Town of Mt. Crested Butte

Financial Statements
with
Independent Auditors' Report

December 31, 2016

Town of Mt. Crested Butte

Elected Officials

Name	**Position**
Todd Barnes	Mayor
David O'Reilly	Mayor Pro Tem
Ken Lodovico	Town Council
Danny D'Aquila	Town Council
Nicholas Kempin	Town Council
Janet Farmer	Town Council
William "Bill" Thompson	Town Council

Appointed Officials

Joe Fitzpatrick	Town Manager
Karl Trujillo	Finance Officer
Jill Landros	Town Clerk

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Managements' Discussion and Analysis

Town of Mt. Crested Butte, Colorado
Management's Discussion and Analysis

The Management Discussion and Analysis (MD&A) is designed to provide an easy-to-read discussion of the Town's financial condition and operating results and to disclose to the reader important financial activities and issues related to the Town's basic operations. The MD&A should be read in conjunction with the Town's basic financial statements.

The Town has one financial category - government-type activities. Within the government type activities, the Town Council has designated several separate funds including a General Fund and several Special Revenue Funds. The government type activities are funded primarily through the Town's sales and use taxes, specific ownership taxes, grants and contributions, charges for services and ad-valorem property tax.

Financial Highlights

- 2016 Sales Tax collections were 4.06% above 2015 collections.
- 2016 Summer Sales Tax Revenues continue to increase year over year.
- 2016 The Admissions Tax Fund spent $653,970 on marketing and events.
- 2016 The Admissions Tax collections reached an all-time high of $797,369.
- 2016 General Fund revenues were $641,880 above expenditures.

Using This Annual Report

This annual report consists of three required parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Town's overall financial status.

- The remaining statements are *fund financial statements* that focus on *individual parts* of the Town government, reporting the Town's operations *in more detail* than the government-wide statements.

The basic financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information (RSI)* that further explains and supports the information in the financial statements.

Following the *RSI* are additional statements that are required by oversight agencies but are not a required part of the financial statement under generally accepted accounting principles.

Government-wide Statements

The government-wide statements consist of the Statement of Net Assets and the Statement of Activities. These statements report information about the Town as a whole and include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's *net assets* and changes in them. The Town's net assets – the difference between assets and liabilities – is one way to measure the Town's financial health, or *financial position*. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors, however, such as changes in the Town's property tax base are needed to assess the overall health of the Town.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant funds – not the Town as a whole.

Governmental funds – All of the Town's activity is reported in governmental funds, which focuses on how money flows into and out of each of the funds and the balances left at year-end that are available for use in future years. 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 statement provides a detailed short-term view of the Town's general governmental operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

Along with the fund financial statements, a reconciliation is provided to reconcile the fund financial statements with the applicable government wide financial statement.

STATEMENTS OF NET ASSETS

The perspective of the statement of net assets is of the Town as a whole. Following is a summary of the Town's net assets for 2016 and 2015:

	2016	2015
Assets		
Current assets	$ 7,055,000	$ 6,456,000
Restricted assets	249,000	249,000
Other assets	43,000	69,000
Capital assets (net of accumulated depreciation)	11,520,000	10,683,000
Total Assets	$ 18,867,000	$ 17,457,000
Liabilities		
Current liabilities	$ (1,714,000)	$ (1,311,000)
Long-term debt	(2,213,000)	(2,566,000)
Total Liabilities	$ (3,927,000)	$ (3,877,000)
Deferred Inflow of Resources	$ 1,556,000	$ 1,422,000
Net Position		
Net investment in capital assets	$ 9,005,000	$ 7,818,000
Restricted	2,766,000	2,327,000
Unrestricted	1,613,000	2,011,000
Total Net Position	$ 13,384,000	$ 12,156,000

STATEMENTS OF ACTIVITIES

The perspective of the statement of activities is of the Town as a whole. The following table reflects the change in net assets for fiscal year 2016 and 2015.

	2016	2015
Revenues		
Program revenues:		
Charges for services	$ 611,000	$ 468,000
Operating grants and contributions	1,686,000	842,000
Capital grants and contributions	6,000	2,402,000
Total Program Revenues	2,303,000	3,712,000
General Revenues:		
Property taxes	1,346,000	1,262,000
Sales and use taxes	2,774,000	2,426,000
Other taxes and assessments	11,000	10,000
Other	87,000	123,000
Total General Revenues	4,218,000	3,821,000
Total Revenue	6,521,000	7,533,000

Statement of Activities (continued)	2016	2015
Program Expenses		
General government	1,017,000	1,105,000
Transportation, marketing & event sponsorship	1,441,000	1,245,000
Public safety	880,000	779,000
Public works	1,557,000	1,387,000
Parks and recreation	238,000	238,000
Interest on long-term debt	139,000	192,000
Total Program Expenses	5,272,000	4,946,000
Excess Before Special Items	1,249,000	2,587,000
Special Item - gain (loss) on disposal of assets	(23,000)	-
Increase (Decrease) in Net Position	1,226,000	2,587,000
Net Position, beginning of the year	12,156,000	9,569,000
Net Position, End of the Year	$ 13,384,000	$ 12,156,000

The Town's Funds

The Town's governmental funds as presented on page 5 reported a combined fund balance of $4,998,349. Of this amount $ 1,338,183 was in the General Fund, $2,282,932 in the Downtown Development Fund and $301,142 in the Capital Projects Fund. In 2016 the Town's General Fund transferred $648,000 to the Capital Projects Fund for 2016 Capital Projects.

General Fund Budgetary Highlights

During the year, the Town's revenues from sales taxes were $2,304,272 which was $44,322 above the 2016 Budget and 4.06% above 2015 actual sales tax collections. The building permit revenues which include use tax, building permits, plan checks and design review revenues were

$508,979 and $270,870 above the budget. Total General Fund revenues were $167,900 above budget and expenditures were $30,836 below budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION – TOWN WIDE

A summary of the capital asset activity for the year is as follows:

Description	January 1, 2016	Additions	Deletions	December 31, 2016
Land and improvements	$ 5,204,104	$ 11,360	$ -	$ 5,215,464
Construction in Progress	131,850	1,209,193	-	1,341,043
Buildings and improvements	469,600	-	-	469,600
Vehicles	541,440	50,676	-	592,116
Heavy equipment	935,237	52,556	-	987,793
Office furniture and equipment	295,498	-	-	295,498
Infrastructure	8,573,740	-	-	8,573,740
Total Cost	$ 16,151,469	$ 1,323,785	$ -	$ 17,475,254
Accumulated Depreciation	(5,468,789)	(486,627)		(5,955,416)
Net Fixed Assets	$ 10,682,680	N/A	N/A	$ 11,519,838

The most significant capital asset acquired during the year was an expansion of the Town's recreation path. The recreation path extension runs from Marcellina Lane north along Gothic Road to Winterset and is approximately 4,600 feet long and 10 feet wide with landscaping and irrigation.

DEBT OUTSTANDING

The Town's long-term debt activity for the year is as follows:

Description	January 1, 2016	Additions	Payments	December 31, 2016	Due Within One Year
2007 Tax Increment Revenue Bonds	$ 815,000	$ -	$ 260,000	$ 555,000	$ 270,000
2010 Sales & Use tax Revenue Bonds	2,050,000	-	90,000	1,960,000	95,000
Vested Accumulated Sick Pay	51,282	11,926	-	63,208	-
Totals	$ 2,916,282	$ 11,926	$ 350,000	$ 2,578,208	$ 365,000

ECONOMIC AND OTHER FACTORS

The major industry in Mt. Crested Butte is winter and summer tourism. Sales Taxes account for 54% of the Town's General Fund Revenues and the other major revenues are property taxes and building revenues. Summer and Winter Sales Tax collections have been increasing steadily for the last five years. Building revenues were the highest they've been since 2008 and we expect them to be strong over the next couple of years. The Town recently updated its five-year plan. One of the plans main objectives is to maintain the General Fund balance at 50% of operating expenditures and any funds over the 50% are transferred to the Capital Fund to cover all capital expenditures such as road repairs, recreation path extension, the purchase of capital equipment and a new maintenance facility. The General Fund will transfer approximately $2,293,000 over the next 5 years to the Capital Fund for Capital Expenditures. The 5-year plan sees property taxes remaining flat in 2017 and 2018, and increasing 10% in 2020. Sales taxes in the plan will increase 3% per year for 2017 thru 2021.

The Town continues to move forward with the Crested Butte Music Festival through a Public Private Partnership to construct a 500 seat Performing Arts and Event Center in our community's Town Center. The Mt. Crested Butte Performing Arts Center 501(C) 3 board of directors expanded the capital campaign beyond the silent phase to a public phase in the summer of 2013. The 2017 capital campaign will be aggressively seeking additional funds from major donors throughout the year. This major economic development project is moving forward to begin the construction of the performing arts center as early as 2018.

In 2014 with the aid of a Federal Grant the Gunnison Valley Rural Transportation Authority began a minimum revenue guarantee summer air service from/to Houston, Texas through the Gunnison/Crested Butte County Airport. The service has been extremely successful and growing annually again in 2016 contributing to our growing summer tourist following. The minimum revenue guarantee winter flight service from Chicago, Dallas/Ft. Worth, Houston, and Los Angeles was a success again in the 2015-2016 ski season. For the 2016-2017 ski season these direct flights continue. Additionally, United Airlines provides nonguaranteed flights from Denver to the Gunnison/Crested Butte County Airport for both our summer and winter seasons.

Fat biking, winter mountain biking, is a growing winter sport. In January of 2016 Mt. Crested Butte hosted the First Annual Fat Bike Worlds inviting industry representatives, sport promoters, and fat bike enthusiasts. The event was extremely successful and will continue as an annual January event into the future.

Additionally, Crested Butte Mountain Resort continues to improve their summer tourism product by annually adding new mountain biking trails on Crested Butte Mountain. Both mountain biking and road biking are increasing in popularity and they are a major "Adventure Travel" attraction to our destination year around resort. The Tourism Association began promoting Gunnison County's 750 miles and 150 trails of Mountain Biking in the spring of 2015 (www.mtbhome.com). This focus on Mountain Biking plus a growing number of Summer Events continue to fuel our growing summer tourism business.

The Gothic Trail Phase II began construction in August of 2016 with the aid of a Federal Grant, Transportation Alternative Program. This recreation trail extension supports both summer biking and winter fat biking as well as providing a concrete recreation path from Winterset Drive in Mt. Crested Butte to Elk Avenue in Crested Butte connecting our two communities via nonmotorized route allowing our citizens and tourist visitors to enjoy the mountain scenery away from traffic. The total bid for the recreation path extension is $1,657,555 with $922,884 coming from the Federal grant. The majority of the work was done in 2016 at a total cost of $1,136,485. The remaining $521,170 worth of work to complete the project will be done in 2017.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide the general public with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact:

Finance Officer
Town of Mt. Crested Butte, Colorado
911 Gothic Rd
Mt. Crested Butte, Co 81225
Tel: (970) 349-6632
Fax: (970)349-6326

Independent Auditors' Report

Holscher, Mayberry & Company, LLC
Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Independent Auditors' Report

Town Council
Town of Mt. Crested Butte, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Mt. Crested Butte, Colorado as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's *Basic Financial Statements* as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Mt. Crested Butte, Colorado, as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Town of Mt. Crested Butte's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 28, 2016. In our opinion, the

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summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Management's Discussion and Analysis

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages M-1–M-6 be presented to supplement the *Basic Financial Statements*. Such information, 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 *Management's Discussion and Analysis* in accordance with auditing standards generally accepted in the United States of America, 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.

Required Supplementary Information - Budget to Actual Comparisons

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mt. Crested Butte's *Basic Financial Statements*. Accounting principles generally accepted in the United States of America require that the *Required Supplementary Information – Budget to Actual Comparisons* on pages 22 – 26 be presented to supplement the basic financial statements. Such information, 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. 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 auditing standards generally accepted in the United States of America. In our opinion, the *Required Supplementary Information – Budget to Actual Comparisons* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Combining and Individual Fund Financial Statements and Schedules

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mt. Crested Butte's *Basic Financial Statements*. The *Combining and Individual Fund Financial Statements and Schedules* presented on pages 27 – 32 are presented for purposes of additional analysis and are not a required part of the *Basic Financial Statements*.

The *Combining and Individual Fund Financial Statements and Schedules* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the *Basic Financial Statements*. 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 auditing standards generally accepted in the United States of America. In our opinion, the *Combining and Individual Fund Financial Statements and Schedules* are 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 April 11, 2017 on our consideration of the Town of Mt. Crested Butte's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of testing, and not to provide an opinion on 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 of Mt. Crested Butte's internal control over financial reporting and compliance.

Legal and Other Regulatory Requirements – Local Highway Finance Report

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mt. Crested Butte's *Basic Financial Statements*. The *Local Highway Finance Report* is presented for purposes of additional analysis and is not a required part of the *Basic Financial Statements*. The *Local Highway Finance Report* presented in the State Compliance Section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the *Basic Financial Statements*. 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 auditing standards generally accepted in the United States of America. In our opinion, the *Local Highway Finance Report* is fairly stated, in all material respects, in relation to the *Basic Financial Statements* as a whole.

Holscher, Mayberry & Company, LLC

Englewood, Colorado
April 3, 2017

Basic Financial Statements

The Basic Financial Statements provide a financial overview of the Town of Mt. Crested Butte's operations. These financial statements present the financial position, operating results, of all funds and activities as of and for the year ended December 31, 2016.

Town of Mt. Crested Butte

Statement of Net Position

December 31, 2016

(With Comparative Amounts for 2015)

Assets	2016	2015
Current Assets		
Cash and certificates of deposit	$ 4,666,377	$ 4,258,472
Cash - restricted	248,633	248,633
Accounts receivable	557,809	749,841
Grant receivable	818,269	-
Taxes receivable	1,010,363	1,421,684
Prepaid expenditures	2,216	25,631
Total current assets	7,303,667	6,704,261
Capital Assets		
Land	5,215,464	5,204,104
Construction in progress	1,341,043	131,850
Depreciable assets - at cost	10,918,747	10,815,515
Less accumulated depreciation	(5,955,416)	(5,468,789)
Net Capital Assets	11,519,838	10,682,680
Other Assets		
Cost of Housing held for resale	-	22,557
Loans receivable	43,186	46,323
Total other assets	43,186	68,880
Total Assets	$ 18,866,691	$ 17,455,821
Liabilities		
Current Liabilities		
Accounts payable	$ 380,151	$ 298,407
Current portion of bonds payable	365,000	350,000
Construction clean-up deposits	770,883	507,565
Other current liabilities	197,584	155,330
Total Current Liabilities	1,713,618	1,311,302
Noncurrent Liabilities		
Noncurrent portion of bonds payable	2,213,208	2,566,282
Total Liabilities	$ 3,926,826	$ 3,877,584
Deferred Inflow of Resources		
Unavailable revenue - property taxes	$ 1,556,030	$ 1,421,684
Net Position		
Net investment in capital assets	$ 9,004,779	$ 7,817,680
Restricted for:		
Debt service	248,633	248,633
Downtown development	1,802,481	1,346,540
Capital projects	-	-
Transportation	143,067	141,053
Marketing and sponsorships	376,279	437,065
Emergencies	195,649	154,121
Unrestricted	1,612,947	2,011,461
Total Net Position	$ 13,383,835	$ 12,156,553

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

Town of Mt. Crested Butte

Statement of Activities

For the Year Ended December 31, 2016

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Expense and Change in Net Position
Governmental Activities					
General government	$ 1,016,517	$ 447,369	$ 842,309	$ -	$ 273,161
Transportation, marketing & event sponsorship	1,441,128	-	797,370 x	-	(643,758)
Public safety	879,511	163,310	-	-	(716,201)
Public works	1,557,027	-	45,890	-	(1,511,137)
Parks and recreation	238,116	-	-	6,433	(231,683)
Interest on long-term debt	139,482	-	-	-	(139,482)
Total Governmental Activities	$ 5,271,781	$ 610,679	$ 1,685,569	$ 6,433	(2,969,100)

General Revenues	
Taxes:	
Property taxes	1,346,224
Sales and use taxes	2,774,033
Other taxes and assessments	11,454
Interest and investment earnings	64,521
Miscellaneous	22,707
Gain (loss) on disposal of assets	(22,557)
Total General Revenues	4,196,382
Changes in Net Position	1,227,282
Net Position - Beginning of the Year	12,156,553
Net Position - End of the Year	$ 13,383,835

Town of Mt. Crested Butte

Balance Sheet - Governmental Funds

December 31, 2016

Assets	General Fund	Downtown Development Authority	Admissions Tax Fund
Cash and certificates of deposit	$ 938,542	$ 2,282,932	$ 248,511
Cash - restricted	-	-	-
Accounts receivable	376,322	-	170,099
Grant Receivable	-	-	-
Loans receivable	13,186	-	-
Interfund loan receivable	9,499	-	-
Taxes receivable	378,819	224,087	-
Due from other funds	1,080,428	-	-
Prepaid expenditures	2,216	-	-
Total Assets	$ 2,799,012	$ 2,507,019	$ 418,610
Liabilities			
Accounts payable	$ 124,020	$ -	$ 42,331
Construction clean-up deposits	770,883	-	-
Accrued wages	43,479	-	-
Due to other funds	-	-	-
Interfund loans payable	-	-	-
Unpaid compensated absences	114,432	-	-
Other current liabilities	29,196	-	-
Total Liabilities	1,082,010	-	42,331
Deferred Inflows of Resources			
Unavailable revenue - property taxes	410,239	704,538	-
Fund Balances:			
Nonspendable	2,216	-	-
Restricted for:			
Debt Service	-	-	-
Downtown development	-	1,802,481	-
Transportation	-	-	-
Marketing and event sponsorship	-	-	376,279
Emergency reserves	195,649	-	-
Committed:			
Affordable housing	-	-	-
Recreation path grant match	-	-	-
Assigned	-	-	-
Unassigned	1,108,898	-	-
Total Fund Balance	1,306,763	1,802,481	376,279
Total Liabilities, Deferred Inflows and Fund Balance	$ 2,799,012	$ 2,507,019	$ 418,610

Capital Fund	All Other Governmental Funds	Total Governmental Funds
$ 696,284	$ 500,108	$ 4,666,377
-	248,633	248,633
-	11,388	557,809
818,269	-	818,269
-	30,000	43,186
-	-	9,499
407,457	-	1,010,363
-	-	1,080,428
-	-	2,216
$ 1,922,010	$ 790,129	$ 8,436,780
$ 132,983	$ 80,817	$ 380,151
-	-	770,883
-	-	43,479
1,080,428	-	1,080,428
-	9,499	9,499
-	-	114,432
-	-	29,196
1,213,411	90,316	2,428,068
441,253	-	1,556,030
-	-	2,216
-	248,633	248,633
-	-	1,802,481
-	143,067	143,067
-	-	376,279
-	-	195,649
-	301,181	301,181
301,142	-	301,142
(33,796)	6,932	(26,864)
-	-	1,108,898
267,346	699,813	4,452,682
$ 1,922,010	$ 790,129	$ 8,436,780

Town of Mt. Crested Butte

Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position

December 31, 2016

Total Fund Balance - Governmental Funds	$ 4,452,682
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds	11,519,838
Long-term liabilities (bonds payable & vested sick pay) are not due and payable in the current period and therefore are not reported in the funds	(2,578,208)
Accrued interest expense on bonds is not recorded in the funds	(10,483)
Total Net Position - Governmental Activities	$ 13,383,835

Town of Mt. Crested Butte

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds

For the Year Ended December 31, 2016

	General Fund	Downtown Development Authority	Admissions Tax Fund
Revenues			
Property tax	$ 346,769	$ 626,470	$ -
Sales and use tax	2,261,215	72,558	-
Admissions tax	-	-	797,370
Other taxes and assessments	11,454	-	-
Charges for services	541,661	-	-
General government	378,351	-	-
Public safety	163,310	-	-
Fee accounts	33,616	-	-
Intergovernmental revenue	69,930	-	-
General government	24,040	-	-
Public works	45,890	-	-
Parks and recreation	-	-	-
Interest income	8,352	54,493	-
Miscellaneous revenue	22,707	-	-
Total Revenues	3,295,704	753,521	797,370
Expenditures			
Current Operating:			
General government	988,771	150	-
Transportation	123,734	-	204,186
Marketing	-	-	653,970
Public safety	830,826	-	-
Public works	632,783	-	-
Parks and recreation	109,130	1,964	-
Capital outlay			
Recreation path	-	-	-
Other capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest payments	-	-	-
Total Expenditures	2,685,244	2,114	858,156
Excess of Revenues Over (Under) Expenditures	610,460	751,407	(60,786)
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	(648,000)	(295,465)	-
Total Other Financing Sources (Uses)	(648,000)	(295,465)	-
Net Change in Fund Balance	(37,540)	455,942	(60,786)
Fund Balance			
Fund Balances - Beginning of Year	1,344,303	1,346,540	437,065
Current year change in fund balance	(37,540)	455,942	(60,786)
Fund Balances - End of Year	$ 1,306,763	$ 1,802,482	$ 376,279

Capital Fund	All Other Governmental	Total Governmental Funds
$ 372,985	$ -	$ 1,346,224
-	440,260	2,774,033
-	-	797,370
-	-	11,454
-	-	541,661
-	-	378,351
-	-	163,310
-	35,402	69,018
824,702	-	894,632
818,269	-	842,309
	-	45,890
6,433	-	6,433
-	1,676	64,521
-	-	22,707
1,197,687	477,338	6,521,620
-	-	988,921
-	459,238	787,158
-	-	653,970
13,837	-	844,663
548,251	65,195	1,246,229
1,712	-	112,806
1,209,193	-	1,209,193
114,593	-	114,593
-	350,000	350,000
-	140,728	140,728
1,887,586	1,015,161	6,448,261
(689,899)	(537,823)	73,359
648,000	295,465	943,465
(200,000)	200,000	(943,465)
448,000	495,465	-
(241,899)	(42,358)	73,359
509,245	742,171	4,379,324
(241,899)	(42,358)	73,359
$ 267,346	$ 699,813	$ 4,452,683

The accompanying notes are and integral part of the financial statements

Town of Mt. Crested Butte

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the Statement of Activities

Total Change in Fund Balances - Governmental Funds	$	73,359
Amounts Reported for governmental activities in the statement of Activities Are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized on the statement of Net Position, and the costs are allocated over the asset's estimated useful life as annual depreciation expense in the statement of activities		1,323,786
Depreciation expense is not reported in governmental funds. However for governmental activities depreciation in charged to the applicable activity		(486,626)
Repayment of principal on long-term debt is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of Net Position and does not affect the statement of activities		350,000
Decrease (increase) in accrued sick pay is part of long-term debt and does not affect the fund financial statements		(11,926)
Decrease (increase) in accrued interest expense is an entry for full accrual accounting but does not affect the fund financial statements		1,246
Write off assets which are no longer of value for future use by the Town		(22,557)
Change in Net Position of Governmental Activities	$	1,227,282

Town of Mt. Crested Butte

Statement of Net Position - Fiduciary Funds

December 31, 2016

	Police Pension Fund
Assets	
Cash	$ 70,484
Total assets	$ 70,484
Net position	$ 70,485

Town of Mt. Crested Butte

Statement of Changes in Fiduciary Net Position

For the Year Ended December 31, 2016

		Police Pension Fund
Investment income	$	188
Net position beginning of the year		70,297
Net position, end of the year	$	70,485

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town of Mt. Crested Butte is a municipal home rule government governed by a council – manager form of government. The financial statements of the Town consist only of the funds of the Town's government.

The financial statements were prepared by applying criteria set forth in Statement 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, as amended by Statement 39 of the Governmental Accounting Standards Board, *Determining Whether Certain Organization are Component Units*, which establish standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Town of Mt. Crested Butte, Colorado, organizations for which the Town of Mt. Crested Butte is financially accountable, and other organizations for which the nature and significance of their relationship with the Town of Mt. Crested Butte are such that exclusion would cause the reporting entity's financials statements to be misleading or incomplete. The Town is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Town. Based upon the application of these criteria, the Town has included the Mt. Crested Butte Downtown Development Authority as a blended component unit.

B. Basis of Presentation

The financial transactions of the Town are recorded in individual governmental funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures. The various funds are reported by generic classification within the financial statements.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this rule are transfers in which one fund pays another fund for services performed by the receiving fund.

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

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Governmental Accounting Standards Board statement number 34 establishes criteria (percentage of the assets, liabilities, revenues or expenditures) for the determination of major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are combined in a single column in the fund financial statements. The Town reports the following major governmental funds:

- The G*eneral Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Capital Fund* accounts for the financial resources and expenditures of the Town's mill levy for capital projects and equipment.
- The *Downtown Development Authority Fund* (DDA) accounts for financial resources of the Downtown Development Authority.
- The *Admissions Tax Fund* accounts for the revenues that are set aside to account for the Town's marketing, event sponsorship and transportation needs.

The Town's fiduciary funds are as follows:

- Police Pension Fund – accounts for the activities of the Town's Police Pension Fund. This fund was established by Resolution 9, Series 1984 by the Town under C.R.S 31-30-301 for the benefit of police officers only in the event of disability while in the performance of their duties. The fund was created as a result of a distribution from the Fire and Police Pension Association. Revenues of the fund consist solely of interest earnings. The fund does not pay benefits upon retirement.

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

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

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit with original maturities of one year or less from the date of acquisition. State statutes govern the Town's deposits of cash and investments.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

Accounts receivable are shown net of the allowance for doubtful accounts.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if not purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the Town are depreciated using the straight line method over the following estimated useful lives:

Description	**Life**
Buildings and improvements	25 – 40 years
Vehicles	5 years
Heavy equipment	7 – 10 years
Office furniture and equipment	5 – 10 years
Infrastructure	10 – 50 years

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of Net Position.

Deferred Inflows

In addition to liabilities, the statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position/Fund Balances

Classifications of net position/fund balances are hierarchical and are based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. The Town classifies and reports amounts in the appropriate fund balance classifications. The Town's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned. The Council permits funds to be expended in the following order: Committed, Assigned, and Unassigned.

The Town reports the following classifications:

- Nonspendable Fund Balance—Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form—such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact—such as a trust that must be retained in perpetuity.
- Restricted Fund Balance—Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes the Town's right to assess, levy, or charge fees to be used for a specific purpose—such as a portion of the Town's admissions tax revenue, which must be used for marketing, event sponsorship and transportation. Legal enforceability means that the Town can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.
- Committed Fund Balance—Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Town Council. Committed amounts cannot be used for any other purpose unless Council removes those constraints by taking the same type of action (e.g., legislation, resolution, ordinance). Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Council. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- Assigned – This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Council delegating this responsibility to the Town manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

- Unassigned Fund Balance—Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds.

Interfund Transfers

Transfers are used to move revenues from the collecting fund to the fund where the revenues are utilized for a specific purpose. The Downtown Development Authority transfers a portion of the mill levy it receives to the Downtown Development Authority Debt Service fund to repay bonds taken out by the Downtown Development Authority.

The capital fund makes transfers to the debt service fund to pay bonds issued for capital projects.

It is the policy of the Town Council to maintain a fund balance in the general fund equal to 50% of the next year's expenditures for that fund. Any remaining balance is transferred to the capital fund.

F. Revenues and Expenditures

Program Revenues

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

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes may be paid in two equal payments. To avoid penalties, the first half must be paid before March 1, and the second half must be paid on or before June 15. Alternatively, the taxes may be paid in full by April 30. All unpaid tax becomes delinquent June 16. Property taxes are levied and collected on behalf of the Town by Gunnison County and are reported as revenue when received by the County Treasurer.

Compensated Absences

Vacation

The Town has the following policy for compensated vacation pay.

Years of Service	Annual Vacation Length
1^{st}	12 days
2 – 5	15 days
6 – 9	21 days
10+	24 days

Sick Leave

Sick leave is granted to employees on the basis of 8 hours for each month worked. Upon termination employees are paid 1 day of sick pay for every 3 days of unused sick leave.

Vacation, compensated absences and that portion of sick leave expected to be paid in the following year (if any) are recorded as a fund liabilities. At December 31, 2016 the amount of this accrued liability was $114,432.

Because it is not expected that a significant portion of sick leave will be used in any given year, sick leave is generally not recorded as a fund liability but is included with other liabilities in the Statement of Net Position. The only exception to this policy is in the event that an employee(s) with unusually large accumulated sick pay benefits terminate and it is known that their benefits will be paid out in the near future.

G. Economic Dependency

As a result of the Town's proximity to Crested Butte Mountain Resort, it has been able to rely on sales and admissions tax to provide a significant amount of the revenue needed for the governmental operations of the Town. In addition, the property values in the Town are relatively high as a result of this same proximity. The Town's ability to continue operations at its current level using sales and admissions tax revenue and property taxes is dependent on the continued success of Crested Butte Mountain Resort.

2. Stewardship, Compliance, and Accountability

Generally annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. The only exception is that the general fund budget does not account for changes, if any, in accrued sick leave or bad debts. All annual appropriations lapse at fiscal year end.

During the year the budget was amended to provide for additional appropriations as follows:

General Fund	$284,000
Capital Projects	$55,140
Admissions Tax	$322,576
Downtown Development Authority	$3,000
Housing Fund	$25,735

Encumbrances are not employed by the Town.

3. Cash and Investments

Cash and Certificates of Deposit

Deposits of the Town at each bank where the funds are maintained are insured up to $250,000, either by the Federal Deposit Insurance Corporation (FDIC) or by the Federal Savings and Loan Insurance Corporation (FSLIC). Colorado's Public Deposit Protection Act of 1975 enables any eligible public depository to elect to secure public deposits by pledging eligible collateral having a market value at all times equal to at least one hundred two percent (102%) of the aggregate of said deposits not insured.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Uninsured deposits in financial institutions are placed into three categories depending on the custody credit risk. The categories are as follows:

a. Uncollateralized

b. Collateralized with securities held by the pledging financial institution

c. Collateralized with securities held by the pledging financial institution’s trust department, or agent but not in the entity's name.

The following is a schedule of the Town’s cash and temporary investment balances categorized by custody credit risk and reconciliation to the statement of Net Position for the year ending December 31, 2016:

Cash and Certificates of Deposit				
Description	**Insured**	**Custody Credit Risk Category c**	**Total Bank Balance**	**Carrying Balance**
Bank of the West	$ 250,000	$ 3,910,666	$ 4,160,666	$ 4,105,224
Community Banks of Colorado	250,000	424,017	674,017	673,324
Gunnison Savings & Loan	206,903	-	206,903	206,903
Total cash and certificates of deposit	$ 706,903	$ 4,334,683	$ 5,041,586	$ 4,985,451

Reconciliation to the Statement of Net Position:	
Cash and Investments Shown Above:	Amount
Cash carrying amount as shown above	$ 4,985,451
Petty cash	44
Total cash and investments shown above	$ 4,985,494
Cash and Investments on the Financial Statements:	
Cash and certificates of deposit - Statement of Net Position - unrestricted	4,666,377
Cash - restricted - Statement of Net Position	248,633
Cash - Statement of Fiduciary Net Position	70,484
Total cash and investments on the Financial Statements	$ 4,985,494

Interest Rate Risk

The Town has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town has no investment policy that limits its investment choices other than to follow the limitations placed on non-home ruled towns outlined in state law as follows:

1. Direct obligations of the U.S. Government, its agencies, and instrumentalities to which the full faith and credit of the U.S. Government is pledged or obligations to the payment of which the full faith and credit of the State is pledged;
2. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out of state financial institutions;
3. Negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations;
4. Town, municipal, or school district tax supported debt obligations; bond or revenue anticipation notes; money; or bond or revenue anticipation notes of public trusts whose beneficiary is a town, municipality, or school district;
5. Notes or bonds secured by a mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and obligations of the National Mortgage Association; and
6. Money market funds regulated by the Securities and Exchange Commission in which investments consist of the investments in 1, 2, 3, and 4 above.

Concentrations of Credit Risk

The Town places no limit on the amount it may investment in any one issuer. At December 31, 2016 the Town had no concentration of investment credit risk.

The Town invests excess funds under the prudent investor rule. Criteria for selection of investments and their order of priority are: 1) Safety; 2) liquidity; and 3) yield.

Restricted Cash

Under terms of the 2007 tax increment revenue bonds the Town is required to maintain a reserve of $248,500.

4. Pension Plan

The Town has adopted a defined contribution plan for all salaried employees. Participation in the plan is mandatory for covered employees. The fund is named Colorado County Officials and Employees Retirement Association.

Employees vest in the Town's contribution at 20% per year. All salaried employees who have contributed to the plan are entitled to the benefits after completion of one year of service and upon termination. The employee contributes 8% of earnings and employer contributes 10% of earnings. The Town is not liable for amounts over the 10%. All contributions were current. During 2016 the Town contributed $103,618 and the employees contributed $82,894. The Town's total payroll is $1,045,799 of which $1,036,174 or 99% is covered under the plan.

Under the plan employees may also contribute to a deferred compensation plan (457 plan). Employee contributions during 2016 were $32,680.

5. Long-term Debt

A summary of significant long-term debt of the Town is as follows:

Description	January 1, 2016	Additions	Payments	December 31, 2016	Due Within One Year
2007 Tax Increment Revenue Bonds	$ 815,000	$ -	$ 260,000	$ 555,000	$ 270,000
2010 Sales & Use tax Revenue Bonds	2,050,000	-	90,000	1,960,000	95,000
Vested Accumulated Sick Pay	51,282	11,926	-	63,208	-
Totals	$ 2,916,282	$ 11,926	$ 350,000	$ 2,578,208	$ 365,000

Long-term Debt Requirements on Bonds to Maturity

Year	Principal	Interest	Total
2017	365,000	124,692	489,692
2018	385,000	107,827	492,827
2019	110,000	89,775	199,775
2020	115,000	83,869	198,869
2021	120,000	77,700	197,700
2022 - 2026	705,000	284,158	989,158
2027 - 2031	715,000	77,309	792,309
Total	$ 2,515,000	$ 845,330	$ 3,360,330

Revenue Bonds

2007 Tax Increment Revenue Bonds dated January 25, 2007. The purpose of the bonds was to finance improvements to the downtown area. Interest ranges from 4.25% to 4.40%. Interest payable semi annually in June and December. Principal due annually in December through 2018.

2010 Sales and Use Tax Revenue Bonds dated March 23, 2010. The purpose of the bonds is to finance various infrastructure improvements. Interest at 5.25%. Interest is payable semi annually in June and December. Principal is payable annually in December through 2030.

6. Capital Assets

Summary Capital Asset Transactions for the Year

Description	January 1, 2016	Additions	Deletions	December 31, 2016
Land and improvements	$ 5,204,104	$ 11,360	$ -	$ 5,215,464
Construction in Progress	131,850	1,209,193	-	1,341,043
Buildings and improvements	469,600	-	-	469,600
Vehicles	541,440	50,676	-	592,116
Heavy equipment	935,237	52,556	-	987,793
Office furniture and equipment	295,498	-	-	295,498
Infrastructure	8,573,740	-	-	8,573,740
Total Cost	$ 16,151,469	$ 1,323,785	$ -	$ 17,475,254
Accumulated Depreciation	(5,468,789)	(486,627)		(5,955,416)
Net Fixed Assets	$ 10,682,680	N/A	N/A	$ 11,519,838

Depreciation Expense by Function and in Total

Function	Depreciation Expense
General government	$ 15,670
Parks and recreation	125,310
Public safety	34,848
Public works	310,799
Total	$ 486,627

7. Fund Balances of Nonmajor Funds

The following is a summary of restricted and committed fund balances of nonmajor funds:

Description	Transportation	Exaction Fee (Impact Fee)	Housing	Debt Service	DDA Debt Service	Totals
Restricted for:						
Debt Service	$ -	$ -	$ -	$ -	$ 248,633	$ 248,633
Transportation	71	142,996	-	-	-	143,067
Committed:						
Affordable Housing	-	-	301,181	-	-	301,181
Assigned	-	-	-	6,932	-	6,932
Totals	$ 71	$ 142,996	$ 301,181	$ 6,932	$ 248,633	$ 699,813

8. Commitments and Contingencies

Risk Management

The Town is exposed to various risks of loss related to injuries of employees while on the job, property loss and torts committed by the Town or its employees. The Town has joined together with other municipalities in the State of Colorado to form the Colorado Intergovernmental Risk Sharing Agency, a public entity risk pool currently operating as a common risk management and insurance program for members. The Town pays an annual contribution for its workers' compensation and property and liability insurance coverage. The intergovernmental agreement provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the Pool will purchase insurance through commercial companies for members' claims in excess of specified self-insured retention, which is determined each policy year.

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, also known as the Tax Payers Bill of Rights (TABOR) Amendment or Amendment 1, which has several limitations, including revenue raising, spending abilities, and other specific requirements for state and local governments. The amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment. However, the Town has made certain interpretations of the amendment’s language in order to determine its compliance.

In addition to tax raising, revenue, spending and debt limitation provisions of TABOR, there is also a requirement that every entity to which TABOR applies must establish and “emergency reserve”. The reserve must be at least 3% of its fiscal year spending subject to some exclusions. The reserve may only be used for declared emergencies.

Health Insurance

Under the Town’s health insurance policy the Town self-insures employee health claims up to $30,000 per participant. The Town purchases commercial insurance for claims in excess of $30,000. Changes in the Fund’s claims liability amount for the last 3 years were:

Year	Beginning of Year Liability	Claims	Claims Paid	End of Year Liability
2014	$ 1,113	$ 128,703	$ 128,739	$ 1,077
2015	1,077	59,111	56,133	4,055
2016	4,055	130,290	109,512	24,833

9. Joint Venture

The Town participates in a joint venture with its neighbor, the Town of Crested Butte. The joint venture, Mountain Express, provides a bus service to the ski area and throughout the towns.

The Mountain Express Board has final authority for all budgeting and financing of the joint venture. The joint venture issues a separate set of financial statements that can be obtained from Mountain Express. Under terms of the joint venture agreement the Town of Mt. Crested Butte pays 95% of 1% of the Town’s sales tax to the joint venture.

Town of Mt. Crested Butte

For the Year Ended December 31, 2016

The following joint venture summary was taken from the audited government wide financial information of Mountain Express as of December 31, 2016:

	Governmental Activities
Assets	
Current assets	$ 1,586,892
Capital assets (net of accumulated depreciation)	1,918,856
Total Assets	$ 3,505,748
Liabilities	
Accounts payable and other current liabilities	$ 59,574
Net Position	
Net investment in capital assets	$ 1,918,856
Unrestricted	1,527,318
Total Net Position	$ 3,446,174
Summary of Activities	
Revenues	$ 1,871,504
Expenditures	(1,614,077)
Change in Net Position	$ 257,427

Required Supplementary Information

This section, though not a part of the Basic Financial Statements for the Town of Mt. Crested Butte, Colorado, is required to be presented by the Governmental Standards Board. The section contains the budget to actual comparisons for the General Fund and the major special revenue funds for the year ended December 31, 2016.

Town of Mt. Crested Butte

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2016

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property tax	$ 403,000	$ 403,000	$ 346,769	$ (56,231)
Sales and use tax	2,099,189	2,099,189	2,261,215	162,026
Other taxes and assessments	11,400	11,400	11,454	54
Charges for services				
General government	281,913	281,913	378,351	96,438
Public safety	155,686	155,686	163,310	7,624
Fee accounts	37,000	37,000	33,616	(3,384)
Intergovernmental revenue				
General government	44,500	44,500	24,040	(20,460)
Public works	42,616	42,616	45,890	3,274
Interest income	17,500	17,500	8,352	(9,148)
Miscellaneous revenue	35,000	35,000	22,707	(12,293)
Total Revenues	3,127,804	3,127,804	3,295,704	167,900
Expenditures				
Current Operating:				
General government	1,064,864	1,064,864	988,771	76,093
Joint venture transportation	137,838	137,838	123,734	14,104
Public safety	794,178	794,178	830,826	(36,648)
Public works	603,880	603,880	632,783	(28,903)
Parks and recreation	115,320	115,320	109,130	6,190
Total Expenditures	2,716,080	2,716,080	2,685,244	30,836
Excess of Revenues Over (Under) Expenditures	411,724	411,724	610,460	198,736
Other Financing Sources (Uses)				
Transfers out	(470,000)	(754,000)	(648,000)	106,000
Total Other Financing Sources (Uses)	(470,000)	(754,000)	(648,000)	106,000
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses (Budget Basis)	$ (58,276)	$ (342,276)	(37,540)	$ 304,736
Adjustments to Modified Accrual Basis				
Fund Balance, Beginning of Year			1,344,303	
Fund Balance, End of Year			$ 1,306,763	

Town of Mt. Crested Butte

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2016

	Downtown Development Authority			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property tax	$ 586,686	$ 586,686	$ 626,470	$ 39,784
Sales tax	53,000	68,134	72,558	4,424
Other income	49,000	54,000	54,493	493
Total Revenues	688,686	708,820	753,521	44,701
Expenditures				
Current Operating:				
General government	10,000	10,000	150	9,850
Parks and recreation	-	3,000	1,964	1,036
Total Expenditures	10,000	13,000	2,114	10,886
Excess of Revenues Over (Under) Expenditures	678,686	695,820	751,407	55,587
Other Financing Sources (Uses)				
Transfers out	(295,465)	(295,465)	(295,465)	-
Total Other Financing Sources (Uses)	(295,465)	(295,465)	(295,465)	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 383,221	$ 400,355	455,942	$ 55,587
Fund Balance, Beginning of Year			1,346,539	
Fund Balance, End of Year			$ 1,802,481	

Town of Mt. Crested Butte

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2016

	Admissions Tax Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Admissions tax	$ 728,565	$ 753,302	$ 797,370	$ 44,068
Total Revenues	728,565	753,302	797,370	44,068
Expenditures				
Current Operating:				
Transportation	182,141	182,141	204,186	(22,045)
Marketing	546,423	869,000	653,970	215,030
Total Expenditures	728,564	1,051,141	858,156	192,985
Excess of Revenues Over (Under) Expenditures	1	(297,839)	(60,786)	237,053
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 1	$ (297,839)	(60,786)	$ 237,053
Fund Balance, Beginning of Year			437,065	
Fund Balance, End of Year			$ 376,279	

Town of Mt. Crested Butte

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2016

	Capital Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property tax	$ 432,000	$ 432,000	$ 372,985	$ (59,015)
General government	-	-	818,269	818,269
Parks and recreation	7,000	7,000	6,433	(567)
Miscellaneous income	-	16,800	-	(16,800)
Total Revenues	439,000	455,800	1,197,687	741,887
Expenditures				
Current Operating:				
Public safety	-	-	13,837	(13,837)
Public works	150,000	150,000	548,251	(398,251)
Parks and recreation	-	-	1,712	(1,712)
Capital outlay	1,304,860	1,360,000	505,517	854,483
Total Expenditures	1,454,860	1,510,000	1,069,317	440,683
Excess of Revenues Over (Under) Expenditures	(1,015,860)	(1,054,200)	128,370	1,182,570
Other Financing Sources (Uses)				
Transfers in	470,000	754,000	648,000	(106,000)
Transfers out	(200,000)	(200,000)	(200,000)	-
Total Other Financing Sources (Uses)	270,000	554,000	448,000	(106,000)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses - Budget Basis	$ (745,860)	$ (500,200)	576,370	$ 1,076,570
Adjustments to Modified Accrual Basis				
Expenditures paid for through grant			(818,269)	
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses			(241,899)	
Fund Balance, Beginning of Year			509,245	
Fund Balance, End of Year			$ 267,346	

Combining and Individual Fund Financial Statements and Schedules

This section, though not required to be presented by Governmental Accounting Standards Board, presents combining statements for all nonmajor governmental funds. In addition this section presents the budget and actual comparisons for major and nonmajor funds that are not required to be presented as required supplementary information. The following funds are presented:

- Exaction (Impact) Fee Capital Fund – is used to account for the resources and uses of impact fees collected by the Town
- Housing Fund – the housing fund is used to account for the resources and uses of funds for the Town's affordable housing program.
- Transportation Fund – this fund accounts for the financial resources and expenditures of the Town's sales tax devoted to transportation uses.
- Debt Service Fund – is used to account for that portion property tax that is collected and used for debt service related to the Town's capital needs.
- Downtown Development Authority Debt Service Fund – accounts for the resources provided and used to pay the debt related to the 2007 Tax Increment Revenue Bonds.

Town of Mt. Crested Butte

Combining Balance Sheet - Nonmajor Governmental Funds

December 31, 2016

Assets	Exaction Fee (Impact Fee) Capital Fund	Housing Fund	Transportation Fund	Debt Service Fund	DDA Debt Service	Total Nonmajor Governmental Funds
Cash and certificates of deposit	$ 142,996	$ 278,460	$ 71,720	$ 6,932	$ -	$ 500,108
Cash - restricted	-	-	-	-	248,633	248,633
Accounts receivable	-	11,388		-	-	11,388
Loans receivable	-	30,000		-	-	30,000
Total Assets	$ 142,996	$ 319,848	$ 71,720	$ 6,932	$ 248,633	$ 790,129
Liabilities						
Accounts payable	$ -	$ 9,168	$ 71,649	$ -	$ -	$ 80,817
Due to other funds	-	9,499		-	-	9,499
Total Liabilities	$ -	$ 18,667	$ 71,649	$ -	$ -	$ 90,316
Fund Balances:						
Restricted for:						
Debt Service	$ -	$ -	$ -	$ -	$ 248,633	$ 248,633
Transportation	142,996	-	71	-	-	143,067
Committed:						
Affordable housing	-	301,181	-	-	-	301,181
Assigned	-	-	-	6,932	-	6,932
Total Fund Balance	142,996	301,181	71	6,932	248,633	699,813
Total Liabilities, Deferred Inflows and Fund Balance	$ 142,996	$ 319,848	$ 71,720	$ 6,932	$ 248,633	$ 790,129

Town of Mt. Crested Butte

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental

For the Year Ended December 31, 2016

	Exaction Fee (Impact Fee) Capital Fund	Housing Fund	Transportation Fund	Debt Service Fund	DDA Debt Service	Total Nonmajor Governmental Funds
Revenues						
Sales and use tax	$ -	$ -	$ 440,260	$ -	$ -	$ 440,260
Fee accounts	20,993	14,409	-	-	-	35,402
Interest income	-	1,676	-	-	-	1,676
Total Revenues	20,993	16,085	440,260	-	-	477,338
Expenditures						
Current Operating:						
Transportation	-	-	459,239	-	-	459,238
Public works	-	65,195	-	-	-	65,195
Principal retirement	-	-	-	90,000	260,000	350,000
Interest payments	-	-	-	105,263	35,465	140,728
Total Expenditures	-	65,195	459,238	195,263	295,465	1,015,161
Excess of Revenues Over (Under) Expenditures	20,993	(49,110)	(18,978)	(195,263)	(295,465)	(537,823)
Other Financing Sources (Uses)						
Transfers in	-	-	-	200,000	295,465	295,465
Transfers out	-	-	-	-	-	200,000
Total Other Financing Sources (Uses)	-	-		200,000	295,465	495,465
Net Change in Fund Balance	20,993	(49,110)	(18,978)	4,737	-	(42,358)
Fund Balance						
Fund Balances - Beginning of Year	122,003	350,291	19,049	2,195	248,633	742,171
Current year change in fund balance	20,993	(49,110)	(18,978)	4,737	-	(42,358)
Fund Balances - End of Year	$ 142,996	$ 301,181	$ 71	$ 6,932	$ 248,633	$ 699,811

Town of Mt. Crested Butte

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2016

	Exaction (Impact) Fee Capital Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Fees	$ 6,573	$ 6,573	$ 20,993	$ 14,420
Total Revenues	6,573	6,573	20,993	14,420
Expenditures				
Current Operating:				
Public works	108,983	108,983	-	108,983
Total Expenditures	108,983	108,983	-	108,983
Excess of Revenues Over (Under) Expenditures	(102,410)	(102,410)	20,993	123,403
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (102,410)	$ (102,410)	20,993	$ 123,403
Fund Balance, Beginning of Year			122,003	
Fund Balance, End of Year			$ 142,996	

Town of Mt. Crested Butte

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2016

	Housing Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Fees	$ -	$ -	$ 14,409	$ 14,409
Interest income	-	-	1,676	1,676
Total Revenues	-	-	16,085	16,085
Expenditures				
Current Operating:				
Public works	39,460	65,195	65,195	-
Total Expenditures	39,460	65,195	65,195	-
Excess of Revenues Over (Under) Expenditures	(39,460)	(65,195)	(49,110)	16,085
Other Financing Sources (Uses)				
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (39,460)	$ (65,195)	(49,110)	$ 16,085
Fund Balance, Beginning of Year			350,289	
Fund Balance, End of Year			$ 301,179	

Town of Mt. Crested Butte

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2016

	Transportation Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Sales Tax	$ 453,200	$ 453,200	$ 440,260	$ (12,940)
Total Revenues	453,200	453,200	440,260	(12,940)
Expenditures				
Current Operating:				
Transportation	473,200	473,200	459,239	13,961
Total Expenditures	473,200	473,200	459,239	13,961
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(20,000)	(20,000)	(18,979)	1,021
Fund Balance, Beginning of Year			19,050	
Fund Balance, End of Year			$ 71	

Town of Mt. Crested Butte

Statement of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2016

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures				
Debt service:				
Principal retirement	90,000	90,000	90,000	-
Interest payments	105,263	105,263	105,263	-
Total Expenditures	195,263	195,263	195,263	-
Excess of Revenues Over (Under) Expenditures	(195,263)	(195,263)	(195,263)	-
Other Financing Sources (Uses)				
Transfers in	200,000	200,000	200,000	-
Total Other Financing Sources (Uses)	200,000	200,000	200,000	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 4,737	$ 4,737	4,737	$ -
Fund Balance, Beginning of Year			2,194	
Fund Balance, End of Year			$ 6,931	

Town of Mt. Crested Butte

Statement of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2016

	Downtown Development Authority Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures				
Debt service:				
Principal retirement	260,000	260,000	260,000	-
Interest payments	35,465	35,465	35,465	-
Total Expenditures	295,465	295,465	295,465	-
Excess of Revenues Over (Under) Expenditures	(295,465)	(295,465)	(295,465)	-
Other Financing Sources (Uses)				
Transfers in	295,465	295,465	295,465	-
Total Other Financing Sources (Uses)	295,465	295,465	295,465	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses before amortization	$ -	$ -	-	$ -
Fund Balance, Beginning of Year			248,633	
Fund Balance, End of Year			$ 248,633	

Legal and Other Regulatory Requirements – Local Highway Finance Report

This section presents the Local Highway Finance Report. The State of Colorado requires that it be presented with the Town's Financial Statements.

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Mt. Crested Butte
		YEAR ENDING : December 2016
This Information From The Records Of the Town of Mt. Crested Butte:	Prepared By: Phone:970-349-6632	M. Karl Trujillo

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	1,089,529
3. Other local imposts (from page 2)	464,310
4. Miscellaneous local receipts (from page 2)	26,828
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	1,580,667
B. Private Contributions	
C. Receipts from State government (from page 2)	48,033
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	1,628,700

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	548,521
2. Maintenance:	70,090
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	74,000
c. Other	
d. Total (a. through c.)	74,000
4. General administration & miscellaneous	
5. Highway law enforcement and safety	830,826
6. Total (1 through 5)	1,523,437
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	105,263
b. Redemption	
c. Total (a. + b.)	105,263
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	105,263
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	1,628,700

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

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	2,050,000		90,000	1,960,000
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,628,700	1,628,700		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado YEAR ENDING (mm/yy): December 2016

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments	406,781	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalities	21,648
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	5,180
5. Specific Ownership &/or Other	57,529	g. Other Misc. Receipts	
6. Total (1. through 5.)	57,529	h. Other	
c. Total (a. + b.)	464,310	i. Total (a. through h.)	26,828
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	45,890	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	2,143	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	2,143	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	48,033	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		548,521	548,521
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	548,521	548,521
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	548,521	548,521
			(Carry forward to page 1)

Notes and Comments: