

Town of Crested Butte, Colorado

Financial Statements

December 31, 2024



TOWN OF
CRESTED BUTTE
COLORADO

**Town of Crested Butte, Colorado
Financial Statements
For the Year Ended December 31, 2024**

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Town of Crested Butte, Colorado
Financial Statements
For the Year Ended December 31, 2024
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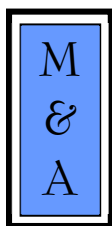
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INDEPENDENT AUDITOR'S REPORT



TOWN OF
CRESTED BUTTE
COLORADO



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Crested Butte, Colorado (the "Town"), as of and for the year ended December 31, 2024, 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 and each major fund of the Town as of December 31, 2024, 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.

Emphasis of Matter

As discussed in Note V.H to the financial statements, the Town adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, in 2024. Our opinion is not modified with respect to this matter.

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.

Member: American Institute of Certified Public Accountants

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 July 25, 2025 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
July 25, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS



TOWN OF
CRESTED BUTTE
COLORADO

OWN OF CRESTED BUTTE, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2024

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, 2024. 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 \$84,788,036 (i.e., net position) at the end of the year, an increase of \$4,876,392 from the prior year.
- Governmental funds reported fund balance of \$26,478,348, an increase of \$3,304,826 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 \$10,107,075, an increase of \$88,514 in comparison to prior year.
- The Town of Crested Butte's total long-term debt was \$23,864,944 at the end of year. This debt is associated with upgrades to the Water and Wastewater treatment plants and building workforce housing.

B. PROJECT HIGHLIGHTS

- Led the Town's efforts to bring the Mt. Emmons land exchange and Thompson administrative withdrawal to a successful conclusion.
- Strengthened the Town's finances by:
 - Continuing to develop a stronger multi-year plan for finances needed to support town objectives, including but not limited to housing, transportation, business support and climate action. The project began in 2023 by clearly identifying several new funds within the Town's budget to help clearly identify restricted revenues, department expenses and projected shortfalls. The initiative continued in 2024 by projecting 5-years in each fund as part of the annual budget process.
 - Increasing our ability to obtain grants by retaining Sustainable Solutions DC, securing more than \$16.5M in grants for projects in Crested Butte and Gunnison County, including:
 - \$750K towards the Solids Processing Facility
 - \$300K for the replacement of windows at Town Hall
 - \$150K for remodeling of Town Hall's second floor
 - \$29K for electric vehicle readiness planning
 - \$148K for fleet electrification charging infrastructure
 - \$15M for safety improvements on CO-135 in collaboration with Gunnison County and the City of Gunnison, inclusive of \$2M secured for the construction of Red Lady intersection within Crested Butte.
 - Improving financial business processes by creating a new chart of accounts incorporating newly established funds and expense allocations.
 - Reimplemented ERP software to leverage the new chart of accounts; implemented project management and capital asset management modules within the ERP; reimplemented the payroll management module within the ERP.
 - Conducted a compensation survey for Town staff to evaluate how compensation among different types of employees may be changing in a new economic environment. A new pay plan and wage adjustments will be adopted as part of the and alongside the 2025 budget.
- The Town remains committed to supporting affordable housing initiatives in Crested Butte and the Gunnison Valley, demonstrated by the following 2024 outcomes:
 - Evaluated, executed and managed the issuance of Certificates of Participation to finance a \$7.645M loan to construct 14 deed-restricted rental units in Paradise Park; executed contracts for the design and construction of the units.
 - Managed the public-private relationship with TWG Development, the developer of Mineral Point, a 34 unit, \$15 million, low-income housing tax credit development that will provide rental units to households earning 30%-60% AMI. Mineral Point is being developed on a former town landfill, housing staff also managed the coordination of the developer, contractor, and environmental engineer to ensure that the project is being completed according to the robust regulatory agreements with the Colorado Department of Public Health and the Environment.

B. PROJECT HIGHLIGHTS (continued)

- Managed and participated with the Gunnison Valley Regional Housing Authority (GVRHA) to build out a software platform that will help them more efficiently administer the deed restriction lifecycle from application, through lottery, leasing/sale, compliance, and resale.
 - Worked collaboratively with Gunnison County to agree to extend water and sewer utilities to their Whetstone workforce housing project south of Town.
 - Worked closely with the GVRHA on crafting and finalizing the new Housing Needs Assessment for the Gunnison Valley.
- The Town completed several projects in support of its commitment to sustainability and climate, including:
 - Developed a draft 2030 Climate Action Plan and conducted public outreach.
 - Launched a pilot residential compost drop off program in partnership with Mt. Crested Butte through Elements Mountain compost.
 - The Town continues to replace legacy vehicles with electric and/or hybrid vehicles, including a hybrid loader, two electric Ford Lightnings, an electric police-model Chevy Blazer and two electric Chevy 2500s.
- The Town completed many critical infrastructure projects, including:
 - A multi-million-dollar capital improvement aimed at upgrading our Solids Processing Facility, adding administrative facilities for staff, and enclosing the secondary treatment process. Funding for the project was obtained through a Department of Local Affairs (DOLA) grant in the amount of \$750,000, \$11,000,000 direct loan, \$3,000,000 green loan from the State Revolving Fund (SRF), and cash contributions from the Enterprise Fund reserves.
 - Crested Butte started off 2024 with an average snow year. This enabled staff to start the construction season on time. Staff completed a variety of preventative maintenance tasks, such as crack sealing, street sweeping, paint striping, alley grading and ROW grading. In addition to the annual maintenance typically completed, the staff performed hot patching, curb and gutter replacement, and storm water maintenance.
 - 2024 marked the Town's 5-year paving project with the repaving of 8th street, from Butte to Elk Aves, and Elk Ave, from 6th to 9th Street. Work commenced in July of 2024 and was completed in September of 2024. In addition to the resurfacing of the roadway, underground storm water improvements were also included in the project.
- The Town continues to plan for, acquire, build, maintain and improve public spaces and recreational opportunities. 2024 saw the completion of the following projects and services:
 - Completed maintenance, irrigation, field care, playground maintenance, prep for athletic programs for 25.23 acres of park space.
 - Completed the design and public outreach for the Totem Pole Renovation project and completed construction of all but the final planting which is slated for June of 2025.
 - Completed the Bike Park Renovation Project with grant funding awarded through the Met Rec.
 - Completed public art and signage for the Skatepark Renovation Project.
 - Continued the Native Grass Conversion Project and expanded the area west of the Marshals building.
 - In partnership with Crested Butte Botanic Gardens, completed the native plant display at Three Ladies Park.
 - Completed the Red Lady Open Space Ladder Fuels Mitigation Project.
 - Completed trail planning and design for the Mineral Point Trail Project.
 - Successfully ran 106 activities and programs for various age groups and skill levels throughout the year serving over 1,180 community members.
- Facilitated the Town's Development Review Process and support of community-based land-use initiatives, as demonstrated by the following:
 - Managed the Board of Zoning and Architectural Review (BOZAR) review and approval of 152 development applications, with 25 formal reviews and 127 insubstantial reviews.
 - Managed the review and approval of 100 building permits. Issued 72 Certificates of Occupancy (COs) with 60 residential and two commercial mixed-use COs issued for new construction, or major redevelopment projects
 - Crafted and gained Council approval of updating the Town Municipal Code related to demolition of historic structures.
 - Maintained a Community Rating System (CRS) score of 7 on the Town's first annual review. This reevaluation ensures federally-protect flood insurance to residents and maintains a 15% discount to property owners in Crested Butte.

B. PROJECT HIGHLIGHTS (continued)

- Facilitated and completed several strategic and operational planning efforts, including:
 - Administered the technical analysis and facilitated the community engagement necessary for Town Council to adopt the Town's first Transportation Mobility Plan.
 - Crafted the Town's first Town-wide traffic calming policy and implemented the 2024 traffic calming program.
 - Garnered Gunnison County's commitment to an integrated land use and transportation plan, which will commence in 2025.
 - Managed the development of the Town's first Historic Preservation Plan.
 - Managed the development of the Town's third Climate Action Plan.
 - Managed the development of the Town's Community Plan, which examines the Town's Zoning code to reduce the costs of development in the community.
 - Improved community engagement and communication through efforts related to long-range planning efforts flowing from the Community Compass, community block parties and coffee with the Council.

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.

C. OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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, 2024, total net position was \$84,788,036, an increase of \$4,876,392 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 58% 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 40% 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	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	\$ 33,401,166	\$ 29,310,171	\$ 6,884,732	\$ 6,786,397	\$ 40,285,898	\$ 36,096,568
Capital assets	41,901,855	31,971,476	31,175,480	11,526,897	73,077,335	43,498,373
Total Assets	75,303,021	61,281,647	38,060,212	18,313,294	113,363,233	79,594,941
Liabilities:						
Other liabilities	2,016,205	2,124,032	950,139	641,281	2,966,344	2,765,313
Long-term liabilities	7,838,493	116,075	15,442,714	4,404,826	23,281,207	4,520,901
Total Liabilities	9,854,698	2,240,107	16,392,853	5,046,107	26,247,551	7,286,214
Deferred Inflows of Resources:						
Property taxes	1,784,226	1,363,150	-	-	1,784,226	1,363,150
Lease related	543,420	-	-	-	543,420	-
Total Deferred Inflows of Resources	2,327,646	1,363,150	-	-	2,327,646	1,363,150
Net Position:						
Net investment in capital assets	34,029,877	31,971,476	15,182,514	6,849,725	49,212,391	38,821,201
Restricted	763,844	527,606	874,166	382,463	1,638,010	910,069
Unrestricted	28,326,956	25,179,308	5,610,679	6,034,999	33,937,635	31,214,307
Total Net Position	\$ 63,120,677	\$ 57,678,390	\$ 21,667,359	\$ 13,267,187	\$ 84,788,036	\$ 70,945,577

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

E. FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

Town of Crested Butte's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES:						
Program revenues:						
Charges for services	\$ 1,568,071	1,235,956	3,271,178	2,967,742	4,839,249	4,203,698
Operating grants and contributions	212,129	685,477	1,537,500	707,371	1,749,629	1,392,848
Capital grants and contributions	158,860	1,483,563	1,695,292	3,431,509	1,854,152	4,915,072
General revenues:						
Sales and use taxes	8,443,449	7,615,227	-	-	8,443,449	7,615,227
Real estate transfer tax	2,534,386	2,908,084	-	-	2,534,386	2,908,084
Property taxes	1,881,933	1,401,976	-	-	1,881,933	1,401,976
Specific ownership taxes	89,152	292,868	-	-	89,152	292,868
Franchise taxes	41,441	64,240	-	-	41,441	64,240
Miscellaneous taxes	1,061,787	1,119,003	-	-	1,061,787	1,119,003
Investment earnings	532,379	297,358	511,959	528,154	1,044,338	825,512
Gain (loss) on asset dispositio	83,014	74,731	(640)	-	82,374	74,731
Miscellaneous	100,059	190,370	-	-	100,059	190,370
Total Revenues	16,706,660	17,368,853	7,015,289	7,634,776	23,721,949	25,003,629
EXPENSES:						
General government	3,746,277	3,554,091	-	-	3,746,277	3,554,091
Public safety	1,534,460	1,560,903	-	-	1,534,460	1,560,903
Public works	3,580,683	2,277,607	-	-	3,580,683	2,277,607
Community development	1,258,429	1,183,683	-	-	1,258,429	1,183,683
Culture and recreation	2,434,915	2,639,454	-	-	2,434,915	2,639,454
Affordable housing	932,294	605,439	-	-	932,294	605,439
Transportation	1,874,366	1,339,507	-	-	1,874,366	1,339,507
Interest on long-term debt	211,430	548	-	-	211,430	548
Sewer, water and sanitation	-	-	3,272,703	2,945,221	3,272,703	2,945,221
Total Expenses	15,572,854	13,161,232	3,272,703	2,945,221	18,845,557	16,106,453
Change in Net Position	1,133,806	4,207,621	3,742,586	4,689,555	4,876,392	8,897,176
Net Position -						
Beginning (restated)	61,986,871	57,678,390	17,924,773	13,267,187	79,911,644	70,945,577
Net Position - Ending	\$ 63,120,677	\$ 61,886,011	\$ 21,667,359	\$ 17,956,742	\$ 84,788,036	\$ 79,842,753

Beginning Net Position was restated in the governmental and business-type activities as follows:

	12/31/2023 As previously reported	Change in Accounting Principle	Error Correction	12/31/2023 As restated
Government-Wide				
Governmental activities	61,886,011	(146,524)	247,384	61,986,871
Business-type activities	17,956,742	(31,969)	-	17,924,773
Total Primary Government	<u>79,842,753</u>	<u>(178,493)</u>	<u>247,384</u>	<u>79,911,644</u>

Detailed information on the restatement can be found in the notes to the financials on page D28.

E. FINANCIAL ANALYSIS OF GOVERNMENT FUNDS (continued)

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, 2024, the Town's governmental funds reported combined ending fund balance of \$26,478,348, a increase of \$3,304,826 over the prior year. Of the combined ending fund balance for all governmental funds, 35% or \$9,381,075 constitutes unassigned fund balance, which is available for appropriation at the Town's discretion. The Town has five major governmental funds. They are General, General Capital, Affordable Housing, Open Space, and Street and Alley. The Town has three other non-major governmental funds. They are the Parks, Recreation, and Trails Fund; Conservation Trust Fund; and Transit and Mobility Fund.

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 2024, unassigned fund balance for the General Fund was \$9,381,075. This unassigned fund balance is approximately 137% of the total 2024 expenditures of the combined General Fund. The unassigned fund balance increased by \$64,898 during 2024.

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 2024, the General Capital Fund balance available for capital projects was \$7,258,335, a decrease of \$3,620,587. The decrease is related to a transfer of fund balance, to establish the Open Space Fund as its own independent fund.

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 \$4,601,700 at the end of 2024, an increase of \$4,477,549. The increase was largely due to debt proceeds that will be used for additional affordable housing units.

The Open Space Fund accounts for conservation projects, open space protection investments, and recreational access spending. The funds primary source of revenue is real estate transfer taxes. Its total fund balance was \$2,332,571 at the end of 2024, an increase of \$2,332,571.

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 \$860,116 at the end of 2024, a decrease of \$1,270,658. A significant portion of the decrease 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 \$5,610,679 in 2024, a decrease of \$424,320. Year-end total net position amounted to \$21,667,359 in 2024, an increase of \$3,742,586. The increase was primarily related to capital contributions to the ATAD facility improvements and water tap fees related the mineral point project.

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 vacation rentals and worked remotely. This phenomenon has softened with sales and vacation rental tax revenues flattening in 2023 following the unprecedented growth of the prior several years. 2024 is trending 5.5% above 2023 actual sales tax. 2025 sales tax collections are projected to increase 1.25% over 2024 projected revenues. 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 have slowed since. The Town continues to see an influx of remote workers moving to Crested Butte along with increasing numbers of part-time residents in the area. This is driving increasing demands on Town's infrastructure and services. This rapid increase in housing expenses 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, the 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, now provides the 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.

F. BUDGETARY HIGHLIGHTS (continued)

A separate budget is prepared for each fund and/or area of operations and is discussed in more detail with each fund. New for the 2025 budget, staff have incorporated forecasting the budgets forward for an additional 5 years to help Council and the public consider the impact of current decisions on future municipal finances. 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 all Town funds. With rapid inflation in recent years, ongoing maintenance needs and the community desire to continue pushing forward on a variety of projects, the Town Council has directed that they will revisit the policy around operational reserves in 2025. They will look at determining the appropriate level of reserves should be for the community balanced against what could be accomplished with the funds that could be drawn out of reserves.

Capital expenditures vary from year to year as with the timing of certain one-time costs and special projects. 2024 was a relatively small year for capital expenditures with most funds just seeing routine vehicle replacements. Some exceptions were completion of the large, multi-faceted project at the wastewater plant, commencement of construction of 14 rental units in Paradise Park, full-depth recycling projects on 8th Street and eastern Elk Ave with associated stormwater improvements, and some larger facilities maintenance projects.

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, the Town made significant investments in open space projects, affordable housing, street maintenance, water treatment plant and wastewater treatment plant upgrades. The 2025 budget includes \$14,651,657 in capital expenditures with an offsetting \$2,504,782 in anticipated grants. Some of the capital outlay is for routine vehicle and equipment replacement (including a dump truck in public works), building maintenance and related expenses. Funding is included for interior improvements at Town Hall, replacement of some windows and repair of the chimney and other exterior brick sections. Grant funding has been secured to offset some of this expense. Significant projects in the Enterprise fund in 2025 include repairs to the Lake Irwin outlet, continued investigation into an alternate source for drinking water and replacement of aging underground infrastructure from 3rd & Sopris to 6th.

The Town began 2024 with the assumption that we could construct and sell 16 affordable housing units in the Paradise Park neighborhood with a reasonable outlay of Town funds to offset some of the expense. Following completion of design and firm construction estimates it became evident that would not be possible. Town staff and the Council pivoted, investigated options and determined an acceptable path forward would be to issue Certificates of Participation (COPs), construct 14 units, and maintain them as rentals for the foreseeable future. Town subsequently issued the COPs, garnered \$7,645,000 and construction commenced in the spring. Construction is several months ahead of schedule, with construction to be completed in summer 2025. The budget includes \$3.8M to complete the project in 2025. COP lease payments are significant in the coming years and will eventually be partially covered with rental payments for the units. Additionally, funds will be needed from the vacation rental excise tax revenues with the Capital fund used to close any funding gaps.

The ballot measure approved in November 2016 directed that the Town pay the Mt. Emmons Mining Company ("MEMC") \$2,000,000 once a federal withdrawal occurred and MEMC 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, worked with the Town, County, and community partners towards this goal over the past eight years. Withdrawal and abandonment of the claims required Federal approval which was completed in April 2024. The land exchange and relinquishment of unpatented claims was completed in August 2024 at which time the Town paid MEMC \$2,000,000. This has resolved the battle to limit a large mine on Mt Emmons which had been ongoing since 1977.

G. CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town of Crested Butte invested \$12,317,175 in capital assets for its governmental and business type activities in 2024. 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 2024, the total outstanding long-term debt of the Town was \$23,807,644, an increase of \$8,392,831 from 2023. In 2024, the Town issued Certificates of Participation, series 2024, in the amount of \$7,645,000, for construction of affordable housing.

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 product or service during 2025. We look back at recent experiences 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.

Generally, revenues are projected at a growth rate of 1.25% while operational expenses are projected to increase 3% each year. Of course, if more specific information is available for any category, that more refined projection is utilized. Capital projects are based upon estimates for both timing and cost with increasing uncertainty the farther out the projection.

A primary assumption for the 2025 budget deals with post-pandemic inflation and related factors. The annual inflation rate for the United States is 2.6% for the 12 months ending October 2024 according to U.S. Labor Department. The Colorado Department of Local Affairs (DOLA) provides CPI projections on their website from the CO Legislative Council and CO Office of State Planning and Budgeting. These two agencies provided 2024 forecasts of the Denver-Aurora-Lakewood CPI in September of 2.7% and 2.5% respectively.

The most significant economic indicator for the Town is sales tax. Town sales tax revenue of \$6,796,754 is budgeted in 2025, 1.25% above the 2024 projected revenue. Visitors contribute significantly to Crested Butte's economy which causes severe seasonal fluctuations in revenues. Crested Butte's largest month for sales tax collections (July) was 79% greater than the lowest month (April) in 2024. Crested Butte receives ½ of the County sales tax generated within the municipality. Town's portion of the Gunnison County sales tax is projected to be \$675,000 in 2025.

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 1.25% growth in 2025 over 2024 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.
- RETT – the real estate transfer tax is projected to be lower than recent years as we cautiously monitor 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 2025 is \$175,000, a decrease in peak revenues of approximately \$200,000 in the past. The closure of the retailer specializing in tobacco products and paraphernalia seems to have resulted in decreased revenues. 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 community grant cycles.
- 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 \$754,000 in 2025 and used strictly to support affordable housing efforts. These revenues have declined over the past year as filers outside of town have done a better job with remitting to the Town of Mt. Crested Butte or the County and not to the Town of Crested Butte.
- Water and Sewer fees – base rates for monthly water and sewer services will increase by 2% per EQR. Significant increases to base rates were imposed in 2022 and 2023 along with measures intended to encourage water conservation. For 2025 the base rates will increase modestly to keep pace with increasing operational expenses.
- Interest Income – Town is seeing an increase in interest income due to the increases in interest rates. We are projecting interest revenues to hold steady in 2025.
- Contribution from reserves - 2025 will see contributions from reserves in multiple funds:
 - Transit and Mobility will operate at a negative \$33,574.
 - Parks, Recreation & Trails will receive \$149,494 from the General Fund to offset operating deficits in the recreation programs. This fund will always require some measure of contributions from the General Fund to break even as recreation program revenues generated by the fund itself are not sufficient to cover operating costs.

H. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

- Parks, Recreation & Trails will receive \$281,047 from the Capital fund. This fund may always require some measure of contributions from the Capital fund to break even as dedicated sales and use tax revenues are not sufficient to cover operating and capital costs.
- Affordable Housing will operate at a negative \$1,422,567 primarily due to funding completion of 14 units in Paradise Park and associated debt service payments. As currently projected, the required transfers from the Capital Fund should be reduced to \$220,319 in 2026 and not necessary going forward.
- Streets & Alleys will operate at a negative \$555,745 in 2025. This is budgeted as a reduction in operating reserve fund balance. Discussions in 2025 will guide whether this fund will be supported from the General Fund spendable fund balance or revenue increases in the future.
- Capital Fund will operate at a negative \$1,383,660 as a result of vehicle purchases, EV fleet charging station, planning for the Marshal's facility, Town Hall improvements, and construction of affordable housing.
 - General Fund will operate at a net surplus of \$400,787 in 2005.

Total Expenditures

- Personnel – the 2025 budget contemplates a reduction of one FTE in the Community Development Department.
- Wages – the 2025 budget accommodates a 3% COLA increase and 1% merit pool. A Compensation Survey was completed in 2024 resulting in a new pay plan and several one-time wage adjustments to bring employees into the new pay plan. Significant increases were made to officer pay in the Marshals as they were transitioned to a step plan.
- Employee health insurance – 13.5% increase in medical premiums versus 2024.
- Property and Casualty – Rates for property and casualty insurance increased by 8.4% for 2025.
- Debt Service – Debt service began in 2024 in the Affordable Housing fund because of the Certificates of Participation issued to fund 14 rental units in Paradise Park. The Enterprise fund also has several outstanding loans.

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

Town of Crested Butte, Colorado
Statement of Net Position
December 31, 2024

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments - Unrestricted	26,739,964	5,297,552	32,037,516
Receivables, net:			
Taxes	2,693,480	-	2,693,480
Other governments	18,098	1,224,757	1,242,855
Other	10,620	317,810	328,430
Leases receivable	132,570	-	132,570
Notes receivable	875,000	-	875,000
Inventories	-	44,613	44,613
Investment in joint venture	2,931,434	-	2,931,434
Capital assets, not being depreciated	25,239,948	22,955,964	48,195,912
Capital assets, net of accumulated depreciation	16,661,907	8,219,516	24,881,423
Total Assets	75,303,021	38,060,212	113,363,233
Liabilities:			
Accounts payable	791,649	260,195	1,051,844
Accrued payroll and related liabilities	3,334	3,505	6,839
Deposits payable	868,755	-	868,755
Interest payable	60,167	59,029	119,196
Compensated absences			
Due in more than one year	258,815	77,158	335,973
Noncurrent liability:			
Due within one year	292,300	627,410	919,710
Due in more than one year	7,579,678	15,365,556	22,945,234
Total Liabilities	9,854,698	16,392,853	26,247,551
Deferred Inflows of Resources:			
Property taxes	1,784,226	-	1,784,226
Lease-related	543,420	-	543,420
Total Deferred Inflows of Resources	2,327,646	-	2,327,646
Net Position:			
Net investment in capital assets	34,029,877	15,182,514	49,212,391
Restricted:			
TABOR emergency reserve	726,000	250,000	976,000
Debt service	-	624,166	624,166
Conservation Trust Fund	37,844	-	37,844
Unrestricted	28,326,956	5,610,679	33,937,635
Total Net Position	63,120,677	21,667,359	84,788,036

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, 2024

	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	Total
Functions/Programs:							
Governmental activities:							
General government	3,746,277	315,428	50,265	-	(3,380,584)		(3,380,584)
Public safety	1,534,460	20,986	1,478	-	(1,511,996)		(1,511,996)
Public works	3,580,683	28,932	-	-	(3,551,751)		(3,551,751)
Community development	1,258,429	608,606	124,053	-	(525,770)		(525,770)
Culture and recreation	2,434,915	364,484	36,333	10,010	(2,024,088)		(2,024,088)
Affordable housing	932,294	163,051	-	148,850	(620,393)		(620,393)
Transportation	1,874,366	66,584	-	-	(1,807,782)		(1,807,782)
Interest on long-term debt	211,430	-	-	-	(211,430)		(211,430)
Total - Governmental activities	<u>15,572,854</u>	<u>1,568,071</u>	<u>212,129</u>	<u>158,860</u>	<u>(13,633,794)</u>		<u>(13,633,794)</u>
Business-type activities:							
Sewer, water and sanitation	3,272,703	3,271,178	1,537,500	1,695,292		3,231,267	3,231,267
Total - Business-type activities	<u>3,272,703</u>	<u>3,271,178</u>	<u>1,537,500</u>	<u>1,695,292</u>		<u>3,231,267</u>	<u>3,231,267</u>
Total	<u>18,845,557</u>	<u>4,839,249</u>	<u>1,749,629</u>	<u>1,854,152</u>	<u>(13,633,794)</u>	<u>3,231,267</u>	<u>(10,402,527)</u>
General revenues:							
Taxes:							
Sales and use taxes					8,443,449	-	8,443,449
Real estate transfer tax					2,534,386	-	2,534,386
Property taxes					1,881,933	-	1,881,933
Specific ownership taxes					89,152	-	89,152
Franchise taxes					41,441	-	41,441
Miscellaneous taxes					1,061,787	-	1,061,787
Investment earnings					532,379	511,959	1,044,338
Gain (loss) on asset disposition					83,014	(640)	82,374
Miscellaneous					100,059	-	100,059
Total - General revenues and transfers					<u>14,767,600</u>	<u>511,319</u>	<u>15,278,919</u>
Change in Net Position					1,133,806	3,742,586	4,876,392
Net Position - January 1 (restated)					61,986,871	17,924,773	79,911,644
Net Position - December 31					<u>63,120,677</u>	<u>21,667,359</u>	<u>84,788,036</u>

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

FUND FINANCIAL STATEMENTS



TOWN OF
CRESTED BUTTE
COLORADO

Town of Crested Butte, Colorado
Balance Sheet
Governmental Funds
December 31, 2024

	General Fund	Affordable Housing Fund	Open Space Fund	General Capital Fund	Street and Alley Fund	Non-major Funds	Total Governmental Funds
Assets:							
Cash and investments - Unrestricted	10,195,470	4,178,269	2,338,250	7,321,162	1,109,280	1,597,533	26,739,964
Receivables:							
Taxes	1,254,588	-	-	-	1,438,892	-	2,693,480
Intergovernmental	2,839	4,705	-	-	5,500	5,054	18,098
Accrued interest receivable	-	10,620	-	-	-	-	10,620
Leases receivable	-	132,570	-	-	-	-	132,570
Notes receivable	-	875,000	-	-	-	-	875,000
Total Assets	<u>11,452,897</u>	<u>5,201,164</u>	<u>2,338,250</u>	<u>7,321,162</u>	<u>2,553,672</u>	<u>1,602,587</u>	<u>30,469,732</u>
Liabilities:							
Accounts payable	175,534	44,306	5,679	53,122	244,245	268,763	791,649
Accrued payroll and related liabilities	-	160	-	2,755	419	-	3,334
Deposits payable	824,954	11,578	-	6,950	10,000	15,273	868,755
Total Liabilities	<u>1,000,488</u>	<u>56,044</u>	<u>5,679</u>	<u>62,827</u>	<u>254,664</u>	<u>284,036</u>	<u>1,663,738</u>
Deferred Inflows of Resources:							
Property taxes	345,334	-	-	-	1,438,892	-	1,784,226
Lease-related	-	543,420	-	-	-	-	543,420
Total Deferred Inflows of Resources	<u>345,334</u>	<u>543,420</u>	<u>-</u>	<u>-</u>	<u>1,438,892</u>	<u>-</u>	<u>2,327,646</u>
Fund Balances:							
Restricted	726,000	-	-	-	-	37,844	763,844
Committed	-	4,601,700	2,332,571	7,258,335	860,116	1,280,707	16,333,429
Unassigned	9,381,075	-	-	-	-	-	9,381,075
Total Fund Balances	<u>10,107,075</u>	<u>4,601,700</u>	<u>2,332,571</u>	<u>7,258,335</u>	<u>860,116</u>	<u>1,318,551</u>	<u>26,478,348</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>11,452,897</u>	<u>5,201,164</u>	<u>2,338,250</u>	<u>7,321,162</u>	<u>2,553,672</u>	<u>1,602,587</u>	<u>30,469,732</u>

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, 2024

Total Governmental Fund Balances		26,478,348
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.		2,931,434
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of capital assets	56,621,169	
Less: Accumulated depreciation	<u>(14,719,314)</u>	
		41,901,855
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.		
Subscription payable	(57,300)	
Accrued compensated absences	(258,815)	
Certificates of participation payable	(7,814,678)	
Accrued interest	<u>(60,167)</u>	
		<u>(8,190,960)</u>
Net Position of Governmental Activities		<u><u>63,120,677</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, 2024

	General Fund	Affordable Housing Fund	Open Space Fund	General Capital Fund	Street and Alley Fund	Non-major Funds	Total Governmental Funds
Revenues:							
Taxes	6,162,669	804,213	-	756,665	1,497,531	2,346,949	11,568,027
Real estate transfer tax	-	-	1,267,193	1,267,193	-	-	2,534,386
Licenses, permits, and fees	696,748	-	-	-	28,932	-	725,680
Intergovernmental revenue	132,540	148,850	21,220	10,000	-	15,547	328,157
Charges for services	189,883	163,051	-	-	-	199,323	552,257
Housing payments in lieu	-	82,937	-	-	-	-	82,937
Investment income	355,107	175,665	-	-	-	1,607	532,379
Miscellaneous	51,380	-	-	231,323	17,123	-	299,826
Total Revenues	<u>7,588,327</u>	<u>1,374,716</u>	<u>1,288,413</u>	<u>2,265,181</u>	<u>1,543,586</u>	<u>2,563,426</u>	<u>16,623,649</u>
Expenditures:							
General government	3,167,266	-	-	-	-	-	3,167,266
Public safety	1,570,721	-	-	-	-	-	1,570,721
Public works	783,507	-	-	-	-	-	783,507
Streets	-	-	-	-	711,794	-	711,794
Community development	1,265,861	-	-	-	-	-	1,265,861
Culture and recreation	-	-	139,607	-	-	1,297,151	1,436,758
Affordable housing	-	623,758	-	-	-	-	623,758
Transportation	-	-	-	-	-	1,698,380	1,698,380
Capital outlay	-	4,307,597	2,076,523	1,152,577	2,169,450	49,340	9,755,487
Debt service:							
Principal	57,116	425,000	-	-	-	-	482,116
Interest	366	172,509	-	-	-	-	172,875
Total Expenditures	<u>6,844,837</u>	<u>5,528,864</u>	<u>2,216,130</u>	<u>1,152,577</u>	<u>2,881,244</u>	<u>3,044,871</u>	<u>21,668,523</u>
Excess (Deficiency) of Revenues Over Expenditures	743,490	(4,154,148)	(927,717)	1,112,604	(1,337,658)	(481,445)	(5,044,874)
Other Financing Sources (Uses):							
Transfers in	-	370,404	3,260,288	-	-	1,778,882	5,409,574
Transfers (out)	(654,976)	-	-	(4,754,598)	-	-	(5,409,574)
Debt proceeds	-	8,261,293	-	-	-	-	8,261,293
Sale of assets	-	-	-	21,407	67,000	-	88,407
Total Other Financing Sources (Uses)	<u>(654,976)</u>	<u>8,631,697</u>	<u>3,260,288</u>	<u>(4,733,191)</u>	<u>67,000</u>	<u>1,778,882</u>	<u>8,349,700</u>
Net Change in Fund Balances	88,514	4,477,549	2,332,571	(3,620,587)	(1,270,658)	1,297,437	3,304,826
Fund Balances - January 1 (restated)	10,018,561	124,151	-	10,878,922	2,130,774	21,114	23,173,522
Fund Balances - December 31	<u>10,107,075</u>	<u>4,601,700</u>	<u>2,332,571</u>	<u>7,258,335</u>	<u>860,116</u>	<u>1,318,551</u>	<u>26,478,348</u>

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, 2024

Net Change in Fund Balances of Governmental Funds		3,304,826
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.		(175,986)
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	(1,426,464)	
Capital outlay	<u>7,202,607</u>	
		5,776,143
The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is a net decrease to net position:		(5,393)
The issuance of long-term debt (i.e., certificates of participation and capital leases) provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount of principal repayments less debt proceeds reported in the governmental funds.		
Debt proceeds	(8,261,293)	
Principal repayments - Subscription liability	425,000	
Principal repayments - Certificates of participation	<u>57,116</u>	
		(7,779,177)
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 interest	(38,552)	
Change in accrued compensated absences	<u>51,945</u>	
		<u>13,393</u>
Change in Net Position of Governmental Activities		<u><u>1,133,806</u></u>

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

Town of Crested Butte, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2024

	Business-type Activities
	Sewer, Water, and Sanitation Enterprise Fund
Assets:	
Current assets:	
Cash and investments - Unrestricted	5,297,552
Accounts receivable	317,810
Due from other governments	1,224,757
Inventories	44,613
Total - Current assets	6,884,732
Noncurrent assets:	
Capital assets, not being depreciated	22,955,964
Capital assets, net of accumulated depreciation	8,219,516
Total - Noncurrent assets	31,175,480
Total Assets	38,060,212
Liabilities:	
Current liabilities:	
Accounts payable	260,195
Accrued payroll and related liabilities	3,505
Interest payable	59,029
Current portion of long-term debt	627,410
Total - Current liabilities	950,139
Noncurrent liabilities:	
Compensated absences	77,158
Debt, net of current portion	15,365,556
Total - Noncurrent liabilities	15,442,714
Total Liabilities	16,392,853
Net Position:	
Net investment in capital assets	15,182,514
Restricted for emergencies	250,000
Restricted for debt service	624,166
Unrestricted	5,610,679
Total Net Position	21,667,359

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, 2024

	Business-type Activities
	Sewer, Water, and Sanitation Enterprise Fund
Operating Revenues:	
Charges for services	3,271,178
Total Operating Revenues	3,271,178
Operating Expenses:	
Operations and maintenance	1,788,382
Administrative fee	398,223
Depreciation	680,321
Total Expenses	2,866,926
Operating Income (Loss)	404,252
Non-operating Revenues (Expenses):	
State and federal grants	1,537,500
Investment income	511,959
Gain (loss) on asset disposal	(640)
Interest expense	(405,777)
Total Non-operating Revenues (Expenses)	1,643,042
Income before Capital Contributions	2,047,294
Capital Contributions:	
Tap fees:	
Water	732,676
Sewer	962,616
Total Capital Contributions	1,695,292
Change in Net Position	3,742,586
Net Position - January 1 (restated)	17,924,773
Net Position - December 31	21,667,359

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, 2024

	Business-type Activities Sewer, Water, and Sanitation Enterprise Fund
Cash Flows From Operating Activities:	
Cash received from customers	3,224,287
Cash paid to suppliers for goods and services	(2,923,673)
Cash paid to employees	(823,507)
Net Cash Provided (Used) by Operating Activities	<u>(522,893)</u>
Cash Flows From Capital and Related Financing Activities:	
Tap fees received	1,695,292
Intergovernmental revenue	4,604,506
Interest paid	(363,884)
Debt proceeds received	2,692,564
Principal repayments on debt	(614,410)
Acquisition of capital assets	(5,114,568)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>2,899,500</u>
Cash Flows From Investing Activities:	
Interest received	511,959
Net Cash Provided (Used) by Investing Activities	<u>511,959</u>
Net Change in Cash and Cash Equivalents	2,888,566
Cash and Investments - Beginning	<u>2,408,986</u>
Cash and Investments - Ending	<u><u>5,297,552</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	<u>404,252</u>
Adjustments:	
Depreciation expense	680,319
(Increase) decrease in accounts receivable	(46,891)
(Increase) decrease in inventory	(26,532)
Increase (decrease) in accounts payable	(1,539,441)
Increase (decrease) in accrued benefits	5,400
Total Adjustments	<u>(927,145)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(522,893)</u></u>
Non-cash Investing, Non-Capital Financing, and Financial Activities:	
Loan forgiveness	<u>(1,500,000)</u>
Total Non-cash Activities	<u><u>(1,500,000)</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS



TOWN OF
CRESTED BUTTE
COLORADO

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024

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, 2024
(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 *Open Space Fund* is used to steward, conserve, and protect open spaces for wildlife, wetland and watershed protection, agriculture, scenic views, and recreational access. It is financed by real estate transfer tax revenues.

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 primary revenue source is property taxes.

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, 2024
(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, 2024
(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 Mountain 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, 2024
(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.

Debt issuance premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. The unamortized portion of the bond premiums and discounts is netted against bonds payable for presentation on the government-wide and proprietary fund Statement of Net Position.

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

The Town allows employees to accumulate earned but unused vacation and sick benefits, up to a maximum of 240 or 280 hours, depending on the employee's length of service. Vacation leave is paid out upon termination up to the maximum accrual.

The Town also allows employees to accumulate 8 hours of sick leave per month regardless of an employee's length of service, up to a maximum of 960 hours. Sick leave is not paid out at termination.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

7. Compensated Absences (continued)

Vested or accumulated vacation and sick 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 and sick 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 and sick leave of the proprietary fund type is recorded as an expense and liability of that fund as the benefits accrue to employees.

In accordance with GASB Statement No. 101, *Compensated Absences*, the Town has recorded an estimated liability for non-vesting accumulating rights to receive paid sick leave benefits.

8. Subscription Based Information Technology Arrangements

The Town is party to a non-cancellable right-of-use subscription agreement ("SBITA") for information technology software, as further described in Note IV.E.3. In such arrangements, the Town recognizes a right-to-use subscription asset (and corresponding subscription liability). Right-to-use subscription assets and subscription liabilities are reported on the Statement of Net Position.

At the commencement of a qualifying subscription, the Town initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset.

Key estimates and judgments related to subscriptions include how the Town determines the following:

Discount Rate: The Town uses the interest rate charged by the subscription service provider as the discount rate to discount the expected subscription payments to present value. When the interest rate charged by the subscription service provider is not provided, the Town uses its incremental rate of borrowing.

Term: The subscription term includes the non-cancellable period of the subscription and extended term(s) that the Town is reasonably certain to exercise.

Payments: Subscription payments included in the measurement of the subscription liability are composed of fixed payments. The subscription payments are subject to annual CPI adjustments, and such variable payments are recognized as an expense when the estimated CPI adjustment differs from fixed payments initially used to measure the liability.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

8. Subscription Based Information Technology Arrangements (continued)

The Town monitors changes in circumstances that would require a re-measurement of its subscriptions and will re-measure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

9. 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 two items that qualify for reporting in the category. Property taxes and lease revenues, reported on 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.

10. 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.

11. 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.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

12. 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.

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.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(Continued)

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 2024.

- (1) For the 2024 budget year, prior to August 25, 2023, 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 2023 fiscal year, the Town Manager submitted to the Town Council a budget and accompanying message.
- (3) Prior to December 15, 2023, the Town computed and certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget.
- (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 2023 were collected in 2024, and taxes certified in 2024 will be collected in 2025. 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.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

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 \$726,000 and \$250,000 of the December 31, 2024 year-end fund balance in the General Fund and the Sewer, Water, and Sanitation Enterprise Fund, respectively, 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.

C. Expenditures in Excess of Budget

For the year ended December 31, 2024, the General Capital Fund and the Transit and Mobility Fund had expenditures in excess of budgeted appropriations of \$1,731,231 and \$14,832, respectively. This may be a violation of Colorado Budget Law.

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, 2024, the Town's aggregate bank balances totaled \$12,545,731.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(Continued)

IV. Detailed Notes on all Funds

A. Deposits and Investments (continued)

1. Deposits (continued)

At the end of 2024, 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	\$ 850	\$ 850	\$ -
Checking	Not Rated	2,511,823	2,511,823	-
Savings	Not Rated	9,716,452	9,716,452	-
Certificates of deposit*	Not Rated	252,235	252,235	-
Investments:				
Investment pools	AAAm (AAAf)	19,556,156	19,556,156	-
Total		<u>\$ 32,037,516</u>	<u>\$ 32,037,516</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	<u>\$ 32,037,516</u>
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2. Investments

The Town measures and records its investments using fair value measurement guidelines established by GAAP. At December 31, 2024, the Town had the following recurring fair value measurements:

Investments Measured at Net Asset Value

COLOTRUST	<u>\$ 19,556,156</u>
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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.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(Continued)

IV. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

2. Investments (continued)

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

Leases Receivable

On December 15, 2023, the Town entered into a 75-year ground lease with a value of \$540,000 with TWG Crested Butte, LLLP, in connection with the Mineral Point affordable housing development. An initial installment of \$407,030 was paid for the lease, with the remaining \$132,750 in rent receivable accruing interest at 5.03% per annum through the lease term. Beginning in the year of the TWG Crested Butte LLP's Third Capital Contribution (as defined in the Partnership Agreement) and ending on the fifteenth anniversary of the year of the Third Capital Contribution (the "Interest Only Period"), annual rent is to equal the accrued but unpaid interest on the aggregate rent. Following the Interest Only Period, annual rent will be equal to accrued but unpaid interest and the principal balance of any unpaid aggregate rent, with payments applied first to accrued but unpaid interest and then to the principal balance of any unpaid aggregate rent; and a final payment of the principal balance and accrued but unpaid interest will be due on the termination date. All annual rent payments will be limited to available Net Cash Flow and in the priority set forth in the Partnership Agreement.

Notes Receivable

On December 15, 2023, the Town advanced \$500,000 to TWG Crested Butte, LLLP, pursuant to a promissory note, and in connection with the Mineral Point affordable housing development. The note accrues interest at 2% per annum through maturity in December 2063. Principal and interest are to be paid from available Net Cash Flow as set forth in the Partnership Agreement.

On December 16, 2024, the Town advanced \$375,000 to TWG Crested Butte, LLLP, pursuant to a promissory note, and in connection with the Mineral Point affordable housing development. The note accrues interest at 1% per annum through maturity in November 2041. Principal and interest are to be paid from available Net Cash Flow as set forth in the Partnership Agreement.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(Continued)

IV. Detailed Notes on all Funds (continued)

B. Receivables (continued)

Receivables as of December 31, 2024 for the Town's funds, including applicable allowances for uncollectible accounts, were as follows:

	General Fund	Affordable Housing	Open Space Fund	General Capital Fund
Property tax	\$ 345,334	\$ -	\$ -	\$ -
Sales tax	909,254	-	-	-
Total - Taxes	1,254,588	-	-	-
Intergovernmental	2,839	4,705	-	-
Other	-	10,620	-	-
Leases receivable	-	132,570	-	-
Notes receivable	-	875,000	-	-
Gross Receivables	1,257,427	1,022,895	-	-
Less: Allowance for uncollectibles	-	-	-	-
Net Receivables	\$ 1,257,427	\$ 1,022,895	\$ -	\$ -

	Street and Alley Fund	Non-major Funds	Sewer, Water and Sanitation Enterprise Fund	Total
Property tax	\$ 1,438,892	\$ -	\$ -	\$ 1,784,226
Sales tax	-	-	-	909,254
Total - Taxes	1,438,892	-	-	2,693,480
Intergovernmental	5,500	5,054	1,224,757	1,242,855
Other	-	-	317,810	328,430
Leases receivable	-	-	-	132,570
Notes receivable	-	-	-	875,000
Gross Receivables	1,444,392	5,054	1,542,567	5,272,335
Less: Allowance for uncollectibles	-	-	-	-
Net Receivables	\$ 1,444,392	\$ 5,054	\$ 1,542,567	\$ 5,272,335

C. Investment in Joint Venture

Mountain Express is a joint venture of the Town and the Town of Mount 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.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(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, 2024 is summarized as follows:

Assets:	
Cash and investments	\$ 2,789,649
Other assets	3,410,280
Total assets	<u>6,199,929</u>
 Total liabilities	 <u>337,062</u>
 Net position	 <u>\$ 5,862,867</u>
 Total contributions and other revenues	 \$ 3,664,607
Total expenses and distributions	(3,993,466)
Change in net position	<u>\$ (328,859)</u>

The separately-issued financial statements of Mountain Express as of and for the year ended December 31, 2024 are available from the Town.

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Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(Continued)

IV. Detailed Notes on all Funds (continued)

D. Capital Assets

Governmental capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities:</i>				
Capital Assets Not Being Depreciated:				
Land	\$ 14,734,713	\$ 2,025,000	\$ -	\$ 16,759,713
Construction in progress	5,149,943	4,169,050	(838,758)	8,480,235
Total Capital Assets Not Being Depreciated	19,884,656	6,194,050	(838,758)	25,239,948
Capital Assets Being Depreciated:				
Buildings and improvements	9,299,360	-	-	9,299,360
Other improvements	7,028,409	1,187,454	-	8,215,863
Infrastructure and improvements	6,060,464	20,281	-	6,080,745
Equipment and vehicles	7,343,724	639,580	(369,401)	7,613,903
Right-to-use asset	171,350	-	-	171,350
Total Capital Assets Being Depreciated	29,903,307	1,847,315	(369,401)	31,381,221
Less Accumulated Depreciation and Amortization For:				
Buildings and improvements	(2,604,238)	(272,627)	-	(2,876,865)
Other improvements	(2,693,699)	(319,127)	-	(3,012,826)
Infrastructure and improvements	(3,784,609)	(205,606)	-	(3,990,215)
Equipment and vehicles	(4,517,195)	(571,987)	364,008	(4,725,174)
Right-to-use asset	(57,117)	(57,117)	-	(114,234)
Total Accumulated Depreciation	(13,656,858)	(1,426,464)	364,008	(14,719,314)
Total Capital Assets Being Depreciated, Net	16,246,449	420,851	(5,393)	16,661,907
Governmental Activities Capital Assets, Net	\$ 36,131,105	\$ 6,614,901	\$ (844,151)	\$ 41,901,855

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(Continued)

IV. Detailed Notes on all Funds (continued)

D. Capital Assets (continued)

Business-type capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-type Activities:</i>				
Capital Assets Not Being Depreciated:				
Land	\$ 27,610	\$ -	\$ -	\$ 27,610
Construction in progress	17,813,786	5,114,568	-	22,928,354
Total Capital Assets Not Being Depreciated	17,841,396	5,114,568	-	22,955,964
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	1,565,231	-	(51,213)	1,514,018
Total Capital Assets Being Depreciated	19,213,589	-	(51,213)	19,162,376
Less Accumulated Depreciation For:				
Buildings and improvements	(93,881)	(4,776)	-	(98,657)
Other improvements	(45,777)	(1,145)	-	(46,922)
Water plant and distribution system	(3,937,664)	(325,256)	-	(4,262,920)
Sewer plant and collection system	(4,917,187)	(262,264)	-	(5,179,451)
Equipment and vehicles	(1,318,605)	(86,878)	50,573	(1,354,910)
Total Accumulated Depreciation	(10,313,114)	(680,319)	50,573	(10,942,860)
Total Capital Assets Being Depreciated, Net	8,900,475	(680,319)	(640)	8,219,516
Business-type Activities Capital Assets, Net	\$ 26,741,871	\$ 4,434,249	\$ (640)	\$ 31,175,480

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(Continued)

IV. Detailed Notes on all Funds (continued)

D. Capital Assets (continued)

Depreciation expense for 2024 was charged to Town functions as follows:

Governmental Activities:

General government	\$ 575,626
Public safety	32,493
Public works	369,168
Culture and recreation	255,654
Affordable housing	193,523
Total Depreciation Expense - Governmental Activities	\$ 1,426,464

Business-type Activities:

Water	\$ 359,128
Sewer	321,191
Total Depreciation Expense - Business-type Activities	\$ 680,319

E. Long-term Liabilities

Governmental Activities:

1. Certificates of Participation, Series 2024

On June 18, 2024, the Town issued Certificates of Participation, Series 2024, in the principal amount of \$7,645,000 for the purpose of financing the construction of work force housing. Blended payments are due semi-annually on June 1 and December 1, beginning in December 2024, through maturity in 2043 at a coupon rate of 5.0% per annum.

2. Annual Debt Service Requirements

The annual debt service requirements to maturity as December 31, 2024 for the governmental activities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 235,000	\$ 361,000	\$ 596,000
2026	250,000	349,250	599,250
2027	260,000	336,750	596,750
2028	275,000	323,750	598,750
2029	290,000	310,000	600,000
2030 - 2034	1,665,000	1,319,250	2,984,250
2035 - 2039	2,130,000	858,750	2,988,750
2040 - 2043	2,115,000	271,000	2,386,000
Total	\$ 7,220,000	\$ 4,129,750	\$ 11,349,750

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Long-term Liabilities (continued)

Governmental Activities (continued):

3. Subscriptions Payable

The Town has entered into a SBITA for technology software. The remaining non-cancelable term of this subscription as of January 1, 2023, including options to extend which the Town believes will be exercised, is three years. The subscription agreement has various fixed annual payments, and is subject to annual CPI adjustments. Any such variable payments are recognized as revenue when the estimated CPI adjustment differs from fixed payments, or when the subscription escalation is implemented.

The subscription liability is measured using the Town's estimated incremental borrowing rate of 3.84% per annum.

During 2024, the Town recorded principal reduction of \$57,116 against the subscription payable, and incurred \$366 in interest expense and \$0 in variable payment expense for the subscription.

Business Type Activities:

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

4. 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, 2024, the Town had drawn a total of \$12,500,000 on the loans and had no authorized but unissued debt. As provided in the loan agreements, \$1,500,000 of the aggregate principal amount of the loans was forgiven by CWRPDA upon completion of the project in 2024.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Long-term Liabilities (continued)

Business Type Activities (continued):

5. 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.

6. 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.

7. Annual Debt Service Requirements

Aggregate annual debt service requirements to maturity as of December 31, 2024 for business activities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 627,410	\$ 350,884	\$ 978,294
2026	640,719	337,574	978,293
2027	654,347	323,947	978,294
2028	668,300	309,993	978,293
2029	682,588	295,706	978,294
2030 - 2034	3,200,283	1,266,146	4,466,429
2035 - 2039	3,006,293	920,078	3,926,371
2040 - 2044	2,324,171	623,335	2,947,506
2045 - 2049	2,527,799	353,979	2,881,778
2050 - 2052	1,661,056	68,011	1,729,067
Total	<u><u>\$ 15,992,966</u></u>	<u><u>\$ 4,849,653</u></u>	<u><u>\$ 20,842,619</u></u>

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(Continued)

IV. Detailed Notes on all Funds (continued)

E. Long-term Liabilities (continued)

8. Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2024 was as follows:

	Beginning Balance (restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
2024 Certificates of Participation	\$ -	\$ 7,645,000	\$ (425,000)	\$ 7,220,000	\$ 235,000
Issuance premium	-	616,293	(21,615)	594,678	-
	-	8,261,293	(446,615)	7,814,678	235,000
Compensated absences*	310,761	-	(51,946)	258,815	-
Subscription liability	114,416	-	(57,116)	57,300	57,300
Total Governmental Activities Long-term Liabilities	\$ 425,177	\$ 8,261,293	\$ (555,677)	\$ 8,130,793	\$ 292,300
Business-type Activities:					
<i>Water Pollution Control Revolving Fund:</i>					
2010 Loan	\$ 590,154	\$ -	\$ (79,360)	\$ 510,794	\$ 80,954
2020 Loan	1,768,389	-	(93,801)	1,674,588	89,999
2023 Loan	11,038,367	2,692,564	(1,807,206)	11,923,725	313,587
<i>Drinking Water Revolving Fund:</i>					
2012 Loan	192,883	-	(21,036)	171,847	21,458
2017 Loan	1,825,020	-	(113,008)	1,712,012	121,412
Loans, net	15,414,813	2,692,564	(2,114,411)	15,992,966	627,410
Compensated absences*	71,320	5,838	-	77,158	-
Total Business-type Activities Long-term Liabilities	\$ 15,486,133	\$ 2,698,402	\$ (2,114,411)	\$ 16,070,124	\$ 627,410

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

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(Continued)

IV. Detailed Notes on all Funds (continued)

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 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 adopted financial policies.

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 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.

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Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(Continued)

IV. Detailed Notes on all Funds (continued)

F. Fund Balance Disclosures (continued)

As of December 31, 2024, fund balances are composed of the following:

<u>Classification</u>	<u>General Fund</u>	<u>Affordable Housing Fund</u>	<u>Open Space Fund</u>	<u>General Capital Fund</u>
Restricted:				
TABOR emergency reserve	\$ 726,000	\$ -	\$ -	\$ -
Conservation Trust	-	-	-	-
Committed:				
Affordable housing	-	4,601,700	-	-
Capital projects	-	-	2,332,571	7,258,335
Streets and parking	-	-	-	-
Unassigned	9,381,075	-	-	-
Total	<u>\$ 10,107,075</u>	<u>\$ 4,601,700</u>	<u>\$ 2,332,571</u>	<u>\$ 7,258,335</u>

<u>Classification</u>	<u>Street and Alley Fund</u>	<u>Non-major Funds</u>	<u>Total Governmental Funds</u>
Restricted:			
TABOR emergency reserve	\$ -	\$ -	\$ 726,000
Conservation Trust	-	37,844	37,844
Committed:			-
Affordable housing	-	-	4,601,700
Capital projects	-	1,280,707	10,871,613
Streets and parking	860,116	-	860,116
Unassigned	-	-	9,381,075
Total	<u>\$ 860,116</u>	<u>\$ 1,318,551</u>	<u>\$ 26,478,348</u>

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Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(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. The summary information below is derived from pages C7 and C8 and excludes the Sanitation department, as this department does not have any related debt. Summary 2024 financial information for the Water and Sewer departments is presented below:

Condensed Statement of Net Position

	<u>Sewer</u>	<u>Water</u>
Assets:		
Current assets	\$ -	\$ 6,552,695
Capital assets, net	<u>27,950,363</u>	<u>3,225,117</u>
Total Assets	<u>27,950,363</u>	<u>9,777,812</u>
Liabilities:		
Current liabilities*	1,416,456	183,748
Non-current liabilities	<u>13,663,147</u>	<u>1,779,567</u>
Total Liabilities	<u>15,079,603</u>	<u>1,963,315</u>
Net Position:		
Net investment in capital assets	13,809,842	1,372,672
Restricted for TABOR emergency reserve	250,000	-
Restricted for debt service	409,698	214,468
Unrestricted	<u>(1,598,780)</u>	<u>6,227,356</u>
Total Net Position	<u>\$ 12,870,760</u>	<u>\$ 7,814,497</u>

*Current liabilities includes intrafund liability of \$683,887

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(Continued)

V. Other Information (continued)

A. Segment information (continued)

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

	<u>Sewer</u>	<u>Water</u>
Operating Revenues:		
Charges for services	\$ 1,542,629	\$ 1,315,835
Operating Expenses:		
Depreciation expense	321,191	359,130
Other operating expenses	1,137,132	595,266
Total Operating Expenses	<u>1,458,323</u>	<u>954,396</u>
Operating Income (Loss)	84,306	361,439
Non-operating Revenues (Expenses):		
State and federal grants	1,537,500	-
Investment income	241,430	205,936
Gain (loss) on asset disposal	(320)	(320)
Interest expense	(352,984)	(52,793)
Total Non-operating Revenues (Expenses)	<u>1,425,626</u>	<u>152,823</u>
Income before Capital Contributions	1,509,932	514,262
Capital Contributions:		
Tap fees	962,616	732,676
Change in Net Position	2,472,548	1,246,938
Net Position - January 1 (restated)	<u>10,398,212</u>	<u>6,567,559</u>
Net Position - December 31	<u>\$ 12,870,760</u>	<u>\$ 7,814,497</u>

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, 2024
(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:

<u>Years of Service</u>	<u>Required Contribution Percentage</u>
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 10th 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 2024, the Town matched employees' contributions of \$326,968 with required employer contributions of \$326,968. The Town's total payroll for 2024 was \$5,159,479 and covered payroll was \$4,020,320.

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 \$23,000 in 2024 with a catchup provision for an additional \$7,500 for participants over 50.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(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, 2024. The deductible amount paid by the Town for each incident in 2024 was \$1,000; there is no change in coverage from past years. All settlements for the year ended December 31, 2024 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, 2024 is as follows:

<u>Property and Casualty Pool</u>	<u>Equity Ratio</u>	Share of Surplus (Deficit) Dec. 31/24
Operating Fund	0.37%	\$ 7,682
Loss Fund	0.38%	18,026
Reserve Fund	0.98%	69,750

CIRSA's combined financial information as of and for the year ended December 31, 2024 (the latest year for which audited data is available) is summarized as follows:

Assets:	
Cash and investments	\$ 98,194,704
Other assets	6,672,190
Total assets	<u>104,866,894</u>
Total liabilities	<u>67,056,273</u>
Net position	<u>\$ 37,810,621</u>
Total contributions and other revenues	\$ 55,696,415
Total expenses and distributions	(51,954,991)
Change in net position	<u>\$ 3,741,424</u>

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(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, 2024.

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 \$93,750 to GVRHA for the year ended December 31, 2024 under the provisions of the intergovernmental agreement.

Town of Crested Butte, Colorado
Notes to the Financial Statements
December 31, 2024
(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, 2024, the Town has no debt issued pursuant to this authorization.

H. Implementation of Accounting Standard

Effective January 1, 2024, the Town implemented GASB Statement No. 101, *Compensated Absences* ("GASB 101"), which requires that the Town recognize a liability for all forms of compensated absences, including those that are not paid upon an employee's separation from service, such as sick leave. Under GASB 101, compensated absence liability is based on historical data about the accumulation and forfeiture of leave balances rather than solely on termination payouts.

The implementation of GASB 101 was applied retroactively, resulting in restatement of beginning 2024 net position as detailed in Note V.I., below.

I. Restatement Fund Balances and Net Position

As discussed in Note V.H., the Town implemented GASB 101 in 2024, which resulted in a decrease to governmental activities beginning net position totaling \$178,493. In addition, the Town restated beginning fund balance in the General Fund to correct amounts previously reported for performance deposits.

	12/31/2023 As previously reported	Change in Accounting Principle	Error Correction	12/31/2023 As restated
Government-Wide:				
Governmental activities	\$ 61,886,011	\$ (146,524)	\$ 247,384	\$ 61,986,871
Business-type activities	17,956,742	(31,969)	-	17,924,773
Total - Government-wide	\$ 79,842,753	\$ (178,493)	\$ 247,384	\$ 79,911,644
Proprietary Funds:				
Sewer, Water and Sanitation Fund	\$ 17,956,742	\$ (31,969)	\$ -	\$ 17,924,773
Governmental Funds:				
General Fund	\$ 9,771,177	\$ -	\$ 247,384	\$ 10,018,561

J. Subsequent Events - Water, Sewer, and Sanitation Fund Intergovernmental Receivable

The Town and Mount Crested Butte Water and Sanitation District (the "District") share the capital expenditures for improvements to the Autothermal Thermophilic Aerobic Digestion ("ATAD") Facility through an intergovernmental agreement. As of December 31, 2024, the total amount receivable by the Town for the District's share of current ATAD improvements is \$839,891. As of the date of this report, the Town and the District are negotiating terms for this receivable, but repayment is anticipated by the end of 2025.

REQUIRED SUPPLEMENTARY INFORMATION



TOWN OF
CRESTED BUTTE
COLORADO

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, 2024
(With Comparative Actual Amounts For 2023)

	2024			2023
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
Revenues:				
Taxes:				
General property	340,000	340,000	452,534	112,534
Specific ownership	346,667	346,667	89,152	(257,515)
Sales	4,947,000	4,947,000	5,390,100	443,100
Franchise fees	50,300	50,300	41,441	(8,859)
Tobacco	200,000	200,000	189,442	(10,558)
Total - Taxes	5,883,967	5,883,967	6,162,669	278,702
License, permits, and fees:				
Vacation rental licenses	10,000	10,000	176,075	166,075
Business and liquor licenses	90,000	90,000	112,536	22,536
Building permits	245,000	245,000	314,858	69,858
Occupation licenses	-	-	-	-
Non-business licenses/permits	45,550	45,550	93,279	47,729
Total - License, permits, and fees	390,550	390,550	696,748	306,198
Intergovernmental:				
Grants	275,000	275,000	125,531	(149,469)
Motor vehicle registration	8,000	8,000	7,009	(991)
Total - Intergovernmental	283,000	283,000	132,540	(150,460)
Charges for services:				
Energy mitigation fee	20,000	20,000	69,343	49,343
Vehicle maintenance	19,800	19,800	19,800	-
Recreation fees	-	-	-	-
Rent	16,474	16,474	15,211	(1,263)
Public safety services and fines	18,000	18,000	20,529	2,529
Administration fees	65,000	65,000	65,000	-
Total - Charges for services	139,274	139,274	189,883	50,609
Investment income	240,000	240,000	355,107	115,107
Miscellaneous:				
Other	13,850	13,850	51,380	37,530
Total Revenues	6,950,641	6,950,641	7,588,327	637,686

(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, 2024
(With Comparative Actual Amounts For 2023)
(Continued)

	2024				2023
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures:					
General government:					
Administrative	1,553,412	1,553,412	1,675,847	(122,435)	286,592
Clerk	380,472	380,472	390,317	(9,845)	348,853
Council	99,299	99,299	103,522	(4,223)	-
Court	-	-	-	-	841
Finance	833,915	833,915	770,526	63,389	577,454
General	-	-	-	-	806,143
Human resources	-	-	14,792	(14,792)	-
Information technology	-	-	6,305	(6,305)	-
Legal	-	-	-	-	216,057
Legislative	-	-	-	-	89,332
Sustainability	249,000	249,000	205,957	43,043	-
Total - General government	<u>3,116,098</u>	<u>3,116,098</u>	<u>3,167,266</u>	<u>(51,168)</u>	<u>2,325,272</u>
Public safety	1,558,829	1,558,829	1,570,721	(11,892)	1,470,887
Public works	787,830	787,830	783,507	4,323	1,114,934
Community development	1,514,878	1,514,878	1,265,861	249,017	1,186,765
Culture and recreation	-	-	-	-	432,631
Transportation:					
Mountain Express	-	-	-	-	1,343,200
Capital outlay	-	-	-	-	171,350
Debt service:					
Principal	-	-	57,116	(57,116)	56,935
Interest	-	-	366	(366)	548
Total - Debt service	<u>-</u>	<u>-</u>	<u>57,482</u>	<u>(57,482)</u>	<u>57,483</u>
Total Expenditures	<u>6,977,635</u>	<u>6,977,635</u>	<u>6,844,837</u>	<u>132,798</u>	<u>8,102,522</u>
Excess (Deficiency) of Revenues Over Expenditures	(26,994)	(26,994)	743,490	770,484	604,675
Other Financing Sources (Uses):					
Subscriptions proceeds	-	-	-	-	171,350
Transfers (out)	(654,976)	(654,976)	(654,976)	-	-
Total Other Financing Sources (Uses)	<u>(654,976)</u>	<u>(654,976)</u>	<u>(654,976)</u>	<u>-</u>	<u>171,350</u>
Net Change in Fund Balance	(681,970)	(681,970)	88,514	770,484	776,025
Fund Balance - January 1 (restated)	<u>8,571,756</u>	<u>8,571,756</u>	<u>10,018,561</u>	<u>1,446,805</u>	<u>9,242,536</u>
Fund Balance - December 31	<u>7,889,786</u>	<u>7,889,786</u>	<u>10,107,075</u>	<u>2,217,289</u>	<u>10,018,561</u>

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

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, 2024
(With Comparative Actual Amounts For 2023)

	2024				2023
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Excise tax	1,000,000	675,000	804,213	129,213	867,859
Intergovernmental revenue	973,389	773,389	148,850	(624,539)	1,939,976
Charges for services	217,000	217,000	163,051	(53,949)	154,355
Housing payments in lieu	70,000	70,000	82,937	12,937	167,938
Investment income	-	-	175,665	-	-
Total Revenues	2,260,389	1,735,389	1,374,716	(536,338)	3,130,128
Expenditures:					
Affordable housing	750,329	554,462	623,758	(69,296)	340,233
Capital outlay	2,175,000	4,912,673	4,307,597	605,076	3,251,329
Debt service:					
Principal	-	595,125	425,000	170,125	-
Interest	-	-	172,509	(172,509)	-
Total Expenditures	2,925,329	6,062,260	5,528,864	533,396	3,591,562
Excess (Deficiency) of Revenues over Expenditures	(664,940)	(4,326,871)	(4,154,148)	172,723	(461,434)
Other Financing Sources (Uses)					
Transfers in	370,404	-	370,404	370,404	-
Debt proceeds	-	10,124,087	8,261,293	(1,862,794)	-
Total Other Financing Sources and (Uses)	370,404	10,124,087	8,631,697	(1,492,390)	-
Net Change in Fund Balance	(294,536)	5,797,216	4,477,549	(1,319,667)	(461,434)
Fund Balance - January 1	646,865	646,865	124,151	(522,714)	585,585
Fund Balance - December 31	352,329	6,444,081	4,601,700	(1,842,381)	124,151

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

Town of Crested Butte, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Fund - Open Space Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Real estate transfer tax	750,000	750,000	1,267,193	517,193
Intergovernmental revenue	35,000	35,000	21,220	(13,780)
Total Revenues	<u>785,000</u>	<u>785,000</u>	<u>1,288,413</u>	<u>503,413</u>
Expenditures:				
Culture and recreation	140,174	140,174	139,607	567
Capital outlay	2,110,000	2,110,000	2,076,523	33,477
Total Expenditures	<u>2,250,174</u>	<u>2,250,174</u>	<u>2,216,130</u>	<u>34,044</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,465,174)	(1,465,174)	(927,717)	537,457
Other Financing Sources (Uses):				
Transfers in	-	-	3,260,288	3,260,288
Net Change in Fund Balance	(1,465,174)	(1,465,174)	2,332,571	3,797,745
Fund Balance - January 1	<u>3,102,948</u>	<u>3,102,948</u>	-	(3,102,948)
Fund Balance - December 31	<u><u>1,637,774</u></u>	<u><u>1,637,774</u></u>	<u><u>2,332,571</u></u>	<u><u>694,797</u></u>

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

SUPPLEMENTARY INFORMATION



TOWN OF
CRESTED BUTTE
COLORADO

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, 2024
(With Comparative Actual Amounts For 2023)

	2024				2023
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Sales and use taxes	231,111	231,111	756,665	525,554	990,956
Real estate transfer tax	750,000	750,000	1,267,193	517,193	2,908,084
Grants	547,946	547,946	10,000	(537,946)	125,047
Investment income	2,500	2,500	-	(2,500)	-
Miscellaneous	122,000	122,000	231,323	109,323	90,575
Total Revenues	1,653,557	1,653,557	2,265,181	611,624	4,114,662
Expenditures:					
Capital outlay	2,681,634	2,681,634	1,152,577	1,529,057	3,486,505
Total Expenditures	2,681,634	2,681,634	1,152,577	1,529,057	3,486,505
Excess (Deficiency) of Revenues Over Expenditures	(1,028,077)	(1,028,077)	1,112,604	2,140,681	628,157
Other Financing Sources (Uses):					
Transfers (out)	(1,494,310)	(1,494,310)	(4,754,598)	(3,260,288)	-
Sale of asset	-	-	21,407	21,407	74,731
Total Other Financing Sources (Uses)	(1,494,310)	(1,494,310)	(4,733,191)	(3,238,881)	74,731
Net Change in Fund Balance	(2,522,387)	(2,522,387)	(3,620,587)	(1,098,200)	702,888
Fund Balance - January 1	8,184,429	8,184,429	10,878,922	2,694,493	10,176,034
Fund Balance - December 31	5,662,042	5,662,042	7,258,335	1,596,293	10,878,922

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

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, 2024
(With Comparative Actual Amounts For 2023)

	2024				2023
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
General property taxes	1,061,100	1,061,100	1,429,399	368,299	1,056,550
Highway users taxes	58,965	58,965	68,132	9,167	59,645
Total - Taxes	1,120,065	1,120,065	1,497,531	377,466	1,116,195
Licenses, permits and fees	15,000	15,000	28,932	13,932	182,999
Intergovernmental revenue	-	274,000	-	(274,000)	-
Miscellaneous	274,000	-	17,123	17,123	22,432
Total Revenues	1,409,065	1,409,065	1,543,586	134,521	1,321,626
Expenditures:					
Streets	1,026,664	1,026,664	711,794	314,870	718,397
Capital outlay	2,100,000	2,100,000	2,169,450	(69,450)	1,324,469
Total Expenditures	3,126,664	3,126,664	2,881,244	245,420	2,042,866
Excess (Deficiency) of Revenues Over Expenditures	(1,717,599)	(1,717,599)	(1,337,658)	379,941	(721,240)
Other Financing Sources (Uses):					
Sale of asset	-	-	67,000	67,000	-
Net Change in Fund Balance	(1,717,599)	(1,717,599)	(1,270,658)	446,941	(721,240)
Fund Balance - January 1	2,038,193	2,038,193	2,130,774	92,581	2,852,014
Fund Balance - December 31	320,594	320,594	860,116	539,522	2,130,774

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

Town of Crested Butte, Colorado
Combining Balance Sheet
Non-major Governmental Funds
December 31, 2024

	Parks, Recreation, and Trails Fund	Conservation Trust Fund	Transit and Mobility Fund	Total Non-major Governmental Funds
Assets:				
Cash and investments - Unrestricted	1,220,655	32,790	344,088	1,597,533
Receivables:				
Intergovernmental	-	5,054	-	5,054
Total Assets	<u>1,220,655</u>	<u>37,844</u>	<u>344,088</u>	<u>1,602,587</u>
Liabilities:				
Accounts payable	52,697	-	216,066	268,763
Deposits payable	15,273	-	-	15,273
Total Liabilities	<u>67,970</u>	<u>-</u>	<u>216,066</u>	<u>284,036</u>
Fund Balances:				
Restricted	-	37,844	-	37,844
Committed	1,152,685	-	128,022	1,280,707
Total Fund Balances	<u>1,152,685</u>	<u>37,844</u>	<u>128,022</u>	<u>1,318,551</u>
Total Liabilities and Fund Balances	<u>1,220,655</u>	<u>37,844</u>	<u>344,088</u>	<u>1,602,587</u>

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

Town of Crested Butte, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended December 31, 2024

	Parks, Recreation, and Trails Fund	Conservation Trust Fund	Transit and Mobility Fund	Total Non-major Governmental Funds
Revenues:				
Taxes	845,353	-	1,501,596	2,346,949
Intergovernmental revenue	-	15,123	424	15,547
Charges for services	133,163	-	66,160	199,323
Investment income	-	1,607	-	1,607
Total Revenues	<u>978,516</u>	<u>16,730</u>	<u>1,568,180</u>	<u>2,563,426</u>
Expenditures:				
Culture and recreation	1,297,151	-	-	1,297,151
Transportation	-	-	1,698,380	1,698,380
Capital outlay	49,340	-	-	49,340
Total Expenditures	<u>1,346,491</u>	<u>-</u>	<u>1,698,380</u>	<u>3,044,871</u>
Excess (Deficiency) of Revenues Over Expenditures	(367,975)	16,730	(130,200)	(481,445)
Other Financing Sources (Uses):				
Transfers in	1,520,660	-	258,222	1,778,882
Total Other Financing Sources (Uses)	<u>1,520,660</u>	<u>-</u>	<u>258,222</u>	<u>1,778,882</u>
Net Change in Fund Balances	1,152,685	16,730	128,022	1,297,437
Fund Balances - January 1	<u>-</u>	<u>21,114</u>	<u>-</u>	<u>21,114</u>
Fund Balances - December 31	<u><u>1,152,685</u></u>	<u><u>37,844</u></u>	<u><u>128,022</u></u>	<u><u>1,318,551</u></u>

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

Town of Crested Butte, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Fund - Parks, Recreation, and Trails Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Sales and use taxes	769,222	769,222	845,353	76,131
Intergovernmental revenue	15,000	15,000	-	(15,000)
Recreation fees	152,080	152,080	133,163	(18,917)
Total Revenues	936,302	936,302	978,516	42,214
Expenditures:				
Culture and recreation	1,190,581	1,330,000	1,297,151	32,849
Capital outlay	113,000	45,000	49,340	(4,340)
Total Expenditures	1,303,581	1,375,000	1,346,491	28,509
Excess (Deficiency) of Revenues Over Expenditures	(367,279)	(438,698)	(367,975)	70,723
Other Financing Sources (Uses):				
Transfers in	1,520,660	1,520,660	1,520,660	-
Net Change in Fund Balance	1,153,381	1,081,962	1,152,685	70,723
Fund Balance - January 1	-	-	-	-
Fund Balance - December 31	1,153,381	1,081,962	1,152,685	70,723

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

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, 2024
(With Comparative Actual Amounts For 2023)

	2024				2023
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Intergovernmental - Lottery proceeds	15,000	15,000	15,123	123	20,508
Investment income	1,000	1,000	1,607	607	-
Total Revenues	16,000	16,000	16,730	730	20,508
Expenditures:					
Capital outlay	-	-	-	-	110,000
Total Expenditures	-	-	-	-	110,000
Net Change in Fund Balance	16,000	16,000	16,730	730	(89,492)
Fund Balance - January 1	18,977	18,977	21,114	2,137	110,606
Fund Balance - December 31	34,977	34,977	37,844	2,867	21,114

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

Town of Crested Butte, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Fund - Transit and Mobility Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Sales tax	1,394,000	1,394,000	1,501,596	107,596
Intergovernmental revenue	250	250	424	174
Fines and forfeitures	80,800	80,800	66,160	(14,640)
Total Revenues	1,475,050	1,475,050	1,568,180	93,130
Expenditures:				
Mountain Express	1,590,418	1,590,418	1,698,380	(107,962)
Total Expenditures	1,590,418	1,590,418	1,698,380	(107,962)
Excess (Deficiency) of Revenues Over Expenditures	(115,368)	(115,368)	(130,200)	(14,832)
Other Financing Sources (Uses):				
Transfers in	258,222	258,222	258,222	-
Net Change in Fund Balance	142,854	142,854	128,022	(14,832)
Fund Balance - January 1	-	-	-	-
Fund Balance - December 31	142,854	142,854	128,022	(14,832)

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

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, 2024
(With Comparative Actual Amounts For 2023)

	2024				2023
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating Revenues:					
Charges for services	6,573,612	6,573,612	3,271,178	(3,302,434)	2,967,742
Total Operating Revenues	<u>6,573,612</u>	<u>6,573,612</u>	<u>3,271,178</u>	<u>(3,302,434)</u>	<u>2,967,742</u>
Operating Expenses:					
Operations and maintenance	1,778,613	1,778,613	1,765,787	12,826	2,020,840
Administrative fee	420,080	420,080	398,223	21,857	65,000
Capital outlay	5,181,994	5,998,015	5,137,162	860,853	15,727,261
Total Expenses	<u>7,380,687</u>	<u>8,196,708</u>	<u>7,301,172</u>	<u>895,536</u>	<u>17,813,101</u>
Operating Income (Loss) - Budget Basis	(807,075)	(1,623,096)	(4,029,994)	(2,406,898)	(14,845,359)
Non-operating Revenues (Expenses):					
State and federal grants	199,499	199,499	37,500	(161,999)	707,371
Investment income	480,000	480,000	511,958	31,958	528,154
Gain (loss) on asset disposal	-	-	(640)	(640)	-
Principal repayment	(614,410)	(614,410)	(614,410)	-	(569,795)
Interest expense	(363,883)	(363,883)	(405,777)	(41,894)	(347,094)
Debt proceeds	4,147,353	4,147,353	2,692,564	(1,454,789)	11,307,436
Total Non-operating Revenues (Expenses)	<u>3,848,559</u>	<u>3,848,559</u>	<u>2,221,195</u>	<u>(1,627,364)</u>	<u>11,626,072</u>
Capital Contributions:					
Intergovernmental	-	-	-	-	2,084,662
Tap fees:					
Water	436,400	436,400	732,676	296,276	1,171,438
Sewer	436,400	436,400	962,616	526,216	175,409
Total Capital Contributions	<u>872,800</u>	<u>872,800</u>	<u>1,695,292</u>	<u>822,492</u>	<u>3,431,509</u>
Change in Net Position - Budget Basis	<u>3,914,284</u>	<u>3,098,263</u>	(113,507)	<u>(3,211,770)</u>	212,222
Reconciliation to GAAP Basis:					
Adjustments:					
Debt proceeds			(2,692,564)		(11,307,436)
Debt forgiveness			1,500,000		-
Principal repayment			614,410		569,795
Capitalized assets			5,114,568		15,779,556
Depreciation			(680,321)		(564,582)
Change in Net Position - GAAP Basis			<u>3,742,586</u>		<u>4,689,555</u>

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

LOCAL HIGHWAY FINANCE REPORT



TOWN OF
CRESTED BUTTE
COLORADO

LOCAL HIGHWAY FINANCE REPORTSTATE:
COLORADO
YEAR ENDING (mm/yy):
12/2024This Information From The Records Of:
Town of Crested ButtePrepared By:
Kyle Thomas, kthomas@crestedbutte-co.gov**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES**III. EXPENDITURES FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 1,700,783.06
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 668,477.16
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 9,726.16
2. General fund appropriations		b. Snow and ice removal	\$ 341,635.75
3. Other local imposts (from page 2)	\$ 1,419,204.21	c. Other	\$ 1,044.66
4. Miscellaneous local receipts (from page 2)	\$ 109,257.02	d. Total (a. through c.)	\$ 352,406.57
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 157,947.32
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 2,879,614.11
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	
7. Total (1 through 6)	\$ 1,528,461.23	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	\$ -
C. Receipts from State government		2. Notes:	
(from page 2)	\$ 62,631.80	a. Interest	
D. Receipts from Federal Government		b. Redemption	
(from page 2)	\$ -	c. Total (a. + b.)	\$ -
E. Total receipts (A.7 + B + C + D)	\$ 1,591,093.03	3. Total (1.c + 2.c)	\$ -
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 2,879,614.11

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE (RECEIPTS AND DISBURSEMENTS ONLY)

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 5,610,967.82	\$ 1,591,093.03	\$ 2,879,614.11	\$ 4,322,446.74	\$ -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO	
		YEAR ENDING (mm/yy): 12/2024	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	\$ 1,419,204.21	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	\$ 10,195.02
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	\$ 67,000.00
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	\$ 28,932.00
6. Total (1. through 5.)	\$ -	h. Other	\$ 3,130.00
c. Total (a. + b.)	\$ 1,419,204.21	i. Total (a. through h.)	\$ 109,257.02
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	\$ 62,631.80	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other		f. Other Federal ARPA	
f. Total (a. through e.)	\$ -	g. Total (a. through f.)	\$ -
4. Total (1. + 2. + 3.f)	\$ 62,631.80	3. Total (1. + 2.g)	\$ -
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

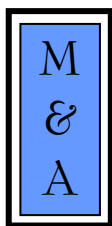
III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs		\$ 11,818.00	\$ 11,818.00
c. Construction:			
(1). New Facilities			\$ -
(2). Capacity Improvements			\$ -
(3). System Preservation		\$ 1,688,965.06	\$ 1,688,965.06
(4). System Enhancement And Operation			\$ -
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 1,688,965.06	\$ 1,688,965.06
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ 1,700,783.06	\$ 1,700,783.06
<i>(Carry forward to page 1)</i>			
Notes and Comments:			

FORM FHWA-536

SINGLE AUDIT REPORTS and SCHEDULES



TOWN OF
CRESTED BUTTE
COLORADO



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

WEB SITE: www.McMAHANCPA.COM

MAIN OFFICE: (970) 845-8800

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, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated July 25, 2025.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Member: American Institute of Certified Public Accountants

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

Compliance and Other Matters

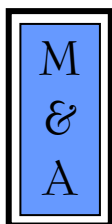
As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
July 25, 2025



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

WEB SITE: www.McMAHANCPA.COM

MAIN OFFICE: (970) 845-8800

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, 2024. 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, 2024.

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.

Member: American Institute of Certified Public Accountants

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
July 25, 2025

Town of Crested Butte, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2024

Part I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
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:	
Water Pollution Control Revolving Loan Fund	ALN 66.458
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>	No
Auditor-assigned reference number	None

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 PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

Note: There were no findings for the fiscal year ended December 31, 2023.

Town of Crested Butte, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
<u>Department of Treasury:</u>			
Passed through Colorado Division of Local Affairs:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 148,850
Total - Department of Treasury			<u>148,850</u>
<u>Department of the Interior:</u>			
Passed through Colorado Division of Local Affairs:			
Energy & Mineral Impact Assistance Program	15.437	N/A	37,500
Total - Department of the Interior			<u>37,500</u>
<u>Environmental Protection Agency:</u>			
Passed through Colorado Water Resources & Power Development Authority:			
Clean Water State Revolving Loan Fund	66.458	N/A	5,971,757
Total - Environmental Protection Agency			<u>5,971,757</u>
TOTALS			<u>\$ 6,158,107</u>

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2024

Note 1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Crested Butte, Colorado (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 2024.

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.