compensation, unemployment, and general liability. The Town has acquired commercial coverage for these risks and any settled claims are not expected to exceed the commercial insurance coverage. There is no change in coverage from past years, and settlements have not exceeded coverage for each of the past three fiscal years.

E. Claims and Contingencies

1. Legal Claims

During the normal course of business, the Town incurs claims and other assertions against it from various agencies and individuals. The Town and legal counsel intend to vigorously defend such claims. In the opinion of the Town's management, such claims would not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Town at December 31, 2022.

2. Federal and State Grants and Financial Sources

The Town participates in federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any to be immaterial.

F. Intergovernmental Agreements

1. Gunnison/Hinsdale Combined Emergency Telephone Service Authority

Gunnison/Hinsdale Combined Emergency Telephone Service Authority (the "E911 Authority") was formed October 2, 1987, under an intergovernmental agreement to provide emergency telephone service. The Town is one of eleven members. The E911 Authority agreement directs the appointment of the eight-member board. The Town has no fiscal benefit or burden relative to the E911 Authority.

2. Gunnison Valley Regional Housing Authority

Gunnison Valley Regional Housing Authority ("GVRHA") was formed August 15, 2017, under an intergovernmental agreement to provide services related to obtainable housing in the communities of the four member governments. The Town contributed \$70,039 to GVRHA for the year ended December 31, 2022, under the provisions of the intergovernmental agreement.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2022
(Continued)

V. Other Information (continued)

G. Authorized Debt

In the November 8, 2016 election, the Town's voters approved Ballot Issue 2A, authorizing the issuance of debt up to of \$2,110,000, with a total repayment of \$2,785,000, for the purpose of preventing mining on Mt. Emmons. As of December 31, 2022, the Town has no debt issued pursuant to this authorization.

H. Restatement

The comparative actual amounts for 2021 have been restated to reflect a transfer of \$2,350,000 from the General Capital Fund to the Affordable Housing Fund made in 2021, with corresponding changes in the respective opening fund balances for 2022.

REQUIRED SUPPLEMENTARY INFORMATION



Town of Crested Butte, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2022
(With Comparative Actual Amounts For 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
General property	301,000	301,000	351,335	50,335	295,872
Specific ownership	192,100	192,100	303,388	111,288	305,186
Sales	5,078,860	5,078,860	6,478,228	1,399,368	5,847,724
Franchise fees	45,361	45,361	45,008	(353)	34,642
Tobacco	190,742	190,742	204,651	13,909	202,569
Total - Taxes	5,808,063	5,808,063	7,382,610	1,574,547	6,685,993
License, permits, and fees:					
Vacation rental licenses	2,600	2,600	152,472	149,872	178,067
Business and liquor licenses	40,438	40,438	40,909	471	38,235
Building permits	274,392	274,392	338,574	64,182	254,508
Occupation licenses	54,000	54,000	40,389	(13,611)	56,252
Non-business licenses/permits	55,485	55,485	45,472	(10,013)	55,287
Total - License, permits, and fees	426,915	426,915	617,816	190,901	582,349
Intergovernmental:					
Grants	-	-	21,193	21,193	13,500
Motor vehicle registration	5,936	5,936	8,003	2,067	8,146
Total - Intergovernmental	5,936	5,936	29,196	23,260	21,646
Charges for services:					
Energy mitigation fee	30,000	30,000	34,612	4,612	-
Vehicle maintenance	18,000	18,000	18,000	-	18,000
Recreation fees	71,210	71,210	84,410	13,200	89,679
Rent	90,848	90,848	86,042	(4,806)	122,565
Public safety services and fines	51,660	51,660	35,795	(15,865)	136,330
Administration fees	65,000	65,000	65,000	-	65,000
Total - Charges for services	326,718	326,718	323,859	(2,859)	431,574
Investment income	24,000	24,000	96,594	72,594	20,147
Miscellaneous:					
Other	1,520	1,520	18,732	17,212	14,025
Total Revenues	6,593,152	6,593,152	8,468,807	1,875,655	7,755,734

(Continued)

Town of Crested Butte, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2022
(With Comparative Actual Amounts For 2021)
(Continued)

	2022				2021
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures:					
General government:					
Administrative	200,061	200,061	210,252	(10,191)	181,927
Clerk	206,509	206,509	216,463	(9,954)	194,362
Court	8,669	8,669	846	7,823	8,368
Finance	608,224	665,224	483,255	181,969	557,113
General	466,954	1,127,485	917,473	210,012	646,412
Legal	208,338	259,338	252,249	7,089	203,135
Legislative	83,128	83,128	92,467	(9,339)	119,425
Total - General government	<u>1,781,883</u>	<u>2,550,414</u>	<u>2,173,005</u>	<u>377,409</u>	<u>1,910,742</u>
Public safety	1,178,601	1,235,601	1,211,663	23,938	1,104,802
Public works	994,625	1,008,625	795,039	213,586	641,590
Community development	959,575	1,093,575	1,154,230	(60,655)	862,835
Culture and recreation	359,492	368,492	376,367	(7,875)	321,850
Transportation:					
Mountain Express	906,379	1,186,379	1,336,103	(149,724)	1,192,723
Other	-	-	2,696	(2,696)	2,407
Total - Transportation	<u>906,379</u>	<u>1,186,379</u>	<u>1,338,799</u>	<u>(152,420)</u>	<u>1,195,130</u>
Total Expenditures	<u>6,180,555</u>	<u>7,443,086</u>	<u>7,049,103</u>	<u>393,983</u>	<u>6,036,949</u>
Excess (Deficiency) of Revenues Over Expenditures	412,597	(849,934)	1,419,704	2,269,638	1,718,785
Other Financing Sources (Uses):					
Transfers (out)	-	(2,325,000)	(2,325,000)	-	-
Net Change in Fund Balance	412,597	(3,174,934)	(905,296)	2,269,638	1,718,785
Fund Balance - January 1	<u>8,224,419</u>	<u>8,224,419</u>	<u>9,900,448</u>	<u>1,676,029</u>	<u>8,181,663</u>
Fund Balance - December 31	<u>8,637,016</u>	<u>5,049,485</u>	<u>8,995,152</u>	<u>3,945,667</u>	<u>9,900,448</u>

Town of Crested Butte, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Fund - Affordable Housing Fund
For the Year Ended December 31, 2022
(With Comparative Actual Amounts For 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual (Restated)
Revenues:					
Excise tax	480,798	480,798	1,059,032	578,234	561,823
Intergovernmental revenue	250,000	250,000	1,469,634	1,219,634	-
Charges for services	81,980	81,980	100,394	18,414	78,647
Housing payment in lieu	50,000	50,000	143,163	93,163	118,972
Other	-	-	-	-	739
Total Revenues	862,778	862,778	2,772,223	1,909,445	760,181
Expenditures:					
Affordable housing	219,100	219,100	115,546	103,554	163,120
Capital outlay	5,096,000	5,096,000	3,509,521	1,586,479	2,341,959
Total Expenditures	5,315,100	5,315,100	3,625,067	1,690,033	2,505,079
Excess (Deficiency) of Revenues over Expenditures	(4,452,322)	(4,452,322)	(852,844)	219,412	(1,744,898)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	2,350,000
Total Other Financing Sources and (Uses)	-	-	-	-	2,350,000
Net Change in Fund Balance	(4,452,322)	(4,452,322)	(852,844)	3,599,478	605,102
Fund Balance - January 1 (restated)	-	-	1,438,299	1,438,299	833,197
Fund Balance - December 31 (restated)	(4,452,322)	(4,452,322)	585,455	5,037,777	1,438,299

SUPPLEMENTARY INFORMATION



Town of Crested Butte, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Capital Projects Funds - General Capital Fund
For the Year Ended December 31, 2022
(With Comparative Actual Amounts For 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual (Restated)
Revenues:					
Sales and use taxes	1,058,075	1,058,075	1,493,448	435,373	1,290,193
Real estate transfer tax	3,000,000	3,000,000	2,758,463	(241,537)	4,243,264
Grants	241,300	241,300	117,194	(124,106)	262,006
Investment income	2,500	2,500	-	(2,500)	157
Miscellaneous	46,000	46,000	83,835	37,835	64,787
Total Revenues	4,347,875	4,347,875	4,452,940	105,065	5,860,407
Expenditures:					
Capital outlay	3,113,761	6,284,762	5,297,180	987,582	3,434,255
Total Expenditures	3,113,761	6,284,762	5,297,180	987,582	3,434,255
Excess (Deficiency) of Revenues Over Expenditures	1,234,114	(1,936,887)	(844,240)	1,092,647	2,426,152
Other Financing Sources (Uses):					
Transfers in	-	2,325,000	2,325,000	-	-
Transfers (out)	-	-	-	-	(2,350,000)
Sale of asset	25,000	25,000	21,653	(3,347)	-
Total Other Financing Sources (Uses)	25,000	2,350,000	2,346,653	-	(2,350,000)
Net Change in Fund Balance	1,259,114	413,113	1,502,413	1,089,300	76,152
Fund Balance - January 1 (restated)	6,909,233	6,909,233	8,673,621	1,764,388	8,597,469
Fund Balance - December 31 (restated)	8,168,347	7,322,346	10,176,034	2,853,688	8,673,621

Town of Crested Butte, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Capital Project Funds - Street and Alley Fund
For the Year Ended December 31, 2022
(With Comparative Actual Amounts For 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
General property taxes	944,632	944,632	1,059,382	114,750	920,235
Highway users taxes	52,774	52,774	60,180	7,406	63,087
Licenses and permits	-	-	2,600	2,600	15,600
Investment income	-	-	-	-	13
Miscellaneous	5,000	5,000	2,715	(2,285)	955
Total Revenues	1,002,406	1,002,406	1,124,877	122,471	999,890
Expenditures:					
Streets	499,531	519,779	490,513	29,266	640,116
Capital outlay	978,000	978,000	504,774	473,226	143,137
Total Expenditures	1,477,531	1,497,779	995,287	502,492	783,253
Net Change in Fund Balance	(475,125)	(495,373)	129,590	624,963	216,637
Fund Balance - January 1	2,497,188	2,497,188	2,722,424	225,236	2,505,787
Fund Balance - December 31	2,022,063	2,001,815	2,852,014	850,199	2,722,424

Town of Crested Butte, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Fund - Conservation Trust Fund
For the Year Ended December 31, 2022
(With Comparative Actual Amounts For 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Intergovernmental - Lottery proceeds	11,820	11,820	10,623	(1,197)	19,647
Total Revenues	11,820	11,820	10,623	(1,197)	19,655
Net Change in Fund Balance	11,820	11,820	10,623	(1,197)	19,655
Fund Balance - January 1	67,238	67,238	99,983	32,745	80,328
Fund Balance - December 31	79,058	79,058	110,606	31,548	99,983

Town of Crested Butte, Colorado
Schedule of Revenues, Expenses and Change in Net Position
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
Enterprise Fund - Sewer, Water, and Sanitation Fund
For the Year Ended December 31, 2022
(With Comparative Actual Amounts For 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Charges for services	2,236,662	2,236,662	2,718,136	481,474	2,017,190
Total Operating Revenues	<u>2,236,662</u>	<u>2,236,662</u>	<u>2,718,136</u>	<u>481,474</u>	<u>2,017,190</u>
Operating Expenses:					
Operations and maintenance	1,635,124	1,635,124	1,756,386	(121,262)	1,445,522
Administrative fee	65,000	65,000	65,000	-	65,000
Capital outlay	6,457,000	6,457,000	1,658,764	4,798,236	806,981
Total Expenses	<u>8,157,124</u>	<u>8,157,124</u>	<u>3,480,150</u>	<u>4,676,974</u>	<u>2,317,503</u>
Operating Income (Loss)	<u>(5,920,462)</u>	<u>(5,920,462)</u>	<u>(762,014)</u>	<u>5,158,448</u>	<u>(300,313)</u>
Non-operating Revenues (Expenses):					
State and federal grants	500,000	500,000	492,036	(7,964)	151,169
Investment income	25,000	25,000	166,218	141,218	11,392
Principal repayment	(309,367)	(309,367)	(294,387)	14,980	(288,182)
Interest expense	(128,132)	(128,132)	(106,501)	21,631	(112,728)
Debt proceeds	5,000,000	5,000,000	-	(5,000,000)	-
Total Non-operating Revenues (Expenses)	<u>5,087,501</u>	<u>5,087,501</u>	<u>257,366</u>	<u>(4,830,135)</u>	<u>(238,349)</u>
Capital Contributions:					
Tap fees	360,000	360,000	586,056	226,056	821,189
Change in Net Position - Budget Basis	<u>(472,961)</u>	<u>(472,961)</u>	<u>81,408</u>	<u>554,369</u>	<u>282,527</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Principal repayment			294,387		288,182
Capitalized assets			1,538,275		695,075
Depreciation			(607,771)		(631,954)
Change in Net Position - GAAP Basis			<u>1,306,299</u>		<u>633,830</u>

LOCAL HIGHWAY FINANCE REPORT





Annual Highway Finance Report - CY22

Steps for editing and printing your content

1. Enter your email and select your City or County from the list below.
2. Click on "Start" to edit/update your data.
3. Click on "Save" at the bottom of the form to save your work.
4. Click on "Print Mode" at the bottom of the form to view your work in a read only more printer friendly format.
5. Click on "Edit Mode" at the bottom of the form to return to editing your work.
6. Save any changes that are made using the "Save" button.

Please no commas or dollar signs for the input

Your Email Address:

Select City: ▼

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes

A. Receipts from local sources

2. General Fund Appropriations:	\$ <input type="text" value="0.00"/>
3. Other local imposts: <i>from A.3. 'Total' below)</i>	\$ 1,374,792.00
4. Miscellaneous local receipts: <i>from A.4. 'Total' below)</i>	\$ 7,336.00
5. Transfers from toll facilities	\$ <input type="text" value="0.00"/>
6. Proceeds of sale of bonds and notes	
a. Bonds - Original Issues:	\$ <input type="text" value="0.00"/>
b. Bonds - Refunding Issues:	\$ <input type="text" value="0.00"/>
c. Notes:	\$ <input type="text" value="0.00"/>

SubTotal: \$ 1,382,128.00

B. Private Contributions

\$

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes (Detail)

A.3. | Other local imposts

a. Property Taxes and Assessments	\$ 1057361.00
b. Other Local Imposts	
1. Sales Taxes:	\$ 0.00
2. Infrastructure and Impact Fees:	\$ 0.00
3. Liens:	\$ 0.00
4. Licenses:	\$ 0.00
5. Specific Ownership and/or Other:	\$ 317431.00

Total: (a + b) carried to 'Other local imposts' above \$ 1,374,792.00

A.4. | Miscellaneous local receipts

a. Interest on Investments:	\$ 2021.00
b. Traffic fines and Penalties:	\$ 0.00
c. Parking Garage Fees:	\$ 0.00
d. Parking Meter Fees:	\$ 0.00
e. Sale of Surplus Property:	\$ 0.00
f. Charges for Services:	\$ 0.00
g. Other Misc. Receipts:	\$ 2600.00
h. Other:	\$ 2715.00

Total: (a through h) carried to 'Misc local receipts' above \$ 7,336.00

C. Receipts from State Government

1. Highway User Taxes:	\$ 55331.00
3. Other State funds:	
c. Motor Vehicle Registrations:	\$ 0.00
d. Other (Specify):	
Comments: undefined	\$ 0.00
e. Other (Specify):	
Comments: undefined	\$ 0.00

Total: (1+3c,d,e) \$ 55,331.00

D. Receipts from Federal Government

2. Other Federal Agencies	
a. Forest Service:	\$ 0.00
b. FEMA:	\$ 0.00
c. HUD:	\$ 0.00
d. Federal Transit Administration:	\$ 0.00
e. U.S. Corp of Engineers	\$ 0.00
f. Other Federal:	\$ 0.00

Total: (2a-f) \$ 0.00

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes

A. Local highway disbursements

1. Capital outlay: <i>(from A.1.d. Total Capital Outlay below)</i>	\$	135,564.00
2. Maintenance:	\$	261737.00
3. Road and street services		
a. Traffic control operations:	\$	7686.00
b. Snow and ice removal:	\$	133371.00
c. Other:	\$	0.00
4. General administration and miscellaneous	\$	0.00
5. Highway law enforcement and safety	\$	0.00
Total: <i>(A.1-5)</i>	\$	538,358.00

B. Debt service on local obligations

1. Bonds		
a. Interest	\$	0.00
b. Redemption	\$	0.00
2. Notes		
a. Interest	\$	0.00
b. Redemption	\$	0.00
SubTotal: <i>(1+2)</i>	\$	0.00

C. Payments to State for Highways: \$ 0.00

D. Payments to Toll Facilities: \$ 0.00

Total Disbursements: *(A+B+C+D)* \$ 538,358.00

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes - (Detail)

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A. 1. Capital Outlay			
a. Right-Of-Way Costs:	\$ 0.00	\$ 0.00	\$ 0.00
b. Engineering Costs:	\$ 0.00	\$ 8774.00	\$ 8,774.00
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$ 0.00
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$ 0.00
3. System Preservation:	\$ 0.00	\$ 126790.00	\$ 126,790.00

4. System Enhancement:	\$	<input type="text" value="0.00"/>	\$	<input type="text" value="0.00"/>	\$	<input type="text" value="0.00"/>
5. Total Construction:					\$	<div>126,790.00</div>
d. Total Capital Outlay: <i>(Lines A.1.a. + 1.b. + 1.c.5)</i>					\$	<div>135,564.00</div>

Receipts, Disbursements & Costs

IV. Local Highway Debt Status

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>
1. Bonds (Refunding Portion)		\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>
B. Notes (Total):	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>	\$ <input type="text" value="0.00"/>

Receipts, Disbursements & Costs

V - Local Road & Street Fund Balance

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
\$ <input type="text" value="3997367.00"/>	\$ <input type="text" value="1,437,459.00"/>	\$ <input type="text" value="538,358.00"/>	\$ <input type="text" value="4896468.00"/>	\$ <input type="text" value="0.00"/>

Notes and Comments:

requested extension

Please enter your name:

Please provide a telephone number where you may be reached:

Please click on the "Save" button before viewing the data in a print format.



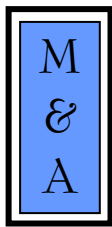
Contact: Paige Castaneda | Email: Paige.Castaneda@state.co.us | Phone: 303.512.4914

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FORM FHWA-536e (Version 9.00) - CY22

SINGLE AUDIT REPORTS and SCHEDULES





McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S 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

**To the Mayor and Town Council
Town of Crested Butte, Colorado**

We have audited, in accordance with 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Crested Butte, Colorado (the "Town") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated September 28, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the 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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town'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. However, we identified certain deficiencies in internal control that we consider to be a material weakness, as described in finding 2022-001 in the accompanying Schedule of Findings and Questioned Costs.

Member: American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT
To the Mayor and Members of Town Council
Town of Crested Butte, Colorado

Compliance and Other Matters

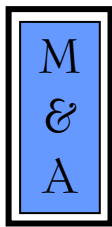
As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "McMahan and Associates, L.L.C." in a cursive script.

McMahan and Associates, L.L.C.
Avon, Colorado
September 28, 2023



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**To the Mayor and Members of Town Council
Town of Crested Butte, Colorado**

Opinion on Compliance for Each Major Program

We have audited the compliance of the Town of Crested Butte, Colorado's (the "Town") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2022. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Town and to meet our other 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 each major federal program. Our audit does not provide a legal determination of the Town'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 Town's federal programs.

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INDEPENDENT AUDITOR'S REPORT
To the Mayor and Members of Town Council
Town of Crested Butte, Colorado

Auditor's 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 Town'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 U.S. 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 Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. 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 Town'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 Town'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 Town'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 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 *Auditor's 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.

INDEPENDENT AUDITOR'S REPORT
To the Mayor and Members of Town Council
Town of Crested Butte, Colorado

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.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
September 28, 2023

Town of Crested Butte, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2022

Part I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

Federal Awards:

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2, U.S. Code of Federal Regulations, Part 200	No
Major programs:	
Coronavirus State and Local Fiscal Recovery Funds	ALN 21.027
Dollar threshold used to identify Type A from Type B programs:	\$750,000
Identified as low-risk auditee	No

Part II – Findings Related to Financial Statements

Findings related to financial statements as required by <i>Government Auditing Standards</i>	Yes
Auditor-assigned reference number	2022-001

Part III – Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

Town of Crested Butte, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2022

Section II – Financial Statement Findings

2022-001 – Grant Revenue Recognition and Recording

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria or Specific Requirement:

To align with the Town's policy of accounting for expenditure-driven grants, revenue should be recognized when the qualified expenditures have been incurred and all other grant requirements are met.

Conditions:

The Town did not accrue revenue totaling \$1,469,633.70 to match corresponding reimbursement grant expenditures incurred in 2022.

Causes:

The Town department responsible for the project and related grant administration did not inform the Town's Finance department that the additional reimbursable grant revenue attributable to the grant needed to be accrued in 2022. Additionally, the Town was unaware of Single Audit reporting requirements related to the federal grant.

Repeat Findings: No

Recommendations:

Auditor recommends that Town departments closely review ongoing grant projects which include reimbursable funding to ensure grant expenditures are reviewed at year-end to determine if grant revenue should to be accrued to match expenditures, and ensure that all grants subject to federal Single Audit requirements are appropriately reported.

Views of Responsible Officials: There is no disagreement with the audit finding.

Town of Crested Butte, Colorado
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2022

There were no findings for the year ended December 31, 2021.

Town of Crested Butte, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
<u>Department of Treasury:</u>			
Direct Programs:			
American Rescue Plan Act Funds	21.027		\$ 433,076
Passed through Colorado Division of Local Affairs:			
Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>1,469,634</u>
Total - Department of Treasury			<u>1,902,710</u>
TOTALS			<u><u>\$ 1,902,710</u></u>

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2022

Note 1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Crested Butte (the "Town") and is presented on the modified accrual basis of accounting. 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* (the "Uniform Guidance"). Therefore, some amounts presented in this schedule or used in this schedule may differ from amounts presented in or used in the preparation of the Town's general purpose financial statements.

Note 2. Determining the Value of Non-cash Awards Expended:

The Town had no non-cash awards expended during 2022.

Note 3. Indirect Facilities and Administration costs

The Town does not use the 10% de minimis cost rate allowed in in §200.414, Indirect (F&A) Costs, of the Uniform Guidance. Instead, the Town prepares an annual cost allocation plan to allocate indirect costs.