

**Town of Crested Butte, Colorado**

**Financial Statements**

**December 31, 2023**



**Town of Crested Butte, Colorado  
Financial Statements  
For the Year Ended December 31, 2023**

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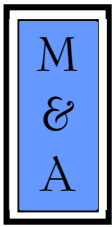
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**INDEPENDENT AUDITOR'S REPORT**





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## INDEPENDENT AUDITOR'S REPORT

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

### ***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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

***Auditor's Responsibilities for the 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 29, 2024 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.*

**McMahan and Associates, L.L.C.  
Avon, Colorado  
July 29, 2024**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**





## TOWN OF CRESTED BUTTE, COLORADO

### MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2023

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, 2023. 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 \$79,842,753 (i.e., net position) at the end of the year, an increase of \$8,897,176 from the prior year.
- Governmental activities reported net position of \$22,926,138, an increase of \$206,747 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 \$9,771,177, an increase of \$776,025 in comparison to prior year.
- The Town of Crested Butte's total long-term debt was \$15,529,229 at the end of year. This debt is all associated with upgrades to the Water and Wastewater treatment plants.

#### B. PROJECT HIGHLIGHTS

- Conducted minor structural, electrical, and HVHC studies in preparation for Town Hall renovation to take place in late 2024.
- Continued construction of Wastewater treatment plant improvements with final completion anticipated by the end of August 2024.
- Installed a Tier 2 charging station with dual ports at Town Hall for the purposes of charging government vehicles.
- Participated in the creation and endorsement of Gunnison County's One-Valley Resiliency Roadmap (OVR) with regional partners, Gunnison County and the City of Gunnison.
- Completed Big Mine Skate Park renovations addressing critical infrastructure issues and a much-needed expansion of programming space and park features as well as addressing site circulation.
- Installed two new all-gender, outdoor, year-round accessible restrooms at Big Mine Park. These restrooms serve winter Nordic skiing users as well as summer Skatepark, trailhead, and disc golf users.
- Purchased 24 side by side trash/recycling solar compacting units to help better manage waste in the downtown area. Recycling is now available at every trash receptacle on Elk Avenue, the main commercial street.
- Established a new Sustainability Coordinator position and Sustainability Department.
- Completed a comprehensive review and re-adoption of ten chapters of the Crested Butte Municipal Code.
- Continued to improve Town Council meeting efficiency with clear and concise presentations.
- Continued ongoing improvement in communication strategies, especially on controversial topics.
- Continued to shepherd the Mt Emmons land exchange, which is in the final stages of review by the U.S. Forest Service. Completion is expected by mid-2024, including execution of the conservation easement and mineral extinguishment.
- Continued Town's deep involvement as a cooperating agency with the accelerated review of the Thompson Divide Mineral Withdrawal, which was completed in April 2024.
- Restructured the budget to include three new funds to improve transparency and accountability.
- Renovated the in-field of the Pitsker Ballfield.
- Implemented a trial program for converting Kentucky Bluegrass to natives.
- Completed the Town Ranch Water Attenuation Project.
- Hired and trained a new Open Space and Trails Coordinator. Completed on-site monitoring and reporting for more than 30 open space parcels where Town holds conservation and recreational access easements.
- Provided comment letters on management issues for partnering agencies including the GMUG Forest Plan, the BLM rule regarding landscape health, and the North Valley Trails Environmental Assessment.
- Initiated the Red Lady Open Space Fire Mitigation Project in partnership with the West Region Wildfire Council.
- Developed stewardship priorities for Town-owned properties.
- Completed the purchase of the Schutt Conservation easement in partnership with the Crested Butte Land Trust.
- Managed the design efforts of the Mineral Point, Town Parcel 3, and Paradise Park Affordable Housing Projects

- Managed the environmental remediation of the former landfill at Town Parcel 5 in the Slate River Subdivision in preparation for redevelopment as Mineral Point, a 34-unit Low Income Housing Tax Credit development:
  - Received \$675,000 in Brownfields Tax Credits from the Colorado Department of Public Health and the Environment.
  - Successfully relocated Gunnison County Electrical Association and Spectrum utilities out of the project's development parcels into established easements.
  - Negotiated and executed a predevelopment agreement with developer TWG Development, managed design and entitlement, and entered into a ground lease agreement with TWG:
  - Collaborated with TWG to receive \$15 million in LIHTC and State of Colorado Grants and Loans for the construction the project.
  - Collaborated with the Public Works Department to provide necessary water and wastewater utility extensions to Mineral Point.
  - Executed a contract and managed the design and entitlement of Paradise Park and Town Parcel 3 affordable infill housing with contractor, High Mountain Concepts. Obtained financing for the project by issuing Certificates of Participation in early 2024. Construction is scheduled to begin in June 2024.
- Facilitated the Town's Development Review Process.
  - Managed the Board of Zoning and Architectural Review (BOZAR) review and approval of 213 development applications, with 60 formal reviews and 153 insubstantial reviews.
  - Managed the review and approval of 57 building permits.
    - Issued 57 Certificates of Occupancy (COs) with 12
      - COs issued for new construction, or major redevelopment projects.
- Managing the Town Historic Preservation Master Plan.
  - Obtained a \$43,000 Grant from History Colorado.
- Continued to engage with Gunnison County and manage the Town's consideration of extraterritorial utility extensions to the County's Whetstone Community Housing Development.
  - Managed a Fiscal Impact Assessment of a Potential Annexation of Whetstone.
- Gained Council approval of the Town's Facilities Use Plan.
- Gained Council approval of updating the Town Municipal Code related to heated and plumbed accessory structure providing additional incentives to deed restricted Accessory Dwelling Unit construction.
- Obtained a \$200,000 Grant from Colorado Department of Local Affairs for the implementation of the Strategic Infill Study.

## C. **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

**Proprietary Funds.** Proprietary funds are maintained as follows:

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

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

**D. GOVERNMENT-WIDE FINANCIAL ANALYSIS**

On December 31, 2023, total net position was \$79,842,753, an increase of \$8,897,176 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 59% 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 39% of total net position.

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The following table summarizes the Town's net position:

**Town of Crested Butte's Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 1,235,956	1,155,239	2,967,742	2,718,136	4,203,698	3,873,375
Operating grants and contributions	685,477	1,501,444	707,371	492,036	1,392,848	1,993,480
Capital grants and contributions	1,483,563	117,194	3,431,509	586,056	4,915,072	703,250
General revenues:						
Sales and use taxes	7,615,227	7,971,676	-	-	7,615,227	7,971,676
Real estate transfer tax	2,908,084	2,758,463	-	-	2,908,084	2,758,463
Property taxes	1,401,976	1,410,717	-	-	1,401,976	1,410,717
Specific ownership taxes	292,868	303,388	-	-	292,868	303,388
Franchise taxes	64,240	45,008	-	-	64,240	45,008
Miscellaneous taxes	1,119,003	1,323,863	-	-	1,119,003	1,323,863
Investment earnings	297,358	96,594	528,154	166,218	825,512	262,812
Gain on asset disposition	74,731	21,653	-	-	74,731	21,653
Miscellaneous	190,370	145,878	-	-	190,370	145,878
<b>Total Revenues</b>	<u>17,368,853</u>	<u>16,851,117</u>	<u>7,634,776</u>	<u>3,962,446</u>	<u>25,003,629</u>	<u>20,813,563</u>
<b>EXPENSES:</b>						
General government	3,554,091	3,179,743	-	-	3,554,091	3,179,743
Public safety	1,560,903	1,291,984	-	-	1,560,903	1,291,984
Public works	2,277,607	1,312,155	-	-	2,277,607	1,312,155
Community development	1,183,683	1,151,683	-	-	1,183,683	1,151,683
Culture and recreation	2,639,454	1,826,875	-	-	2,639,454	1,826,875
Affordable housing	605,439	357,726	-	-	605,439	357,726
Transportation	1,339,507	1,286,888	-	-	1,339,507	1,286,888
Sewer, water and sanitation	-	-	2,945,221	2,656,147	2,945,221	2,656,147
<b>Total Expenses</b>	<u>13,161,232</u>	<u>10,407,054</u>	<u>2,945,221</u>	<u>2,656,147</u>	<u>16,106,453</u>	<u>13,063,201</u>
<b>Change in Net Position</b>	4,207,621	6,444,063	4,689,555	1,306,299	8,897,176	7,750,362
<b>Net Position - Beginning</b>	<u>57,678,390</u>	<u>51,234,327</u>	<u>13,267,187</u>	<u>11,960,888</u>	<u>70,945,577</u>	<u>63,195,215</u>
<b>Net Position - Ending</b>	<u>\$ 61,886,011</u>	<u>\$ 57,678,390</u>	<u>\$ 17,956,742</u>	<u>\$ 13,267,187</u>	<u>\$ 79,842,753</u>	<u>\$ 70,945,577</u>

**E. FINANCIAL ANALYSIS OF GOVERNMENT FUNDS**

**Governmental funds.** The focus of government funds is to provide information on near term inflows, outflows and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2023, the Town's governmental funds reported combined ending fund balance of \$22,926,138, a decrease of \$206,747 over the prior year. Of the combined ending fund balance for all governmental funds, 41% or \$9,316,177 constitutes unassigned fund balance, which is available for appropriation at the Town's discretion. The Town has four major governmental funds. They are General, General Capital, Affordable Housing and Street and Alley. The Town has one other governmental fund, the Conservation Trust Fund which accounts for the funds received from the Colorado State Lottery Commission.

The General Fund is the primary operating fund for the Town of Crested Butte. Under the fund reporting requirements of GASB 54, the sales tax fund is now combined into the General fund for reporting purposes. At the end of 2023, unassigned fund balance for the General Fund was \$9,316,177. This unassigned fund balance is approximately 115% of the total 2023 expenditures of the combined General Fund. The unassigned fund balance increased by \$738,025 during 2023.

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 2023, the General Capital Fund balance available for capital projects was \$10,878,922, an increase of \$702,888.

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 \$124,151 at the end of 2023, a decrease of \$461,434. The decrease was largely due to the purchase of affordable housing units.

The Street and Alley Fund accounts for construction and maintenance expenditures on the Town's streets, alleys, right of ways, sidewalks and parking lots. Its main source of revenue is a dedicated property tax. Its total fund balance was \$2,130,774 at the end of 2023, a decrease of \$721,240. 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 \$6,170,284 in 2023, an increase of \$4,689,555. Year-end total net position amounted to \$17,956,742 in 2023, an increase of \$4,689,555. 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 past several years. 2024 sales tax collections are projected to remain flat over 2023 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 slowed in 2022 and 2023. 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.

Capital expenditures vary from year to year as with the timing of certain one-time costs and special projects. After limiting large expenditures during 2020 and 2021 due to pandemic uncertainty, the 2023 capital budget included several large projects and expenditures in the General Capital, Affordable Housing and Enterprise Funds. Operating expenditures will increase in 2024 due to an increased infrastructure footprint, increased staff, and inflation. A separate budget is prepared for each fund and/or area of operations and is discussed in more detail with each fund.

Overall, Crested Butte's financial condition is healthy due to the growth in sales and real estate transfer taxes, combined with rate increases and closely managed expenditures. Over the last few years, Town made significant investments in open space projects, affordable housing, water treatment plant and wastewater treatment plant upgrades. The 2024 budget includes \$13,664,610 in capital expenditures with an offsetting \$1,880,335 in anticipated grants and \$4,147,353 in loan proceeds. Some of the capital outlay is for routine equipment replacement, building maintenance and related. Some of the capital outlay is for new projects including affordable housing designs, electric vehicle charging infrastructure, federal withdrawal of minerals on and around Mt. Emmons, and capital improvements for the wastewater treatment plant and outlying infrastructure. Discipline over spending has been a long-standing practice in all departments to ensure dollars are spent wisely and with long-term benefits in mind. Requests for funds for both operations and capital always exceed revenue sources. Council has directed staff to maintain at least one year of operating reserves in all Town funds.

The ballot measure approved in November 2016 will allow for the Town to issue up to \$2,110,000 in debt. The funds will be used to pay the Mt. Emmons Mining Company (“MEMC”) \$2,000,000 once a federal withdrawal occurs and MEMC has abandoned the more than 9,000 acres of unpatented mining claims on and around Mt. Emmons, also known as the Red Lady. MEMC, a subsidiary of Freeport-McMoRan, has been working with the Town, County, and community partners towards this goal over the past seven years. Withdrawal and abandonment of the claims requires Federal approval which is underway as part of the larger Thompson Withdrawal with targeted completion in fall of 2024. This would largely resolve the battle to limit a large mine on Mt Emmons which has been ongoing since 1977.

## **G. CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The Town of Crested Butte invested \$21,272,187 in capital assets for its governmental and business type activities in 2023. 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 2023, the total outstanding long-term debt of the Town was \$15,414,813, an increase of \$10,737,641 from 2022. The total amount is attributable to draws on the drinking water revolving loan fund for business-type activities. As of December 31, 2023, the Town had \$1,192,564 in additional authorized but unissued debt in revolving loan funds with the Colorado Water Resources and Power Development Authority.

## **H. ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

The budget is based on trends and assumptions about the future. With very few exceptions, we do not know today which vendors will be paid how much for what product or service during 2024. 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.

A primary assumption for the 2024 budget deals with post-pandemic inflation and related factors. The annual inflation rate for the United States is 3.7% for the 12 months ending September 2023 according to U.S. Labor Department data published Oct. 19th.

The most significant economic indicator for the Town is sales tax. Town sales tax revenue of \$6,273,000 is budgeted in 2024, roughly flat with the 2023 projected revenue. Visitors contribute significantly to Crested Butte’s economy. Crested Butte’s largest month for sales tax collections (July) is typically at least 78% greater than the lowest month (April). 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 \$650,000 in 2024.

With the surprisingly positive sales tax trend in recent years and insignificant levels of debt outside of the enterprise fund, the Town has made significant progress toward general infrastructure needs including maintenance, vehicle replacements and one-time projects in recent years. Healthy Town reserves have allowed for significant projects in recent years related to open space preservation, affordable housing, and climate action. Large strides are planned in affordable housing, wastewater treatment, climate action, vehicle and large equipment replacement in the 2024 budget.

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

### **Total Revenue**

- Sales tax revenue – assumes 0% growth in 2024 over 2023 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 impact of increasing interest rates and the related impact on the real estate market.
- Nicotine tax – a Town ballot initiative was passed in 2019 that applied an excise tax on cigarettes and other nicotine containing products. The related amount budgeted for 2024 is \$200,000. These funds are intended to be used locally for Community health and wellness initiatives. These funds will be distributed to the school district and through Town’s spring and fall community grant cycles.
- Vacation rental license fees and excise tax – In January 2018 the Town began issuing vacation rental licenses for the first time. Additionally, Town collects a 7.5% excise tax on all vacation rentals. Excise tax collections are anticipated to be \$1,000,000 in 2024 and used strictly to support affordable housing efforts.

- 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 2024 the base rates will increase modestly to keep pace with increasing operational expenses. These increases are necessary to offset costs for the plant upgrades and will be closely monitored over the coming year(s).
- Interest Income – Town is seeing an increase in interest income due to the increases in interest rates.
- Contribution from reserves - 2024 will see contributions from reserves in multiple funds:
  - Transit and Mobility will operate at a negative \$115,368.
  - Parks, Recreation & Trails will operate at a negative \$367,279 . This fund will likely always require some measure of contributions from the General Fund to break even as revenues generated by the fund itself are not sufficient to cover operating costs.
  - Affordable Housing will operate at a negative \$664,940 primarily due to pre-development costs incurred in 2023 that will be paid in 2024. Streets & Alleys will operate at a negative \$1,717,599 largely due to a \$1M investment heavy equipment replacement and \$1M in paving projects that are regularly scheduled every 5 years.
  - Open Space will operate at a negative \$1,465,174 as Town will complete the Red Lady mining claims removal project in 2024.
  - Capital Fund will operate at a negative \$1,028,077 as a result of investments in EV's, EV charging stations, Town Hall improvements, the new post office, and improvement to 308.
  - General Fund will operate at a negative \$26,994 primarily due to the purchase of safety equipment for the Marshals Department and long-range planning studies conducted by Community Development related to an infill study, design standard and guideline updates and zone code changes.

#### **Total Expenditures**

- Personnel – the 2024 budget contemplates three new full-time positions including an Operations Manager position in Public Works, an Unlicensed Operator Position in Wastewater, and a Facility Maintenance Worker in Facilities. It also includes a Seasonal Maintenance Worker in Facilities.
- Wages – the 2024 budget accommodates a 4% COLA increase and 1% merit increase.
- Employee health insurance – 5% increase in medical premiums versus 2023.
- Property and Casualty – Rates for property and casualty insurance increased by 20% for 2024. This was due in large part to the impact of state legislation around police liability and significant recent court judgements for large awards against jurisdictions with police departments.
- Debt Service – Enterprise Fund includes a material increase in debt service expense in 2024 because of payments on the two new loans used to fund the wastewater treatment plan improvements.

#### **I. REQUEST FOR INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**





**Town of Crested Butte, Colorado**  
**Statement of Net Position**  
**December 31, 2023**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and investments - Unrestricted	22,323,055	2,408,986	24,732,041
Cash and investments - Restricted	9,587	-	9,587
Receivables, net:			
Taxes	2,689,124	-	2,689,124
Other governments	1,457,785	5,791,764	7,249,549
Other	-	270,919	270,919
Leases receivable	132,570	-	132,570
Notes receivable	500,000	-	500,000
Inventories	-	18,081	18,081
Investment in joint venture	3,107,421	-	3,107,421
Capital assets, not being depreciated	19,884,656	17,841,396	37,726,052
Capital assets, net of accumulated depreciation	16,246,449	8,900,475	25,146,924
<b>Total Assets</b>	<u>66,350,647</u>	<u>35,231,621</u>	<u>101,582,268</u>
<b>Liabilities:</b>			
Accounts payable	534,483	1,799,637	2,334,120
Accrued payroll and related liabilities	15,275	3,942	19,217
Deposits payable	1,350,532	-	1,350,532
Interest payable	-	17,136	17,136
Compensated absences			
Due in more than one year	164,237	39,351	203,588
Noncurrent liability:			
Due within one year	57,117	614,410	671,527
Due in more than one year	57,299	14,800,403	14,857,702
<b>Total Liabilities</b>	<u>2,178,943</u>	<u>17,274,879</u>	<u>19,453,822</u>
<b>Deferred Inflows of Resources:</b>			
Property taxes	1,745,693	-	1,745,693
Lease-related	540,000	-	540,000
<b>Total Deferred Inflows of Resources</b>	<u>2,285,693</u>	<u>-</u>	<u>2,285,693</u>
<b>Net Position:</b>			
Net investment in capital assets	36,131,105	11,327,058	47,458,163
Restricted:			
TABOR emergency reserve	455,000	-	455,000
Debt service	-	459,400	459,400
Conservation Trust Fund	21,114	-	21,114
Unrestricted	25,278,792	6,170,284	31,449,076
<b>Total Net Position</b>	<u>61,886,011</u>	<u>17,956,742</u>	<u>79,842,753</u>

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, 2023**

	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
<b>Functions/Programs:</b>							
<b>Governmental activities:</b>							
General government	3,554,091	178,405	-	-	(3,375,686)		(3,375,686)
Public safety	1,560,903	97,345	58,508	-	(1,405,050)		(1,405,050)
Public works	2,277,607	182,999	-	-	(2,094,608)		(2,094,608)
Community development	1,183,683	408,660	25,000	-	(750,023)		(750,023)
Culture and recreation	2,639,454	214,192	20,509	125,047	(2,279,706)		(2,279,706)
Affordable housing	605,439	154,355	581,460	1,358,516	1,488,892		1,488,892
Transportation	1,339,507	-	-	-	(1,339,507)		(1,339,507)
Interest on long-term debt	548	-	-	-	(548)		(548)
<b>Total - Governmental activities</b>	<u>13,161,232</u>	<u>1,235,956</u>	<u>685,477</u>	<u>1,483,563</u>	<u>(9,756,236)</u>		<u>(9,756,236)</u>
<b>Business-type activities:</b>							
Sewer, water and sanitation	<u>2,945,221</u>	<u>2,967,742</u>	<u>707,371</u>	<u>3,431,509</u>		<u>4,161,401</u>	<u>4,161,401</u>
<b>Total - Business-type activities</b>	<u>2,945,221</u>	<u>2,967,742</u>	<u>707,371</u>	<u>3,431,509</u>		<u>4,161,401</u>	<u>4,161,401</u>
<b>Total</b>	<u>16,106,453</u>	<u>4,203,698</u>	<u>1,392,848</u>	<u>4,915,072</u>	<u>(9,756,236)</u>	<u>4,161,401</u>	<u>(5,594,835)</u>
<b>General revenues:</b>							
Taxes:							
Sales and use taxes					7,615,227	-	7,615,227
Real estate transfer tax					2,908,084	-	2,908,084
Property taxes					1,401,976	-	1,401,976
Specific ownership taxes					292,868	-	292,868
Franchise taxes					64,240	-	64,240
Miscellaneous taxes					1,119,003	-	1,119,003
Investment earnings					297,358	528,154	825,512
Gain on asset disposition					74,731	-	74,731
Miscellaneous					190,370	-	190,370
<b>Total - General revenues and transfers</b>					<u>13,963,857</u>	<u>528,154</u>	<u>14,492,011</u>
<b>Change in Net Position</b>					4,207,621	4,689,555	8,897,176
<b>Net Position - January 1</b>					<u>57,678,390</u>	<u>13,267,187</u>	<u>70,945,577</u>
<b>Net Position - December 31</b>					<u>61,886,011</u>	<u>17,956,742</u>	<u>79,842,753</u>

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

**FUND FINANCIAL STATEMENTS**



**Town of Crested Butte, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2023**

	<u>General Fund</u>	<u>Affordable Housing Fund</u>	<u>General Capital Fund</u>	<u>Street and Alley Fund</u>	<u>Conservation Trust Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>						
Cash and investments - Unrestricted	9,116,763	-	10,975,944	2,215,079	15,269	22,323,055
Cash and investments - Restricted	9,587	-	-	-	-	9,587
Receivables:						
Taxes	1,272,022	-	-	1,417,102	-	2,689,124
Intergovernmental	13,466	1,374,478	59,045	4,951	5,845	1,457,785
Leases receivable	-	132,570	-	-	-	132,570
Notes receivable	-	500,000	-	-	-	500,000
Due from other fund	1,307,906	-	-	-	-	1,307,906
<b>Total Assets</b>	<u>11,719,744</u>	<u>2,007,048</u>	<u>11,034,989</u>	<u>3,637,132</u>	<u>21,114</u>	<u>28,420,027</u>
<b>Liabilities:</b>						
Accounts payable	280,226	34,806	152,572	66,879	-	534,483
Accrued payroll and related liabilities	11,283	185	3,495	312	-	15,275
Due to other fund	-	1,307,906	-	-	-	1,307,906
Deposits payable	1,328,467	-	-	22,065	-	1,350,532
<b>Total Liabilities</b>	<u>1,619,976</u>	<u>1,342,897</u>	<u>156,067</u>	<u>89,256</u>	<u>-</u>	<u>3,208,196</u>
<b>Deferred Inflows of Resources:</b>						
Property taxes	328,591	-	-	1,417,102	-	1,745,693
Lease-related	-	540,000	-	-	-	540,000
<b>Total Deferred Inflows of Resources</b>	<u>328,591</u>	<u>540,000</u>	<u>-</u>	<u>1,417,102</u>	<u>-</u>	<u>2,285,693</u>
<b>Fund Balances:</b>						
Restricted	455,000	-	-	-	21,114	476,114
Committed	-	124,151	10,878,922	2,130,774	-	13,133,847
Unassigned	9,316,177	-	-	-	-	9,316,177
<b>Total Fund Balances</b>	<u>9,771,177</u>	<u>124,151</u>	<u>10,878,922</u>	<u>2,130,774</u>	<u>21,114</u>	<u>22,926,138</u>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>11,719,744</u>	<u>2,007,048</u>	<u>11,034,989</u>	<u>3,637,132</u>	<u>21,114</u>	<u>28,420,027</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, 2023**

<b>Total Governmental Fund Balances</b>		22,926,138
<b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>		
<p>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.</p>		
		3,107,421
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Cost of capital assets	49,787,963	
Less: Accumulated depreciation	<u>(13,656,858)</u>	
		36,131,105
<p>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.</p>		
Subscription payable	(114,416)	
Accrued compensated absences	<u>(164,237)</u>	
		(278,653)
<b>Net Position of Governmental Activities</b>		<u><u>61,886,011</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, 2023**

	General Fund	Affordable Housing Fund	General Capital Fund	Street and Alley Fund	Conservation Trust Fund	Total Governmental Funds
<b>Revenues:</b>						
Taxes	7,518,304	867,859	990,956	1,116,195	-	10,493,314
Real estate transfer tax	-	-	2,908,084	-	-	2,908,084
Licenses, permits, and fees	354,965	-	-	182,999	-	537,964
Intergovernmental revenue	89,700	1,939,976	125,047	-	20,508	2,175,231
Charges for services	397,409	154,355	-	-	-	551,764
Housing payments in lieu	-	167,938	-	-	-	167,938
Investment income	297,358	-	-	-	-	297,358
Miscellaneous	49,461	-	90,575	22,432	-	162,468
<b>Total Revenues</b>	<u>8,707,197</u>	<u>3,130,128</u>	<u>4,114,662</u>	<u>1,321,626</u>	<u>20,508</u>	<u>17,294,121</u>
<b>Expenditures:</b>						
General government	2,325,272	-	-	-	-	2,325,272
Public safety	1,470,887	-	-	-	-	1,470,887
Public works	1,114,934	-	-	-	-	1,114,934
Streets	-	-	-	718,397	-	718,397
Community development	1,186,765	-	-	-	-	1,186,765
Culture and recreation	432,631	-	-	-	-	432,631
Affordable housing	-	340,233	-	-	-	340,233
Transportation	1,343,200	-	-	-	-	1,343,200
Capital outlay	171,350	3,251,329	3,486,505	1,324,469	110,000	8,343,653
Debt service:						
Principal	56,935	-	-	-	-	56,935
Interest	548	-	-	-	-	548
<b>Total Expenditures</b>	<u>8,102,522</u>	<u>3,591,562</u>	<u>3,486,505</u>	<u>2,042,866</u>	<u>110,000</u>	<u>17,333,455</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	604,675	(461,434)	628,157	(721,240)	(89,492)	(39,334)
<b>Other Financing Sources (Uses):</b>						
Subscription proceeds	171,350	-	-	-	-	171,350
Sale of assets	-	-	74,731	-	-	74,731
<b>Total Other Financing Sources (Uses)</b>	<u>171,350</u>	<u>-</u>	<u>74,731</u>	<u>-</u>	<u>-</u>	<u>246,081</u>
<b>Net Change in Fund Balances</b>	776,025	(461,434)	702,888	(721,240)	(89,492)	206,747
<b>Fund Balances - January 1</b>	<u>8,995,152</u>	<u>585,585</u>	<u>10,176,034</u>	<u>2,852,014</u>	<u>110,606</u>	<u>22,719,391</u>
<b>Fund Balances - December 31</b>	<u><u>9,771,177</u></u>	<u><u>124,151</u></u>	<u><u>10,878,922</u></u>	<u><u>2,130,774</u></u>	<u><u>21,114</u></u>	<u><u>22,926,138</u></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, 2023**

<b>Net Change in Fund Balances of Governmental Funds</b>		<b>206,747</b>
<b>Amounts reported for governmental activities in the Statement of Activities are different because:</b>		
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.		3,822
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	(1,333,002)	
Capital outlay	5,492,631	4,159,629
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.		
Subscription liability proceeds	(171,350)	
Principal repayments - Subscription liability	56,935	(114,415)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued compensated absences	(48,162)	(48,162)
<b>Change in Net Position of Governmental Activities</b>		<b>4,207,621</b>

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

**Town of Crested Butte, Colorado**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2023**

	<u><b>Business-type Activities Sewer, Water, and Sanitation Enterprise Fund</b></u>
<b>Assets:</b>	
<b>Current assets:</b>	
Cash and investments - Unrestricted	2,408,986
Accounts receivable	270,919
Due from other governments	5,791,764
Inventories	18,081
<b>Total - Current assets</b>	<u>8,489,750</u>
<b>Noncurrent assets:</b>	
Capital assets, not being depreciated	17,841,396
Capital assets, net of accumulated depreciation	8,900,475
<b>Total - Noncurrent assets</b>	<u>26,741,871</u>
<b>Total Assets</b>	<u>35,231,621</u>
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accounts payable	1,799,637
Accrued payroll and related liabilities	3,942
Interest payable	17,136
Current portion of long-term debt	614,410
<b>Total - Current liabilities</b>	<u>2,435,125</u>
<b>Noncurrent liabilities:</b>	
Compensated absences	39,351
Debt, net of current portion	14,800,403
<b>Total - Noncurrent liabilities</b>	<u>14,839,754</u>
<b>Total Liabilities</b>	<u>17,274,879</u>
<b>Net Position:</b>	
Net investment in capital assets	11,327,058
Restricted for debt service	459,400
Unrestricted	6,170,284
<b>Total Net Position</b>	<u><u>17,956,742</u></u>

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, 2023**

	<u><b>Business-type Activities Sewer, Water, and Sanitation Enterprise Fund</b></u>
<b>Operating Revenues:</b>	
Charges for services	2,967,742
<b>Total Operating Revenues</b>	<u>2,967,742</u>
<b>Operating Expenses:</b>	
Operations and maintenance	1,968,545
Administrative fee	65,000
Depreciation	564,582
<b>Total Expenses</b>	<u>2,598,127</u>
<b>Operating Income (Loss)</b>	369,615
<b>Non-operating Revenues (Expenses):</b>	
State and federal grants	707,371
Investment income	528,154
Interest expense	(347,094)
<b>Total Non-operating Revenues (Expenses)</b>	<u>888,431</u>
<b>Income before Capital Contributions</b>	1,258,046
<b>Capital Contributions:</b>	
Intergovernmental	2,084,662
Tap fees:	
Water	1,171,438
Sewer	175,409
<b>Total Capital Contributions</b>	<u>3,431,509</u>
<b>Change in Net Position</b>	4,689,555
<b>Net Position - January 1</b>	<u>13,267,187</u>
<b>Net Position - December 31</b>	<u><u>17,956,742</u></u>

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

**Town of Crested Butte, Colorado**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2023**

	<u><b>Business-type Activities Sewer, Water, and Sanitation Enterprise Fund</b></u>
<b>Cash Flows From Operating Activities:</b>	
Cash received from customers	2,942,868
Cash paid to suppliers for goods and services	316,535
Cash paid to employees	(788,513)
Cash payments for internal services	(65,000)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>2,405,890</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Tap fees received	1,346,847
Intergovernmental revenue	566,413
Interest paid	(347,094)
Debt proceeds received	8,028,244
Principal repayments on debt	(569,795)
Acquisition of capital assets	(15,779,556)
<b>Net Cash Provided (Used) by Capital     and Related Financing Activities</b>	<u>(6,754,941)</u>
<b>Cash Flows From Investing Activities:</b>	
Interest received	528,154
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>528,154</u>
<b>Net Change in Cash and Cash Equivalents</b>	(3,820,897)
<b>Cash and Investments - Beginning</b>	<u>6,229,883</u>
<b>Cash and Investments - Ending</b>	<u>2,408,986</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	<u>369,615</u>
<b>Adjustments:</b>	
Depreciation expense	564,582
(Increase) decrease in accounts receivable	(21,174)
(Increase) decrease in inventory	1,734
Increase (decrease) in accounts payable	1,479,922
Increase (decrease) in accrued benefits	14,911
Increase (decrease) in deposits payable	(3,700)
<b>Total Adjustments</b>	<u>2,036,275</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>2,405,890</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**



**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**

**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, 2023**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**C. Fund Financial Statements**

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

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

The Town reports the following major governmental funds:

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

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

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

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

The Town reports the following non-major governmental fund:

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

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

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

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

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

**1. Long-term Economic Focus and Accrual Basis**

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

**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(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, 2023**  
**(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, 2023**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**E. Financial Statement Accounts (continued)**

**5. Capital Assets**

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

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

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

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

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

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

**6. Long-term Debt**

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

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

**7. Compensated Absences**

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



**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**E. Financial Statement Accounts (continued)**

**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.6. 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.

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.

**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**E. Financial Statement Accounts (continued)**

**9. Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

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 in the governmental Balance Sheet and on the Statement of Net Position, are deferred and recognized as an inflow of resources in the period that the amounts become available.

**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. For further details on the various fund balance classifications, refer to Note IV.F.

**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.

**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.

**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**F. Significant Accounting Policies**

**1. Use of Estimates**

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

**2. Restricted and Unrestricted Resources**

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

**II. Reconciliation of Government-wide and Fund Financial Statements**

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

**III. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

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

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

The Town followed these procedures in preparing, approving, and enacting its budget for 2023.

- (1) For the 2023 budget year, prior to August 25, 2022, 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 2022 fiscal year, the Town Manager submitted to the Town Council a budget and accompanying message.
- (3) Prior to December 15, 2022, 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.

**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**A. Budgetary Information (continued)**

- (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 2022 were collected in 2023, and taxes certified in 2023 will be collected in 2024. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of 1% per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16.

**B. TABOR Amendment**

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

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending for fiscal years ending after December 31, 1995. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved \$455,000 of the December 31, 2023 year-end fund balance in the General Fund for this purpose, which is the approximate required reserve amount.

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

**C. Expenditures in Excess of Budget**

For the year ended December 31, 2023, the Sewer, Water, and Sanitation Fund had expenditures in excess of budgeted appropriations of \$665,927. This may be a violation of Colorado Budget Law.

**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**IV. Detailed Notes on all Funds**

**A. Deposits and Investments**

**1. Deposits**

The Town's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). Amounts on deposit in excess of \$250,000, the FDIC-insured limit at each participating institution, must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The collateral pool is to be maintained by another institution or held in trust for all the uninsured public as a group. The fair value of the collateral must equal or exceed 102% of the uninsured deposits. At December 31, 2023, bank balance of the Town's accounts was \$11,582,038.

At the end of 2023, the Town held deposits and investments with the following maturities:

	<b>Standard &amp; Poor's Rating (Fitch)</b>	<b>Carrying Amounts</b>	<b>Maturities</b>	
			<b>Less than one year</b>	<b>Less than five years</b>
<b>Deposits:</b>				
Petty cash	Not Rated	\$ 850	\$ 850	\$ -
Checking	Not Rated	2,922,981	2,922,981	-
Savings	Not Rated	7,484,267	7,484,267	-
Certificates of deposit*	Not Rated	386,592	386,592	-
<b>Investments:</b>				
Investment pools	AAAm (AAAf)	13,946,938	13,946,938	-
<b>Total</b>		<b>\$ 24,741,628</b>	<b>\$ 24,741,628</b>	<b>\$ -</b>

\*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	\$ 24,732,041
Cash and investments - Restricted	9,587
<b>Total</b>	<b>\$ 24,741,628</b>

**2. Investments**

The Town measures and records its investments using fair value measurement guidelines established by GAAP. At December 31, 2023, the Town had the following recurring fair value measurements:

**Investments Measured at Net Asset Value**

COLOTRUST	<u>\$ 13,946,938</u>
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**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**A. Deposits and Investments (continued)**

**2. Investments (continued)**

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

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

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

**B. Receivables**

Receivables as of December 31, 2023 for the Town's funds, including applicable allowances for uncollectible accounts, were as follows:

	<b>General Fund</b>	<b>Affordable Housing</b>	<b>General Capital Fund</b>	<b>Street and Alley Fund</b>	<b>Conservation Trust Fund</b>	<b>Sewer, Water and Sanitation Enterprise Fund</b>	<b>Total</b>
Property tax	\$ 328,591	\$ -	\$ -	\$ 1,417,102	\$ -	\$ -	\$ 1,745,693
Sales tax	943,431	-	-	-	-	-	943,431
Total - Taxes	1,272,022	-	-	1,417,102	-	-	2,689,124
Intergovernmental	13,466	1,374,478	59,045	4,951	5,845	5,791,764	7,249,549
Other	-	-	-	-	-	270,919	270,919
Leases receivable	-	132,570	-	-	-	-	132,570
Notes receivable	-	500,000	-	-	-	-	500,000
Gross Receivables	1,285,488	2,007,048	59,045	1,422,053	5,845	6,062,683	10,842,162
Less: Allowance for uncollectibles	-	-	-	-	-	-	-
<b>Net Receivables</b>	<b>\$ 1,285,488</b>	<b>\$ 2,007,048</b>	<b>\$ 59,045</b>	<b>\$ 1,422,053</b>	<b>\$ 5,845</b>	<b>\$ 6,062,683</b>	<b>\$ 10,842,162</b>

*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 Borrower's Amended and Restated Agreement of Limited Liability Limited Partnership for the Mineral Point development.

**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**B. Receivables (continued)**

*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 receivable aggregate rent accruing interest at 5.03% per annum through maturity. 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 Limited Partner's Third Capital Contribution (the "Interest Only Period"), annual rent is to be equal to 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 section 11.03 of the Partnership Agreement of TWG Crested Butte, LLLP.

**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.

The separately-issued financial statements of Mountain Express as of and for the year ended December 31, 2023 are available from the Town. Mountain Express's financial information as of and for the year ended December 31, 2023 is summarized as follows:

**Assets:**

Cash and investments	\$ 2,979,702
Other assets	3,586,428
<b>Total assets</b>	<u>6,566,130</u>
<b>Total liabilities</b>	<u>351,289</u>
<b>Net position</b>	<u>\$ 6,214,841</u>
Total contributions and other revenues	\$ 3,547,502
Total expenses and distributions	(3,540,116)
<b>Change in net position</b>	<u>\$ 7,386</u>

**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**  
(Continued)

**IV. Detailed Notes on all Funds (continued)**

**D. Capital Assets**

Governmental capital asset activity for the year ended December 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental Activities:</i>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 13,984,713	\$ 750,000	\$ -	\$ 14,734,713
Construction in progress	3,143,557	2,285,096	(278,710)	5,149,943
<b>Total Capital Assets Not Being Depreciated</b>	<u>17,128,270</u>	<u>3,035,096</u>	<u>(278,710)</u>	<u>19,884,656</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings and improvements	9,239,977	59,383	-	9,299,360
Other improvements	5,964,707	1,089,917	(26,215)	7,028,409
Infrastructure and improvements	5,740,483	319,981	-	6,060,464
Equipment and vehicles	6,255,768	1,095,614	(7,658)	7,343,724
Right-to-use asset	-	171,350	-	171,350
<b>Total Capital Assets Being Depreciated</b>	<u>27,200,935</u>	<u>2,736,245</u>	<u>(33,873)</u>	<u>29,903,307</u>
Less Accumulated Depreciation and Amortization For:				
Buildings and improvements	(2,331,642)	(272,596)	-	(2,604,238)
Other improvements	(2,470,272)	(249,642)	26,215	(2,693,699)
Infrastructure and improvements	(3,574,676)	(209,933)	-	(3,784,609)
Equipment and vehicles	(3,981,139)	(543,714)	7,658	(4,517,195)
Right-to-use asset	-	(57,117)	-	(57,117)
<b>Total Accumulated Depreciation</b>	<u>(12,357,729)</u>	<u>(1,333,002)</u>	<u>33,873</u>	<u>(13,656,858)</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>14,843,206</u>	<u>1,403,243</u>	<u>-</u>	<u>16,246,449</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 31,971,476</u>	<u>\$ 4,438,339</u>	<u>\$ (278,710)</u>	<u>\$ 36,131,105</u>



**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**D. Capital Assets (continued)**

Business-type capital asset activity for the year ended December 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Business-type Activities:</i>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 27,610	\$ -	\$ -	\$ 27,610
Construction in progress	2,106,086	15,707,700	-	17,813,786
<b>Total Capital Assets Not Being Depreciated</b>	<u>2,133,696</u>	<u>15,707,700</u>	<u>-</u>	<u>17,841,396</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings	149,980	-	-	149,980
Other improvements	63,634	-	-	63,634
Water plant and distribution system	7,016,209	-	-	7,016,209
Sewer plant and distribution system	10,418,535	-	-	10,418,535
Equipment and vehicles	1,549,206	71,856	(55,831)	1,565,231
<b>Total Capital Assets Being Depreciated</b>	<u>19,197,564</u>	<u>71,856</u>	<u>(55,831)</u>	<u>19,213,589</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(90,626)	(3,255)	-	(93,881)
Other improvements	(44,630)	(1,147)	-	(45,777)
Water plant and distribution system	(3,730,091)	(207,573)	-	(3,937,664)
Sewer plant and collection system	(4,655,416)	(261,771)	-	(4,917,187)
Equipment and vehicles	(1,283,600)	(90,836)	55,831	(1,318,605)
<b>Total Accumulated Depreciation</b>	<u>(9,804,363)</u>	<u>(564,582)</u>	<u>55,831</u>	<u>(10,313,114)</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>9,393,201</u>	<u>(492,726)</u>	<u>-</u>	<u>8,900,475</u>
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 11,526,897</u>	<u>\$ 15,214,974</u>	<u>\$ -</u>	<u>\$ 26,741,871</u>

**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**D. Capital Assets (continued)**

Depreciation expense for 2023 was charged to Town functions as follows:

**Governmental Activities:**

General government	\$ 545,532
Public safety	63,844
Public works	316,747
Culture and recreation	215,702
Affordable housing	191,177
<b>Total Depreciation Expense - Governmental Activities</b>	<b><u><u>\$ 1,333,002</u></u></b>

**Business-type Activities:**

Water	\$ 243,305
Sewer	321,277
<b>Total Depreciation Expense - Business-type Activities</b>	<b><u><u>\$ 564,582</u></u></b>

**E. Long-term Liabilities**

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

**1. Water Pollution Control Revolving Fund**

- On May 25, 2010, the Town entered into a loan agreement in the principal amount of \$1,900,000, with interest at 2.0% per annum. Blended principal and interest payments are due May 1 and November 1 annually to maturity on November 1, 2030.
- On March 10, 2020, the Town entered into a loan agreement in the principal amount of \$2,025,600, with interest at 2.5% per annum. Blended principal and interest payments are due May 1 and November 1 annually to maturity on May 1, 2040.
- On December 9, 2022, the Town entered into loan agreements in the principal amounts of \$9,500,000 and \$3,000,000, with interest at 2.75% and 0.60% per annum, respectively. Blended principal and interest payments are due May 1 and November 1 annually to maturity on May 1, 2052. As of December 31, 2023, the Town had drawn a total of \$11,307,436 on the loans and had \$1,192,564 in authorized but unissued debt.

**2. Drinking Water Revolving Fund**

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

**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**E. Long-term Liabilities (continued)**

**3. Rate Covenants**

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

**4. Annual Debt Service Requirements**

Aggregate annual debt service requirements to maturity at December 31, 2023 for business activities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 614,410	\$ 363,884	\$ 978,294
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 - 2033	3,246,036	1,335,949	4,581,985
2034 - 2038	3,093,089	988,210	4,081,299
2039 - 2043	2,401,994	676,966	3,078,960
2044 - 2048	2,471,235	410,544	2,881,779
2049 - 2053	2,189,837	115,586	2,305,423
<b>Total</b>	<u>\$ 16,607,377</u>	<u>\$ 5,213,537</u>	<u>\$ 16,633,712</u>

As of December 31, 2022, the Town had \$1,192,564 in authorized but unissued debt for business activities. The above aggregate annual debt service requirements to maturity for the years following December 31, 2023 assume all available amounts will be drawn upon.

**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**IV. Detailed Notes on all Funds (continued)**

**E. Long-term Liabilities (continued)**

**5. Changes in Long-term Liabilities**

Long-term liability activity for the year ended December 31, 2023 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
Compensated absences	\$ 116,075	\$ 48,162	\$ -	\$ 164,237	\$ -
Subscription liability	-	171,350	(56,934)	114,416	57,117
<b>Total Governmental Activities</b>					
<b>Long-term Liabilities</b>	<b>\$ 116,075</b>	<b>\$ 219,512</b>	<b>\$ (56,934)</b>	<b>\$ 278,653</b>	<b>\$ 57,117</b>
<b>Business-type Activities:</b>					
<i>Water Pollution Control Revolving Fund:</i>					
2010 Loan	\$ 667,949	\$ -	\$ (77,795)	\$ 590,154	\$ 79,359
2020 Loan	1,854,025	-	(85,636)	1,768,389	87,790
2023 Loan	-	11,307,436	(269,069)	11,038,367	307,206
<i>Drinking Water Revolving Fund:</i>					
2012 Loan	213,503	-	(20,620)	192,883	21,035
2017 Loan	1,941,695	-	(116,675)	1,825,020	119,020
Loans, net	4,677,172	11,307,436	(569,795)	15,414,813	614,410
Compensated absences	28,382	10,969	-	39,351	-
<b>Total Business-type Activities</b>					
<b>Long-term Liabilities</b>	<b>\$ 4,705,554</b>	<b>\$ 11,318,405</b>	<b>\$ (569,795)</b>	<b>\$ 15,454,164</b>	<b>\$ 614,410</b>

**6. 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 2023, the Town recorded principal reduction of \$56,935 against the subscription payable, and incurred \$548 in interest expense and \$0 in variable payment expense in respect of the subscription.

**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(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.

As of December 31, 2023, fund balances are composed of the following:

<u>Classification</u>	<u>General Fund</u>	<u>Affordable Housing Fund</u>	<u>General Capital Fund</u>	<u>Street and Alley Fund</u>	<u>Conservation Trust Fund</u>	<u>Total Governmental Funds</u>
<b>Restricted:</b>						
TABOR emergency reserve	\$ 455,000	\$ -	\$ -	\$ -	\$ -	\$ 455,000
Conservation Trust	-	-	-	-	21,114	21,114
<b>Committed:</b>						
Affordable housing	-	124,151	-	-	-	124,151
Capital projects	-	-	10,878,922	-	-	10,878,922
Streets and parking	-	-	-	2,130,774	-	2,130,774
<b>Unassigned</b>	9,316,177	-	-	-	-	9,316,177
<b>Total</b>	<u>\$ 9,771,177</u>	<u>\$ 124,151</u>	<u>\$ 10,878,922</u>	<u>\$ 2,130,774</u>	<u>\$ 21,114</u>	<u>\$ 22,926,138</u>

**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**V. Other Information**

**A. Segment information**

The Town has separate revenue loans to finance system improvements in the sewer and water departments. The two departments are accounted for in a single fund (the Sewer, Water and Sanitation Enterprise Fund) but the lender relies on the revenue generated by the individual activities for repayment. Summary 2023 financial information for each department is presented below:

**Condensed Statement of Net Position**

	<b>Sewer</b>	<b>Water</b>
<b>Assets:</b>		
Current assets	\$ 2,359,324	\$ 5,042,503
Capital assets, net	23,241,837	3,500,034
<b>Total Assets</b>	<b>25,601,161</b>	<b>8,542,537</b>
<b>Liabilities:</b>		
Current liabilities	2,245,407	124,734
Non-current liabilities	12,967,632	1,872,122
<b>Total Liabilities</b>	<b>15,213,039</b>	<b>1,996,856</b>
<b>Net Position:</b>		
Net investment in capital assets	9,788,296	1,538,763
Restricted for debt service	338,534	120,866
Unrestricted	261,291	4,886,052
<b>Total Net Position</b>	<b>\$ 10,388,122</b>	<b>\$ 6,545,681</b>

**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(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>
<b>Operating Revenues:</b>		
Charges for services	\$ 1,370,301	\$ 1,216,825
<b>Operating Expenses:</b>		
Depreciation expense	321,277	243,305
Operating expenses	1,141,567	407,570
<b>Total Operating Expenses</b>	<u>1,462,844</u>	<u>650,875</u>
<b>Operating Income (Loss)</b>	(92,543)	565,950
<b>Non-operating Revenues (Expenses):</b>		
State and federal grants	707,371	-
Investment income	243,866	216,552
Interest expense	(297,108)	(49,986)
<b>Total Non-operating Revenues (Expenses)</b>	<u>654,129</u>	<u>166,566</u>
<b>Income before Capital Contributions</b>	561,586	732,516
<b>Capital Contributions:</b>		
Intergovernmental	2,084,662	-
Tap fees	175,409	1,171,438
<b>Change in Net Position</b>	2,821,657	1,903,954
<b>Net Position - January 1</b>	<u>7,566,465</u>	<u>4,641,727</u>
<b>Net Position - December 31</b>	<u>\$ 10,388,122</u>	<u>\$ 6,545,681</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, 2023**  
**(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:

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

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

The contribution requirements of the retirement plan participants and the Town are established, and may be amended, by the Town Council. During 2023, the Town matched employees' contributions of \$285,115 with required employer contributions of \$285,115. The Town's total payroll for 2023 was \$4,727,108 and covered payroll was \$3,578,681.

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 \$22,500 in 2023 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, 2023**  
**(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, 2023. The deductible amount paid by the Town for each incident in 2023 was \$1,000; there is no change in coverage from past years. All settlements for the year ended December 31, 2023 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, 2023 is as follows:

<u>Property and Casualty Pool</u>	<u>Equity Ratio</u>	<u>Share of Surplus (Deficit) Dec. 31/23</u>
Operating Fund	0.55%	\$ 122,364
Loss Fund	3.78%	84,321
Pooled Excess Fund	0.36%	(79,288)
Reserve Fund	0.38%	33,954

CIRSA's combined financial information as of and for the year ended December 31, 2023 (the latest year for which audited data is available) is summarized as follows:

<b>Assets:</b>	
Cash and investments	\$ 89,418,033
Other assets	5,430,422
<b>Total assets</b>	<u>94,848,455</u>
<b>Total liabilities</b>	<u>60,691,640</u>
<b>Net position</b>	<u>\$ 34,156,815</u>
Total contributions and other revenues	\$ 44,242,681
Total expenses and distributions	(54,284,668)
<b>Change in net position</b>	<u><u>\$(10,041,987)</u></u>

**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(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, 2023.

**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 \$90,780 to GVRHA for the year ended December 31, 2023 under the provisions of the intergovernmental agreement.

**Town of Crested Butte, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(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, 2023, the Town has no debt issued pursuant to this authorization.

**H. Adoption of New Accounting Standard – GASB Statement No. 96, *Subscription Based Information Technology Arrangements***

During 2023, the Town adopted GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. This standard requires the recognition of certain subscription assets and liabilities for agreements that previously were classified as operating agreements and inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for subscription accounting based on the foundational principle that the subscriptions are financings of the right to use an underlying asset. Under this standard, the Town is required to recognize a subscription liability and an intangible right-to-use subscription asset. The Town has applied this standard to the beginning of the earliest comparative period presented. The application of the new standard did not result in a restatement of net position.

**I. Subsequent Events**

**1. 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, 2023, the total amount receivable by the Town for the District's share of current ATAD improvements is \$2,336,916. As of the date of this report, the Town and the District are negotiating terms for partially financing payment of the receivable.

**2. 2024 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.

**REQUIRED SUPPLEMENTARY INFORMATION**



**Town of Crested Butte, Colorado**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended December 31, 2023**  
**(With Comparative Actual Amounts For 2022)**

	<u>2023</u>			<u>Final Budget Variance Positive (Negative)</u>	<u>2022</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>					
<b>Taxes:</b>					
General property	303,604	303,604	345,426	41,822	351,335
Specific ownership	219,970	219,970	292,868	72,898	303,388
Sales	6,873,712	6,873,712	6,624,271	(249,441)	6,478,228
Franchise fees	45,422	45,422	64,240	18,818	45,008
Tobacco	200,000	200,000	191,499	(8,501)	204,651
<b>Total - Taxes</b>	<u>7,642,708</u>	<u>7,642,708</u>	<u>7,518,304</u>	<u>(124,404)</u>	<u>7,382,610</u>
<b>License, permits, and fees:</b>					
Vacation rental licenses	2,600	2,600	9,680	7,080	152,472
Business and liquor licenses	40,571	40,571	41,521	950	40,909
Building permits	283,236	283,236	220,880	(62,356)	338,574
Occupation licenses	54,000	54,000	43,813	(10,187)	40,389
Non-business licenses/permits	55,405	55,405	39,071	(16,334)	45,472
<b>Total - License, permits, and fees</b>	<u>435,812</u>	<u>435,812</u>	<u>354,965</u>	<u>(80,847)</u>	<u>617,816</u>
<b>Intergovernmental:</b>					
Grants	-	-	83,508	83,508	21,193
Motor vehicle registration	5,936	5,936	6,192	256	8,003
<b>Total - Intergovernmental</b>	<u>5,936</u>	<u>5,936</u>	<u>89,700</u>	<u>83,764</u>	<u>29,196</u>
<b>Charges for services:</b>					
Energy mitigation fee	10,036	10,036	20,070	10,034	34,612
Vehicle maintenance	18,000	18,000	18,000	-	18,000
Recreation fees	77,750	77,750	75,090	(2,660)	84,410
Rent	90,940	90,940	122,234	31,294	86,042
Public safety services and fines	71,195	71,195	97,015	25,820	35,795
Administration fees	65,000	65,000	65,000	-	65,000
<b>Total - Charges for services</b>	<u>332,921</u>	<u>332,921</u>	<u>397,409</u>	<u>64,488</u>	<u>323,859</u>
<b>Investment income</b>	<u>24,000</u>	<u>24,000</u>	<u>297,358</u>	<u>273,358</u>	<u>96,594</u>
<b>Miscellaneous:</b>					
Other	1,520	1,520	49,461	47,941	18,732
<b>Total Revenues</b>	<u>8,442,897</u>	<u>8,442,897</u>	<u>8,707,197</u>	<u>264,300</u>	<u>8,468,807</u>

(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, 2023**  
**(With Comparative Actual Amounts For 2022)**  
**(Continued)**

	2023			Final Budget Variance Positive (Negative)	2022
	Original Budget	Final Budget	Actual		Actual
<b>Expenditures:</b>					
<b>General government:</b>					
Administrative	226,541	253,586	286,592	(33,006)	210,252
Clerk	377,155	377,155	348,853	28,302	216,463
Court	-	-	841	(841)	846
Finance	696,444	696,444	577,454	118,990	483,255
General	834,906	970,098	806,143	163,955	917,473
Legal	220,100	256,501	216,057	40,444	252,249
Legislative	93,486	93,486	89,332	4,154	92,467
<b>Total - General government</b>	<u>2,448,632</u>	<u>2,647,270</u>	<u>2,325,272</u>	<u>321,998</u>	<u>2,173,005</u>
<b>Public safety</b>	1,409,158	1,517,360	1,470,887	46,473	1,211,663
<b>Public works</b>	1,112,320	1,158,996	1,114,934	44,062	795,039
<b>Community development</b>	1,328,324	1,425,230	1,186,765	238,465	1,154,230
<b>Culture and recreation</b>	461,332	461,332	432,631	28,701	376,367
<b>Transportation:</b>					
Mountain Express	1,298,333	1,298,333	1,343,200	(44,867)	1,336,103
Other	-	-	-	-	2,696
<b>Total - Transportation</b>	<u>1,298,333</u>	<u>1,298,333</u>	<u>1,343,200</u>	<u>(44,867)</u>	<u>1,338,799</u>
<b>Capital outlay</b>	-	-	171,350	(171,350)	-
<b>Debt service:</b>					
Principal	-	-	56,935	(56,935)	-
Interest	-	-	548	(548)	-
<b>Total - Debt service</b>	<u>-</u>	<u>-</u>	<u>57,483</u>	<u>(57,483)</u>	<u>-</u>
<b>Total Expenditures</b>	<u>8,058,099</u>	<u>8,508,521</u>	<u>8,102,522</u>	<u>405,999</u>	<u>7,049,103</u>
<b>Excess (Deficiency) of</b>					
<b>Revenues Over Expenditures</b>	384,798	(65,624)	604,675	670,299	1,419,704
<b>Other Financing Sources (Uses):</b>					
Subscriptions proceeds	-	-	171,350	171,350	-
Transfers (out)	-	-	-	-	(2,325,000)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>171,350</u>	<u>171,350</u>	<u>(2,325,000)</u>
<b>Net Change in Fund Balance</b>	384,798	(65,624)	776,025	841,649	(905,296)
<b>Fund Balance - January 1</b>	<u>8,957,518</u>	<u>8,957,518</u>	<u>8,995,152</u>	<u>37,634</u>	<u>9,900,448</u>
<b>Fund Balance - December 31</b>	<u>9,342,316</u>	<u>8,891,894</u>	<u>9,771,177</u>	<u>879,283</u>	<u>8,995,152</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, 2023**  
**(With Comparative Actual Amounts For 2022)**

	<u>2023</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2022</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>					
Excise tax	1,000,000	1,000,000	867,859	(132,141)	1,059,032
Intergovernmental revenue	5,277,445	5,277,445	1,939,976	(3,337,469)	1,469,634
Charges for services	81,980	81,980	154,355	72,375	100,394
Housing payments in lieu	50,000	50,000	167,938	117,938	143,163
Other	17,000	17,000	-	(17,000)	-
<b>Total Revenues</b>	<u>6,426,425</u>	<u>6,426,425</u>	<u>3,130,128</u>	<u>(3,296,297)</u>	<u>2,772,223</u>
<b>Expenditures:</b>					
Affordable housing	754,930	754,930	340,233	414,697	115,546
Capital outlay	4,885,550	4,885,550	3,251,329	1,634,221	3,509,391
<b>Total Expenditures</b>	<u>5,640,480</u>	<u>5,640,480</u>	<u>3,591,562</u>	<u>2,048,918</u>	<u>3,624,937</u>
<b>Net Change in Fund Balance</b>	785,945	785,945	(461,434)	(1,247,379)	(852,714)
<b>Fund Balance - January 1</b>	<u>169,984</u>	<u>169,984</u>	<u>585,585</u>	<u>415,601</u>	<u>1,438,299</u>
<b>Fund Balance - December 31</b>	<u><u>955,929</u></u>	<u><u>955,929</u></u>	<u><u>124,151</u></u>	<u><u>(831,778)</u></u>	<u><u>585,585</u></u>

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

SUPPLEMENTARY INFORMATION





**Town of Crested Butte, Colorado**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**  
**Capital Projects Funds - General Capital Fund**  
**For the Year Ended December 31, 2023**  
**(With Comparative Actual Amounts For 2022)**

	<u>2023</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2022</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual (Restated)</b>
<b>Revenues:</b>					
Sales and use taxes	1,249,833	1,249,833	990,956	(258,877)	1,493,448
Real estate transfer tax	2,000,000	2,000,000	2,908,084	908,084	2,758,463
Grants	725,000	725,000	125,047	(599,953)	117,194
Investment income	2,500	2,500	-	(2,500)	-
Miscellaneous	357,000	357,000	90,575	(266,425)	83,835
<b>Total Revenues</b>	<u>4,334,333</u>	<u>4,334,333</u>	<u>4,114,662</u>	<u>(219,671)</u>	<u>4,452,940</u>
<b>Expenditures:</b>					
Capital outlay	6,598,808	6,598,809	3,486,505	3,112,304	5,297,180
<b>Total Expenditures</b>	<u>6,598,808</u>	<u>6,598,809</u>	<u>3,486,505</u>	<u>3,112,304</u>	<u>5,297,180</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(2,264,475)	(2,264,476)	628,157	2,892,633	(844,240)
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	-	-	-	2,325,000
Sale of asset	-	-	74,731	74,731	21,653
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>74,731</u>	<u>74,731</u>	<u>2,346,653</u>
<b>Net Change in Fund Balance</b>	(2,264,475)	(2,264,476)	702,888	2,967,364	1,502,413
<b>Fund Balance - January 1</b>	<u>10,113,646</u>	<u>10,113,646</u>	<u>10,176,034</u>	<u>62,388</u>	<u>8,673,621</u>
<b>Fund Balance - December 31</b>	<u><u>7,849,171</u></u>	<u><u>7,849,170</u></u>	<u><u>10,878,922</u></u>	<u><u>3,029,752</u></u>	<u><u>10,176,034</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**  
**Capital Project Funds - Street and Alley Fund**  
**For the Year Ended December 31, 2023**  
**(With Comparative Actual Amounts For 2022)**

	<u>2023</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2022</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>					
General property taxes	999,538	999,538	1,056,550	57,012	1,059,382
Highway users taxes	62,265	62,265	59,645	(2,620)	60,180
Total - Taxes	<u>1,061,803</u>	<u>1,061,803</u>	<u>1,116,195</u>	<u>54,392</u>	<u>1,119,562</u>
Licenses, permits and fees	2,600	2,600	182,999	180,399	2,600
Miscellaneous	815	815	22,432	21,617	2,715
<b>Total Revenues</b>	<u>1,065,218</u>	<u>1,065,218</u>	<u>1,321,626</u>	<u>256,408</u>	<u>1,124,877</u>
<b>Expenditures:</b>					
Streets	679,676	753,796	718,397	35,399	490,513
Capital outlay	<u>1,153,000</u>	<u>1,332,004</u>	<u>1,324,469</u>	<u>7,535</u>	<u>504,774</u>
<b>Total Expenditures</b>	<u>1,832,676</u>	<u>2,085,800</u>	<u>2,042,866</u>	<u>42,934</u>	<u>995,287</u>
<b>Net Change in Fund Balance</b>	(767,458)	(1,020,582)	(721,240)	299,342	129,590
<b>Fund Balance - January 1</b>	<u>3,025,555</u>	<u>3,025,555</u>	<u>2,852,014</u>	<u>(173,541)</u>	<u>2,722,424</u>
<b>Fund Balance - December 31</b>	<u>2,258,097</u>	<u>2,004,973</u>	<u>2,130,774</u>	<u>125,801</u>	<u>2,852,014</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 - Conservation Trust Fund**  
**For the Year Ended December 31, 2023**  
**(With Comparative Actual Amounts For 2022)**

	<u>2023</u>			<u>Final Budget Variance Positive (Negative)</u>	<u>2022</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>					
Intergovernmental - Lottery proceeds	11,830	11,830	20,508	8,678	10,623
<b>Total Revenues</b>	<u>11,830</u>	<u>11,830</u>	<u>20,508</u>	<u>8,678</u>	<u>10,623</u>
<b>Expenditures:</b>					
Capital outlay	110,000	110,000	110,000	-	-
<b>Total Expenditures</b>	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(98,170)	(98,170)	(89,492)	8,678	10,623
<b>Fund Balance - January 1</b>	<u>107,653</u>	<u>107,653</u>	<u>110,606</u>	<u>2,953</u>	<u>99,983</u>
<b>Fund Balance - December 31</b>	<u><u>9,483</u></u>	<u><u>9,483</u></u>	<u><u>21,114</u></u>	<u><u>11,631</u></u>	<u><u>110,606</u></u>

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, 2023**  
**(With Comparative Actual Amounts For 2022)**

	<u>2023</u>			<u>Final Budget Variance Positive (Negative)</u>	<u>2022</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Operating Revenues:</b>					
Charges for services	5,269,501	5,269,501	2,967,742	(2,301,759)	2,718,136
<b>Total Operating Revenues</b>	<u>5,269,501</u>	<u>5,269,501</u>	<u>2,967,742</u>	<u>(2,301,759)</u>	<u>2,718,136</u>
<b>Operating Expenses:</b>					
Operations and maintenance	2,013,510	2,013,510	2,020,840	(7,330)	1,756,386
Administrative fee	65,000	65,000	65,000	-	65,000
Capital outlay	15,620,355	15,661,880	15,727,261	(65,381)	1,658,764
<b>Total Expenses</b>	<u>17,698,865</u>	<u>17,740,390</u>	<u>17,813,101</u>	<u>(72,711)</u>	<u>3,480,150</u>
<b>Operating Income (Loss)</b>	<u>(12,429,364)</u>	<u>(12,470,889)</u>	<u>(14,845,359)</u>	<u>(2,374,470)</u>	<u>(762,014)</u>
<b>Non-operating Revenues (Expenses):</b>					
State and federal grants	852,752	852,752	707,371	(145,381)	492,036
Investment income	25,000	25,000	528,154	503,154	166,218
Principal repayment	(195,541)	(195,541)	(569,795)	(374,254)	(294,387)
Interest expense	(128,132)	(128,132)	(347,094)	(218,962)	(106,501)
Debt proceeds	11,497,117	11,497,117	11,307,436	(189,681)	-
<b>Total Non-operating Revenues (Expenses)</b>	<u>12,051,196</u>	<u>12,051,196</u>	<u>11,626,072</u>	<u>(425,124)</u>	<u>257,366</u>
<b>Capital Contributions:</b>					
Intergovernmental	-	-	2,084,662	2,084,662	-
Tap fees:					
Water	223,200	223,200	1,171,438	948,238	223,719
Sewer	223,200	223,200	175,409	(47,791)	362,337
<b>Total Capital Contributions</b>	<u>446,400</u>	<u>446,400</u>	<u>3,431,509</u>	<u>2,985,109</u>	<u>586,056</u>
<b>Change in Net Position - Budget Basis</b>	<u>68,232</u>	<u>26,707</u>	212,222	<u>185,515</u>	81,408
<b>Reconciliation to GAAP Basis:</b>					
<b>Adjustments:</b>					
Debt proceeds			(11,307,436)		-
Principal repayment			569,795		294,387
Capitalized assets			15,779,556		1,538,275
Depreciation			(564,582)		(607,771)
<b>Change in Net Position - GAAP Basis</b>			<u>4,689,555</u>		<u>1,306,299</u>

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

LOCAL HIGHWAY FINANCE REPORT



The public report burden for this information collection is estimated to average 380 hours annually.

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: COLORADO
This Information From The Records Of: TOWN OF CRESTED BUTTE	YEAR ENDING (mm/yy): 12/23
Prepared By:	

**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
<b>A. Receipts from local sources:</b>		<b>A. Local highway expenditures:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 493,326.46
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 112,835.72
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 9,107.94
2. General fund appropriations		b. Snow and ice removal	\$ 284,724.63
3. Other local imposts (from page 2)	\$ 1,347,108.26	c. Other	
4. Miscellaneous local receipts (from page 2)	\$ 207,741.00	d. Total (a. through c.)	\$ 293,832.57
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 899,994.75
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	
7. Total (1 through 6)	\$ 1,554,849.26	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	\$ -
<b>C. Receipts from State government</b> (from page 2)	\$ 59,645.31	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	\$ -	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	\$ 1,614,494.57	b. Redemption	
		c. Total (a. + b.)	\$ -
		3. Total (1.c + 2.c)	\$ -
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total expenditures (A.6 + B.3 + C + D)</b>	\$ 899,994.75

**IV. LOCAL HIGHWAY DEBT STATUS**  
*(Show all entries at par)*

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

**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
	\$ 4,896,468.00	\$ 1,614,494.57	\$ 899,994.75	\$ 5,610,967.82	\$ -

**Notes and Comments:**

LOCAL HIGHWAY FINANCE REPORT

STATE:  
 COLORADO  
 YEAR ENDING (mm/yy):  
 12/23

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assesments	\$ 1,054,240.09	a. Interest on investments	\$ 2,309.91
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	\$ 292,868.17	g. Other Misc. Receipts	\$ 182,998.74
6. Total (1. through 5.)	\$ 292,868.17	h. Other	\$ 22,432.35
c. Total (a. + b.)	\$ 1,347,108.26	i. Total (a. through h.)	\$ 207,741.00
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes (from Item I.C.5.)	\$ 59,645.31	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)	\$ 59,645.31	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

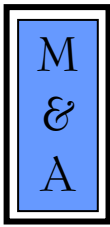
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs		\$ 39,533.00	\$ 39,533.00
c. Construction:			
(1). New Facilities			\$ -
(2). Capacity Improvements			\$ -
(3). System Preservation		\$ 453,793.46	\$ 453,793.46
(4). System Enhancement And Operation			\$ -
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 453,793.46	\$ 453,793.46
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ 493,326.46	\$ 493,326.46
<i>(Carry forward to page 1)</i>			

Notes and Comments:

**SINGLE AUDIT REPORTS and SCHEDULES**







# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Crested Butte, Colorado (the "Town") as of and for the year ended December 31, 2023, 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 29, 2024.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. However, we identified certain deficiencies in internal control that we consider to be a material weakness, as described in finding 2022-001 in the accompanying Schedule of Findings and Questioned Costs.

*Member: American Institute of Certified Public Accountants*

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

***Compliance and Other Matters***

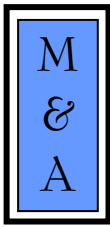
As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

***Purpose of this Report***

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

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**Avon, Colorado**  
**July 29, 2024**



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

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

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

### ***Opinion on Compliance for Each Major Program***

We have audited the compliance of the Town of Crested Butte, Colorado's (the "Town") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2023. 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, 2023.

### ***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

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

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

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

***Report on Internal Control Over Compliance***

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

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

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

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

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

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**Avon, Colorado**  
**July 29, 2024**

**Town of Crested Butte, Colorado**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2023**

**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:	
Coronavirus State and Local Fiscal Recovery Funds	ALN 21.027
Dollar threshold used to identify Type A from Type B programs:	\$750,000
Identified as low-risk auditee	No

**Part II – Findings Related to Financial Statements**

Findings related to financial statements as required by <i>Government Auditing Standards</i>	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, 2022**

**Section II – Financial Statement Findings**

**Finding 2022-001 – Grant Revenue Recognition and Recording**

**Conditions:**

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

**Recommendations:**

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

**Current Status:**

The Town has implemented the above recommendations and corrected the finding described above.

**Town of Crested Butte, Colorado**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

<u>Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
<b><u>Department of Treasury:</u></b>			
<b>Passed through Colorado Division of Local Affairs:</b>			
Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>\$ 1,358,516</u>
<b>Total - Department of Treasury</b>			<u>1,358,516</u>
<b><u>Department of the Interior:</u></b>			
<b>Passed through Colorado Division of Local Affairs:</b>			
Energy & Mineral Impact Assistance Program	15.437		<u>707,371</u>
<b>Total - Department of the Interior</b>			<u>707,371</u>
<b><u>Department of Justice:</u></b>			
<b>Passed through Colorado Department of Public Safety, Criminal Justice:</b>			
Justice Assistance Grant	16.738	2020-DJ-22-01-52-1	<u>57,719</u>
<b>Total - Department of Justice</b>			<u>57,719</u>
<b>TOTALS</b>			<u>\$ 2,123,606</u>

**Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2023**

**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 2023.

**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.