# TOWN OF CRESTED BUTTE, COLORADO

## FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2019

CONTENTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

September 30, 2020

Town Council
Town of Crested Butte, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Crested Butte, Colorado, as of and for the year ended December 31, 2019, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Crested Butte, Colorado, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Affordable Housing Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**2499 Hwy. 6&50**
**Grand Junction, CO 81505**
**www.csdcpa.com**
**e-mail info @ csdcpa.com**
**970-245-3000**
**FAX 970-242-4716**
**TOLL FREE 877-245-8080**

Town of Crested Butte, Colorado
September 30, 2020
Page Two

**Other Matters**

*Required Supplementary Information*
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 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 required supplementary information 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.

*Other Information*
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Crested Butte, Colorado's basic financial statements. The combining and individual non-major governmental fund schedules, the general capital fund budget to actual schedule, the street and alley fund budget to actual schedule, the enterprise fund budget to actual schedule, the general and sub-fund combining balance sheet and combining schedule of revenues, expenditures and changes in fund balance - budget and actual, and the local highway finance report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major governmental fund schedules, the general capital fund budget to actual schedule, the street and alley fund budget to actual schedule, the enterprise fund budget to actual schedule, the general and sub-fund combining balance sheet and combining schedule of revenues, expenditures and changes in fund balance - budget and actual, and the local highway finance report 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Chadwick, Steinkirchner, Davis & Co., P.C.

Chadwick, Steinkirchner, Davis & Co., P.C

TOWN OF CRESTED BUTTE, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2019

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, 2019. 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. <u>FINANCIAL HIGHLIGHTS</u>

- The Town's assets exceed liabilities and deferred inflows by $51,914,866 (i.e. net position) at the end of the year, an increase of $2,857,153 from the prior year.
- Governmental funds reported combined ending fund balances of $16,533,051 an increase of $1,800,150 in comparison to prior year.
- The Town's unassigned fund balance for the general fund, which includes the sales tax fund under Governmental Accounting Standards Board (GASB) 54 reporting requirements, was $6,230,761 an increase of $853,190 in comparison to prior year.
    i. The Town of Crested Butte's total long-term liabilities decreased by $201,230 during 2019 due to debt payments associated with the Town's wastewater treatment plant upgrade and water treatment plant capital improvements.

## B. PROJECT HIGHLIGHTS

- New affordable housing units were developed in Blocks 79 and 80.
- New playground built adjacent to the Center for the Arts building.
- Construction work largely completed on the water treatment plant upgrade. There were several significant reasons for the upgrade. Those include, State of Colorado environmental requirements, expanded treatment process capacity, and equipment being at the end of their useful lives.

## C. <u>OVERVIEW OF THE FINANCIAL STATEMENTS</u>

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.

**<u>Government-wide financial statements</u>**. 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.

**<u>Fund financial statements.</u>** 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 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.

**Capital assets.** The Town of Crested Butte complies with capital assets reporting requirements as specified in Governmental Accounting Standards Board Statement 34 (GASB34). One of the requirements is to report capital assets in the government-wide financial statements.

## D. GOVERNMENT-WIDE FINANCIAL ANALYSIS

At December 31, 2019, total net position was $51,914,866, an increase of $3,005,735 from the prior year. This increase was largely due to increases in cash position and investment in joint venture along with capital asset purchases during the year.

The largest portion of net position is the investment in capital assets (net of related debt) which accounts for 56% 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 37% of total net position.

The following table summarizes the Town's net position as of December 31, 2019

**Net Position**

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Net investment in capital assets | $22,050,108 | $7,281,480 | $29,331,588 |
| Invested in joint venture | $2,406,440 | | $2,406,440 |
| Restricted for: | | | $0 |
| Open Space | $927,364 | | $927,364 |
| Parking | $14,057 | | $14,057 |
| Law enforcement | $394 | | $394 |
| Emergencies | $290,000 | | $290,000 |
| Unrestricted | $15,194,377 | $3,750,646 | $18,945,023 |
| | $40,882,740 | $11,032,126 | $51,914,866 |

.

**E. <u>FINANCIAL ANALYSIS OF GOVERNMENT FUNDS</u>**

**<u>Governmental funds.</u>** 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, 2019, the Town's governmental funds reported combined ending fund balance of $16,533,051, an increase of $1,651,901 over prior year. Of the combined ending fund balance for all governmental funds 38% of this amount or $6,230,761, 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 2019, unassigned fund balance for the general fund was $6,230,761. This unassigned fund balance is approximately 115% of the total 2019 expenditures of the combined General fund. The unassigned fund balance increased by $853,190 during 2019.

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 2019, the General Capital fund balance available for capital projects was $6,977,915, an increase of $757,377.

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 $756,181 at the end of 2019, an increase of $314,227. The increase was largely due to an increase in the amount of excise tax collected.

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 $2,063,351 at the end of 2019, a decrease of $138,124. A significant portion of the increase was due to street and parking maintenance projects.

**Proprietary funds**. The Town has one enterprise fund which accounts for sewer, water, and trash operations. Year-end unrestricted net position of the sewer and water fund amounted to $3,750,646 in 2019, a decrease of $1,011,737. The decrease was primarily related to the investment in water treatment plant upgrades. Year-end total net position amounted to $11,032,126 in 2019, an increase of $3,308,444. The majority of this increase is in an increase in capital assets associated with the water treatment plant upgrade.

## F. BUDGETARY HIGHLIGHTS

During the year, Town Council determined to self-finance construction of the Water Plant Upgrade, and then take associated and approved Colorado Water Resources and Power Development Authority loan proceeds in 2020. Self-financing of the WTP upgrade was necessary during 2019 to stay within TABOR guidelines. Additionally, Town budgeted an assumed DOLA grant of $800,000 for the WTP upgrade. This DOLA grant was approved at $405,000 after adoption of the budget. As a result of self-funding and use of reserves for the construction cost, the Enterprise Fund revenue budget was amended from $4,416,072 to $2,796,072.

In addition, Town Council approved $262,000 for sprinkler systems for the Paradise Park affordable housing project. This expense was not included in the approved 2019 budget. This sprinkler expense was offset by some other expenses being less than budgeted. However, the net was an increase to the approved budget. As a result, the Affordable Housing Fund budget was amended from $2,308,499 to $2,346,275.

Revenues and expenditures in all funds were closely monitored throughout the year.

## G. CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets**. The Town of Crested Butte invested $4,901,382 in capital assets for its governmental and business type activities in 2019. 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 2019, the total outstanding long-term debt of the Town was $3,443,322, a slight decrease from 2018. The total amount attributable to business-type activities is $3,443,322.

## H. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The Town of Crested Butte continues to maintain strong reserve balances.
- Real estate transfer tax is the majority of revenue for the General Capital fund. The real estate market in 2019 was up compared to the 2018 market, with the majority of sales being residential. The 2020 budget anticipates real estate transfer tax to be consistent with 2019. Actual 2020 real estate transfer tax has exceeded budget through mid-year. Anecdotally, this has been fueled by high stock markets, lower taxes, remote workers and a pandemic-driven flight to rural areas. Average housing prices are increasing significantly in light of the local supply / demand equation.
- We budgeted sales tax collections for 2020 to be up 1% from 2019. The local economy, and associated sales tax collections, were trending positively, primarily due to expanded tourism during both peak and shoulder seasons. The 2020 global pandemic has impacted Crested Butte's tourism business, especially as affected by the ski resort closure mid-March. Our current estimates for 2020 are a full-year decrease of 5%-6% versus 2019.
- The construction market, which generates building fees, use and sales tax revenues, sewer/water tap-in fees and affordable housing fees, was up slightly in 2019. The total valuation of construction projects increased, largely due to the Center for the Arts project, Horseshoe commercial development, high priced new residential units and affordable housing. We anticipate construction activity to be consistent in 2020, especially for high priced residential projects.
- The 2020 budget has appropriations for several large one-time projects: renewable energy projects that support Council's Climate Action Plan, the refurbishment of Henderson Park, Cypress Land annexation, and changing rooms for the Big Mine Ice Rink.
- The 2020 budget anticipates producing a total surplus of $686,266.

## 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.

BASIC FINANCIAL STATEMENTS

Town of Crested Butte, Colorado

STATEMENT OF NET POSITION

December 31, 2019

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and investments | $ 13,362,429 | $ 8,273,795 | $ 21,636,224 |
| Cash and investments, restricted | 1,575 | 25,000 | 26,575 |
| Property taxes receivable | 1,225,382 | - | 1,225,382 |
| Other receivables, net of allowance for uncollectible | 586,856 | 402,269 | 989,125 |
| Intergovernmental receivable | 1,250 | - | 1,250 |
| Internal balances | 4,507,869 | (4,507,869) | - |
| Inventory | - | 37,748 | 37,748 |
| Investment in joint venture | 2,406,440 | - | 2,406,440 |
| Capital assets | | | |
| Land | 10,584,137 | 27,610 | 10,611,747 |
| Construction in progress | 782,458 | 6,010,552 | 6,793,010 |
| Buildings, net | 3,275,548 | 69,184 | 3,344,732 |
| Improvements other than buildings, net | 2,657,852 | 22,442 | 2,680,294 |
| Equipment, net | 1,908,378 | 320,058 | 2,228,436 |
| Infrastructure, net | 2,841,735 | 4,274,956 | 7,116,691 |
| Total assets | 44,141,909 | 14,955,745 | 59,097,654 |
| **LIABILITIES** | | | |
| Accounts payable | 238,859 | 435,267 | 674,126 |
| Accrued liabilities | 114,097 | 30,610 | 144,707 |
| Compensated absences payable | 106,859 | 14,420 | 121,279 |
| Due to other governments | 127,715 | - | 127,715 |
| Funds held for others | 1,487,847 | - | 1,487,847 |
| Long-term liabilities | | | |
| Portion due or payable within one year | | | |
| Loans payable | - | 202,625 | 202,625 |
| Portion due or payable after one year | | | |
| Loans payable | - | 3,240,697 | 3,240,697 |
| Total liabilities | 2,075,377 | 3,923,619 | 5,998,996 |
| **DEFERRED INFLOWS** | | | |
| Property taxes | 1,183,792 | - | 1,183,792 |
| Total deferred inflows | 1,183,792 | - | 1,183,792 |
| **NET POSITION** | | | |
| Net investment in capital assets | 22,050,108 | 7,281,480 | 29,331,588 |
| Invested in joint venture | 2,406,440 | - | 2,406,440 |
| Restricted for: | | | |
| Open space | 927,364 | - | 927,364 |
| Parking | 14,057 | - | 14,057 |
| Law enforcement | 394 | - | 394 |
| Emergencies | 290,000 | - | 290,000 |
| Unrestricted | 15,194,377 | 3,750,646 | 18,945,023 |
| Total net position | $ 40,882,740 | $ 11,032,126 | $ 51,914,866 |

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado

STATEMENT OF ACTIVITIES

Year ended December 31, 2019

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Business-type Activities | Net (Expense) Revenue and Changes in Net Position: Total |
|---|---|---|---|---|---|---|---|
| Activities: | | | | | | | |
| Governmental: | | | | | | | |
| General government | $ 3,790,373 | $ 676,918 | $ 66,070 | $ - | $ (3,047,385) | | $ (3,047,385) |
| Public safety | 993,450 | - | 28,416 | 349,241 | (615,793) | | (615,793) |
| Highways and streets | 1,221,266 | 8,721 | - | - | (1,212,545) | | (1,212,545) |
| Culture and recreation | 1,447,634 | 133,874 | 65,275 | - | (1,248,485) | | (1,248,485) |
| Auxiliary services | 1,277,529 | 54,016 | 675 | - | (1,222,838) | | (1,222,838) |
| Interest on long-term debt | 2,179 | - | - | - | (2,179) | | (2,179) |
| Total governmental activities | 8,732,431 | 873,529 | 160,436 | 349,241 | (7,349,225) | | (7,349,225) |
| Business-type | | | | | | | |
| Sewer and water | 2,028,505 | 1,728,521 | - | 1,415,001 | | 1,115,017 | 1,115,017 |
| Total business-type activities | 2,028,505 | 1,728,521 | - | 1,415,001 | | 1,115,017 | 1,115,017 |
| Total | $ 10,760,936 | $ 2,602,050 | $ 160,436 | $ 1,764,242 | | | (6,234,208) |
| General revenues | | | | | | | |
| Property taxes | | | | | 1,023,251 | - | 1,023,251 |
| Specific ownership taxes | | | | | 211,198 | - | 211,198 |
| Sales and use taxes | | | | | 5,197,654 | - | 5,197,654 |
| Excise taxes | | | | | 302,745 | - | 302,745 |
| Franchise taxes | | | | | 45,361 | - | 45,361 |
| Real estate transfer taxes | | | | | 1,827,826 | - | 1,827,826 |
| Other taxes and miscellaneous revenue | | | | | 107,015 | - | 107,015 |
| Investment in joint venture | | | | | 82,690 | - | 82,690 |
| Gain on sale of capital assets | | | | | (39,405) | - | (39,405) |
| Investment earnings | | | | | 204,424 | 128,602 | 333,026 |
| Total general revenues | | | | | 8,962,759 | 128,602 | 9,091,361 |
| Change in net position | | | | | 1,613,534 | 1,243,619 | 2,857,153 |
| Net position, beginning | | | | | 39,120,624 | 9,788,507 | 48,909,131 |
| Prior period adjustment | | | | | 148,582 | - | 148,582 |
| Net position, beginning restated | | | | | 39,269,206 | 9,788,507 | 49,057,713 |
| Net position, ending | | | | | $ 40,882,740 | $ 11,032,126 | $ 51,914,866 |

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado

## BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2019

| | General Fund | General Capital Fund | Affordable Housing Fund | Street and Alley Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Cash and investments | $ 4,312,415 | $ 6,403,518 | $ 354,336 | $ 2,229,321 | $ 62,839 | $ 13,362,429 |
| Cash and investments, restricted | 1,575 | - | - | - | - | 1,575 |
| Receivables | | | | | | |
| Taxes | 264,699 | - | 41,590 | 919,093 | - | 1,225,382 |
| Intergovernmental | - | 1,250 | - | - | - | 1,250 |
| Other | 627,957 | - | (41,101) | - | - | 586,856 |
| Due from other funds | 3,609,721 | 604,203 | 584,130 | - | 3,801 | 4,801,855 |
| Total assets | 8,816,367 | 7,008,971 | 938,955 | 3,148,414 | 66,640 | 19,979,347 |
| **LIABILITIES** | | | | | | |
| Accounts payable | 173,109 | 19,892 | 297 | 45,561 | - | 238,859 |
| Accrued liabilities | 94,033 | 11,164 | - | 8,900 | - | 114,097 |
| Due to other governments | 127,715 | - | - | - | - | 127,715 |
| Funds held for others | 1,487,847 | - | - | - | - | 1,487,847 |
| Due to other funds | - | - | 182,477 | 111,509 | - | 293,986 |
| Total liabilities | 1,882,704 | 31,056 | 182,774 | 165,970 | - | 2,262,504 |
| **DEFERRED INFLOWS** | | | | | | |
| Property taxes | 264,699 | - | - | 919,093 | - | 1,183,792 |
| Total deferred inflows | 264,699 | - | - | 919,093 | - | 1,183,792 |
| **FUND BALANCE** | | | | | | |
| Restricted | | | | | | |
| TABOR emergency reserve | 290,000 | - | - | - | - | 290,000 |
| Marshal's seizure fund | 394 | - | - | - | - | 394 |
| Conservation | - | - | - | - | 66,640 | 66,640 |
| Committed | | | | | | |
| Affordable housing | - | - | 756,181 | - | - | 756,181 |
| Open space | - | 927,364 | - | - | - | 927,364 |
| Parking | - | - | - | 14,057 | - | 14,057 |
| Streets | - | - | - | 2,049,294 | - | 2,049,294 |
| Transportation | 90,174 | - | - | - | - | 90,174 |
| Assigned | | | | | | |
| Capital projects | - | 4,624,222 | - | - | - | 4,624,222 |
| Whatever USA Ice Rink/Warming House Improvements | - | 201,848 | - | - | - | 201,848 |
| Center for the arts project | 57,635 | - | - | - | - | 57,635 |
| Next year's expenditures | - | 1,224,481 | - | - | - | 1,224,481 |
| Unassigned | 6,230,761 | - | - | - | - | 6,230,761 |
| Total fund balance | $ 6,668,964 | $ 6,977,915 | $ 756,181 | $ 2,063,351 | $ 66,640 | $ 16,533,051 |

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado

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

December 31, 2019

Amounts reported for governmental activities on the statement of net position are different because:

| | | |
|---|---|---|
| Total fund balance - governmental funds | $ | 16,533,051 |
| Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. | | 22,050,108 |
| Investment in joint venture is reported in the statement of net position, not reported in the governmental funds. | | 2,406,440 |
| Long-term liabilities such as capital leases and compensated absences payable are not due and payable in the current period, and therefore, are not reported in the funds. | | (106,859) |
| Net position - governmental activities | $ | 40,882,740 |

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended December 31, 2019

| | General Fund | General Capital Fund | Affordable Housing Fund | Street and Alley Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| Revenues | | | | | | |
| Taxes | $ 5,092,004 | $ 1,973,225 | $ 302,745 | $ 767,342 | $ - | $ 8,135,316 |
| Real estate transfer tax | - | - | 550,000 | - | - | 550,000 |
| Licenses and permits | 434,436 | - | - | - | - | 434,436 |
| Intergovernmental | 31,877 | 349,241 | - | 65,275 | 13,415 | 459,808 |
| Charges for services | 223,280 | - | 54,016 | - | - | 277,296 |
| Housing payments in lieu | - | - | 66,070 | - | - | 66,070 |
| Fines and forfeitures | 81,919 | - | - | - | - | 81,919 |
| Investment earnings | 173,415 | - | - | - | 65 | 173,480 |
| Miscellaneous | 77,022 | 40,787 | - | 4,056 | - | 121,865 |
| Total revenues | 6,113,953 | 2,363,253 | 972,831 | 836,673 | 13,480 | 10,300,190 |
| Expenditures | | | | | | |
| Current | | | | | | |
| General government | 2,046,886 | 593,116 | 677,477 | 23,227 | - | 3,340,706 |
| Public safety | 944,983 | - | - | - | - | 944,983 |
| Highways and streets | 367,725 | - | - | 640,810 | - | 1,008,535 |
| Culture and recreation | 772,222 | 209,161 | - | - | - | 981,383 |
| Auxiliary services | 1,277,529 | - | - | - | - | 1,277,529 |
| Capital outlay | - | 773,886 | 1,738,887 | 310,760 | - | 2,823,533 |
| Debt service | | | | | | |
| Principal | - | 41,814 | - | - | - | 41,814 |
| Interest | - | 2,179 | - | - | - | 2,179 |
| Total expenditures | 5,409,345 | 1,620,156 | 2,416,364 | 974,797 | - | 10,420,662 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 704,608 | 743,097 | (1,443,533) | (138,124) | 13,480 | (120,472) |
| Other financing sources (uses) | | | | | | |
| Sale of capital assets | - | 14,280 | 1,757,760 | - | - | 1,772,040 |
| Total other financing sources (uses) | - | 14,280 | 1,757,760 | - | - | 1,772,040 |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES EXPENDITURES AND OTHER FINANCING SOURCES AND SPECIAL ITEMS | 704,608 | 757,377 | 314,227 | (138,124) | 13,480 | 1,651,568 |
| Fund balance at beginning of year | 5,815,774 | 6,220,538 | 441,954 | 2,201,475 | 53,160 | 14,732,901 |
| Prior period adjustment | 148,582 | - | - | - | - | 148,582 |
| Fund balance at beginning of year, restated | 5,964,356 | 6,220,538 | 441,954 | 2,201,475 | 53,160 | 14,881,483 |
| Fund balance at end of year | $ 6,668,964 | $ 6,977,915 | $ 756,181 | $ 2,063,351 | $ 66,640 | $ 16,533,051 |

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado

# RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended December 31, 2019

| | |
|---|---|
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Net change in fund balances - total governmental funds | $ 1,651,568 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period ($2,544,360 - $889,056). | 1,655,301 |
| Change in investment in joint venture | 82,690 |
| Under the modified accrual basis of accounting used in the governmental funds, expenditures for accrued compensated absences are not recognized because they are not paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, these expenses and liabilities are reported regardless of when financial resources are available. This adjustment shows the change in the accrued compensated absences balance. | (8,888) |
| Governmental funds report the repayment of principal on long-term debt as expenditures. However, these repayments are not reported in the statement of activities, but as a reduction of debt in the statement of net position. This amount is the effect of the difference in the treatment of these repayments. | 44,308 |
| Change in net position of governmental activities | $ 1,613,534 |

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado

# GENERAL FUND
## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
## BUDGET AND ACTUAL

Year ended December 31, 2019

| | Budgeted Amounts Original | Budgeted Amounts Final | Actual | Variance with Final Budget Favorable (Unfavorable) |
|---|---|---|---|---|
| Revenues | | | | |
| Taxes | | | | |
| General property taxes | $ 246,179 | $ 246,179 | $ 255,909 | $ 9,730 |
| Specific ownership taxes | 55,000 | 55,000 | 211,198 | 156,198 |
| Sales tax | 3,953,220 | 3,953,220 | 4,550,623 | 597,403 |
| Franchise tax | 46,500 | 46,500 | 45,361 | (1,139) |
| Interest on delinquent taxes | 750 | 750 | 28,913 | 28,163 |
| Total taxes | 4,301,649 | 4,301,649 | 5,092,004 | 790,355 |
| Licenses and permits | | | | |
| Vacation rental licenses | - | - | 208,995 | 208,995 |
| Liquor licenses | 8,000 | 8,000 | 7,168 | (832) |
| Business licenses | 31,100 | 31,100 | 22,435 | (8,665) |
| Building permits | 137,500 | 137,500 | 101,559 | (35,941) |
| Occupation licenses | 54,000 | 54,000 | 52,782 | (1,218) |
| Non-business licenses/permits | 39,850 | 39,850 | 41,497 | 1,647 |
| Total licenses and permits | 270,450 | 270,450 | 434,436 | 163,986 |
| Intergovernmental | | | | |
| Tobacco tax | 9,000 | 9,000 | 9,506 | 506 |
| Grants and fees | 3,000 | 3,000 | 15,675 | 12,675 |
| Motor vehicle fees | 6,500 | 6,500 | 6,696 | 196 |
| Total intergovernmental | 18,500 | 18,500 | 31,877 | 13,377 |
| Charges for services | | | | |
| Management fees | | | | |
| Sewer and Water fund | 65,000 | 65,000 | 65,004 | 4 |
| Energy mitigation fee | 20,000 | 20,000 | 48,762 | 28,762 |
| Vehicle maintenance | 18,000 | 18,000 | 18,000 | - |
| Recreation | 146,320 | 146,320 | 91,514 | (54,806) |
| Total charges for services | 249,320 | 249,320 | 223,280 | (26,040) |
| Fines and forfeitures | 60,950 | 60,950 | 81,919 | 20,969 |
| Miscellaneous | | | | |
| Earnings on investments | 105,000 | 105,000 | 173,415 | 68,415 |
| Rents | 48,000 | 48,000 | 69,400 | 21,400 |
| Other | 7,550 | 7,550 | 7,622 | 72 |
| Contribution from reserves | - | - | - | - |
| Total miscellaneous | 160,550 | 160,550 | 250,437 | 89,887 |
| Total revenues | 5,061,419 | 5,061,419 | 6,113,953 | 1,052,534 |

Town of Crested Butte, Colorado

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

Year ended December 31, 2019

| | Budgeted Amounts | | | Variance with Final Budget Favorable |
|---|---|---|---|---|
| | Original | Final | Actual | (Unfavorable) |
| Expenditures | | | | |
| Current | | | | |
| General government | | | | |
| General | 313,975 | 313,975 | 360,308 | (46,333) |
| Court | 7,362 | 7,362 | 7,557 | (195) |
| Legislative | 73,018 | 73,018 | 73,496 | (478) |
| Legal | 203,100 | 203,100 | 237,580 | (34,480) |
| Clerk | 193,488 | 193,488 | 183,625 | 9,863 |
| Administration | 176,290 | 176,290 | 190,768 | (14,478) |
| Finance | 399,893 | 399,893 | 377,172 | 22,721 |
| Bozar | 278,726 | 278,726 | 401,015 | (122,289) |
| Facilities maintenance | 232,143 | 232,143 | 212,745 | 19,398 |
| Transportation - other | - | - | 2,620 | (2,620) |
| Total general government | 1,877,995 | 1,877,995 | 2,046,886 | (168,891) |
| Public safety | | | | |
| Marshal | 906,554 | 906,554 | 944,983 | (38,429) |
| Culture and recreation | 353,550 | 353,550 | 772,222 | (418,672) |
| Highways and streets | 529,383 | 529,383 | 367,725 | 161,658 |
| Auxiliary services | | | | |
| Community development | 381,726 | 381,726 | 356,374 | 25,352 |
| Transportation Mountain Express | 826,036 | 826,036 | 921,155 | (95,119) |
| Total auxiliary services | 1,207,762 | 1,207,762 | 1,277,529 | (69,767) |
| Total expense | 4,875,244 | 4,875,244 | 5,409,345 | (534,101) |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 186,175 | 186,175 | 704,608 | 518,433 |
| Fund balance, beginning of year | 5,815,774 | 5,815,774 | 5,815,774 | - |
| Prior period adjustment | - | - | 148,582 | 148,582 |
| Fund balance, beginning restated | 5,815,774 | 5,815,774 | 5,964,356 | 148,582 |
| Fund balance, end of year | $ 6,001,949 | $ 6,001,949 | $ 6,668,964 | $ 667,015 |

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado

## AFFORDABLE HOUSING FUND
## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
## BUDGET AND ACTUAL

Year ended December 31, 2019

| | Budgeted Amounts | | | Variance with Final Budget Favorable |
|---|---|---|---|---|
| | Original | Final | Actual | (Unfavorable) |
| Revenues | | | | |
| Housing payment in lieu | $ 60,000 | $ 60,000 | $ 66,070 | $ 6,070 |
| Excise tax | 255,000 | 255,000 | 302,745 | 47,745 |
| Real estate transfer tax | 550,000 | 550,000 | 550,000 | - |
| Duplex rent/sales | 38,000 | 38,000 | 13,610 | (24,390) |
| Red Lady Estate rent/sales | 6,555 | 6,555 | 40,406 | 33,851 |
| Total revenues | 909,555 | 909,555 | 972,831 | 63,276 |
| Expenditures | | | | |
| Administration | 19,500 | 19,500 | 9,341 | 10,159 |
| Affordable housing tap fees | 528,000 | 528,000 | 582,000 | (54,000) |
| Housing Authority fees | 58,000 | 58,000 | 58,748 | (748) |
| Capital outlay | 1,670,000 | 1,707,776 | 1,738,887 | (31,111) |
| Other | 33,000 | 33,000 | 27,388 | 5,612 |
| Total expenditures | 2,308,500 | 2,346,276 | 2,416,364 | (70,088) |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (1,398,945) | (1,436,721) | (1,443,533) | (6,812) |
| Other financing sources | | | | |
| Sale of assets | 1,690,000 | 1,690,000 | 1,757,760 | 67,760 |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES | 291,055 | 253,279 | 314,227 | 60,948 |
| Fund balance, beginning of year | 441,954 | 441,954 | 441,954 | - |
| Fund balance, end of year | $ 733,009 | $ 695,233 | $ 756,181 | $ 60,948 |

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

Town of Crested Butte, Colorado

# STATEMENT OF NET POSITION
# ENTERPRISE FUND

December 31, 2019

| | | Business-type Activities<br>Sewer and Water Fund |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash | | $ 8,273,795 |
| Restricted cash | | 25,000 |
| Accounts receivable | | 402,269 |
| Due from other governments | | - |
| Inventory | | 37,748 |
| | Total current assets | 8,738,812 |
| Noncurrent assets | | |
| Capital assets | | |
| Land | | 27,610 |
| Construction in Progress | | 6,010,552 |
| Buildings | | 149,980 |
| Improvements other than buildings | | 63,634 |
| Water plant and system | | 4,434,404 |
| Sewer plant and system | | 6,728,355 |
| Equipment | | 1,162,054 |
| Vehicles | | 195,516 |
| Less accumulated depreciation | | (8,047,303) |
| | Total noncurrent assets | 10,724,802 |
| | Total assets | 19,463,614 |
| **LIABILITIES** | | |
| Current liabilities | | |
| Accounts payable | | 435,267 |
| Accrued liabilities | | 18,800 |
| Accrued interest payable | | 11,810 |
| Compensated absences payable | | 14,420 |
| Due to other funds | | 4,507,869 |
| Current portion of long-term debt | | 202,625 |
| | Total current liabilities | 5,190,791 |
| Noncurrent liabilities | | |
| Loans payable, net of current portion | | 3,240,697 |
| | Total noncurrent liabilities | 3,240,697 |
| | Total liabilities | 8,431,488 |
| **NET POSITION** | | |
| Net investment in capital assets | | 7,281,480 |
| Unrestricted | | 3,750,646 |
| | Total net position | $ 11,032,126 |

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
## ENTERPRISE FUND

Year ended December 31, 2019

| | Business-type Activities<br>Sewer and Water Fund |
|---|---|
| Charges for services | $ 1,728,521 |
| Operating expenses | |
| Operations and maintenance | 914,122 |
| Management fee - General fund | 65,004 |
| Contractor payments | 276,721 |
| Depreciation | 374,672 |
| Total operating expenses | 1,630,519 |
| Operating income (loss) | 98,002 |
| Nonoperating revenues (expenses) | |
| Grants | 518,892 |
| Investment income | 128,602 |
| Capital maintenance and repair | (327,439) |
| Interest expense | (70,547) |
| Total nonoperating revenues (expenses) | 249,508 |
| Income (loss) before capital contributions | 347,510 |
| Capital contributions - tap fees | 896,109 |
| Change in net position | 1,243,619 |
| Net position, beginning of year | 9,788,507 |
| Net position, end of year | $ 11,032,126 |

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado

## STATEMENT OF CASH FLOWS
## ENTERPRISE FUND

Year ended December 31, 2019

| | Sewer and Water Fund |
|---|---|
| Cash flows from operating activities | |
| Cash received from customers | $ 1,548,256 |
| Cash paid to suppliers | (796,343) |
| Cash paid to and for employees | (657,678) |
| Cash payments for internal services | (65,004) |
| Net cash provided by operating activities | 29,231 |
| Cash flows from noncapital financing activities | |
| Change in due from/to other funds | 2,589,408 |
| Net cash provided by noncapital financing activities | 2,589,408 |
| Cash flows from capital and related financing activities | |
| Acquisition of capital assets | (2,077,849) |
| Cash paid for capital maintenance and repair | (327,439) |
| Grants | 524,762 |
| Proceeds from tap fees | 896,109 |
| Principal payments on long-term debt | (198,633) |
| Interest paid on long-term debt | (71,851) |
| Net cash provided by capital and related financing activities | (1,254,901) |
| Cash flows from investing activities | |
| Interest received | 128,602 |
| Net cash provided by investing activities | 128,602 |
| Net increase (decrease) in cash and cash equivalents | 1,492,340 |
| Cash and cash equivalents, beginning of year | 6,806,455 |
| Cash and cash equivalents, end of year | $ 8,298,795 |

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

| | |
|---|---|
| Operating income (loss) | $ 98,002 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | |
| Depreciation | 374,672 |
| (Increase) decrease in accounts receivable | (180,265) |
| (Increase) decrease in inventory | (29,385) |
| Increase (decrease) in accounts payable | (228,940) |
| Increase (decrease) in accrued liabilities | (4,853) |
| Total adjustments | (68,771) |
| Net cash provided by operating activities | $ 29,231 |

The accompanying notes are an integral part of this statement.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Crested Butte (the "Town") provides a full range of services contemplated by statute or charter. These include general government functions, public safety (Marshal), highways and streets, culture and recreation, planning and zoning, community development, public improvements, water and sanitation and general administrative service.

The financial statements of the Town of Crested Butte include the organizations that are considered component units of the Town. As defined by GASB 14, component units are legally separate entities that are included in the Town's reporting entity because of the significance of their operating or financial relationship with the Town. Based upon the foregoing criteria, the Town does not have any component units included in their financial statements.

The accounting and reporting policies of the Town of Crested Butte conform to generally accepted accounting principles as set forth by the American Institute of Certified Public Accountants and the Governmental Accounting Standards Board (GASB). Some of the primary functions of the Town's financial statements are as follows:

- Government-wide financial reporting, which provides a picture of the Town as a single, unified entity.
- Narrative overview and analysis, which provides financial statement users with a narrative introduction, overview and analysis of the basic financial statements in the form of management's discussion and analysis (MD&A).
- Emphasis on the Town's major funds.
- Expanded budgetary reporting to show budgetary comparisons based on the Town's original and final amended budget.

The following summary of significant accounting policies is presented to assist the reader in evaluating the Town's financial statements.

<u>Basis of Presentation</u>

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is based upon determination of changes in financial position, rather than upon net income determination. The following are the Town's Governmental Fund Types:

General Fund – The General fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments) that are legally restricted to expenditures for specific purposes.

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Capital Projects Funds – The Capital Projects Funds are used to account for capital improvements (except those financed by proprietary funds) which are financed from bond issues, certain federal grants and other specific receipts.

Proprietary Fund Types

Proprietary funds are used to account for the Town's ongoing activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income. The Town's Enterprise Fund provides sewer, water, and sanitation services and is described as follows:

Enterprise Funds – Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Town is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The acquisition, maintenance and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds (revenue or general obligation), federal grants and other Town funds.

Government-wide 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 activities of the Town. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

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 specific function or segment. Program revenues include 1) charges to those 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.

Fund Financial Statements

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred inflows, liabilities, deferred outflows, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

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

The Sales Tax Fund is reported as a sub-fund of the General Fund.

The remaining governmental funds are aggregated and presented as non-major funds. Currently the only nonmajor fund is the Conservation Trust Fund which accounts for State of Colorado lottery funds to be used for parks and recreation services and capital.

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations. The Town has one enterprise fund, its Sewer and Water Fund.

### Basis of Accounting

Government-Wide and Proprietary Fund Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise 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.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Governmental Fund Financial Statements

The modified accrual basis of accounting is followed by the Governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when they become available and

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

measurable. Available means collectible within the current period or soon enough thereafter to pay current liabilities. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Major revenues that are determined to be susceptible to accrual include sales and use taxes, real estate transfer taxes, property taxes, and charges for services.

Intergovernmental revenues received as reimbursements for specific purposes or projects are recognized based upon the expenditures recorded.

Expenditures are recorded when the liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

As a rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments to the General Fund by the enterprise fund for providing administrative and billing services for the fund, and charges between the Town's enterprise fund and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Interfund activity has not been eliminated in the fund financial statements.

Amounts reported as program revenues include charges to customers for goods and services, operating grants and contributions, and capital grants and contributions. General revenues include all taxes and interest earnings.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. Operating expenses include the costs of sales and services, personal services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Budget

An annual budget and appropriation ordinance is adopted by the Town Council in accordance with the Local Government Budget Law of Colorado. The budget is prepared on a basis consistent with generally accepted accounting principles for all governmental fund types, except for federal pass-through grants, which are not budgeted. The budget of the enterprise fund is adopted on a basis not consistent with GAAP but uses the spending measurement focus method. All annual appropriations lapse at year end. Any revisions that alter the total for each fund must be approved by the Town Council through a supplemental appropriation ordinance.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### Property Tax Calendar

Property taxes levied become due January 1 following the year of assessment. They are payable in full by April 30, or in two equal installments due the last day of February and June 15. The property taxes, in which an enforceable claim attaches to the properties that are measurable but not available at the end of the Town's accounting period, are recorded as deferred revenue and recognized as revenue in the subsequent accounting period when collected. Gunnison County bills and collects the Town's property taxes. Property taxes become a lien on the property as of January 1 of the year assessed.

### Recognition of Grant Revenue

Where the expenditure of funds is the prime factor for determining eligibility for grant funds, revenue is recognized at the time the expenditure is incurred.

### Capitalized 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.

### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of more than one year, and for which the initial, individual value equals or exceeds $5,000. Infrastructure assets with a value that equals or exceeds $25,000 are capitalized.

All purchased assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend asset life are not capitalized.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| Asset Class | Useful Life |
|---|---|
| Buildings | 50 years |
| Other Improvements | 20-30 years |
| Furniture & Equipment | 5-15 years |
| Water and Sewer Systems | 25-40 years |
| Infrastructure | 15-40 years |

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Public domain assets consisting of roads, bridges, curbs and gutters, street and sidewalks, drainage systems and lighting systems are examples of infrastructure assets.

General infrastructure assets acquired prior to January 1, 2004, are not reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure assets acquired subsequent to January 1, 2004.

### Long-Term Liabilities

In the government-wide and enterprise fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government or business-type activities. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

#### Accrued Liabilities for Compensated Absences

The Town allows employees to accumulate earned but unused vacation pay benefits. In the government-wide statements, vacation pay is accrued when incurred and reported as a liability of the governmental and business-type activities. In the governmental funds, vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are not reported as expenditures.

### Net Position

Net position represents the difference of assets, liabilities, and deferred inflows. 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 of Crested Butte or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

### Capitalization of Enterprise Fund Interest Expense

Interest incurred during the period of construction of assets constructed in the Enterprise Fund was capitalized as part of those assets.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Sales Tax Revenues

In accordance with the Town's Ordinance, the Town's four and one-half (4.5) percent sales tax revenue is allocated as follows:

| | 4% sales tax | Additional .5% |
|---|---|---|
| General Fund – maximum | 75% | – |
| Transportation | 25% | – |
| Parks and Recreation | – | 100% |

If the General Fund does not need its share of the 4% sales tax, the remainder is distributed to other funds as needed. The amount needed for the General Fund is determined during the budget process. During 2018, the General Fund received 75% of sales tax revenue and the General Capital fund received 0%.

Joint Venture

Mountain Express (the "joint venture") is a joint venture of the towns of Crested Butte and Mt. Crested Butte. The joint venture provides bus service to the Crested Butte ski area and throughout the towns. The towns of Crested Butte and Mt. Crested Butte contribute ninety-five percent (95%) of their respective town's one percent (1%) sales tax adopted for transportation services. The Town of Mt. Crested Butte also contributes twenty-five percent (25%) of the proceeds of the four percent (4%) admissions tax adopted by the Town of Mt. Crested Butte and designated for transportation. Due to the nature of funding from federal grants and contributions by the partners, the operations are reported as a Governmental Fund in the joint venture's separately issued financial statements.

Investment in the joint venture is recorded as an expenditure at the time the investment is made. The Town's equity interest (50%) has been recorded in the governmental activities column of the Statement of Net Position.

Seizure Funds

In accordance with the Colorado Contraband Forfeiture Act the proceeds from the seizure of contraband must be used for the specific purpose of law enforcement activities. These funds have been included in the Town's General Fund.

Inventories and Prepaid Items

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### Cash and Cash Equivalent

For purposes of reporting cash flows, all certificates of deposit, regardless of maturity, are considered to be cash equivalents.

### Fund Balance

In the fund financial statements the following classifications describe the relative strength of the spending constraint.

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid expense and inventory), or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the Town's highest level of decision making authority, the Board of Trustees, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Trustees.

Assigned fund balance – The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board of Trustees or other individuals authorized to assign funds to be used for a specific purpose.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria. The Town will only report a positive unassigned fund balance.

If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is Town policy to use restricted amounts first. Unrestricted fund balance will be used in the following order; committed, assigned and unassigned.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows, and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## NOTE B – INTERFUND TRANSACTIONS

Interfund receivable and payable balances at December 31, 2019, which represent collections not yet distributed, are as follows:

| | Interfund Receivables | Interfund Payable |
|---|---|---|
| General Fund | $ 4,813,670 | $ 1,203,949 |
| General Capital Fund | 604,203 | – |
| Conservation Trust Fund | 3,801 | – |
| Affordable Housing Fund | 584,130 | 182,477 |
| Street and Alley Fund | 3,556 | 115,065 |
| Sewer and Water Fund | 194,292 | 4,702,161 |
| | $ 6,203,652 | $ 6,203,652 |

Interfund administrative fees of $65,004 were charged by the General Fund to the Sewer and Water Fund for the year ended December 31, 2019.

## NOTE C – CAPITAL ASSETS

| | Balance December 31, 2018 | Additions | Disposals | Balance December 31, 2019 |
|---|---|---|---|---|
| Governmental Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 10,584,137 | $ - | $ - | $ 10,584,137 |
| Construction in progress | 855,016 | 1,738,887 | (1,811,445) | 782,458 |
| Total capital assets not being depreciated | 11,439,153 | 1,738,887 | (1,811,445) | 11,366,595 |
| Capital assets being depreciated | | | | |
| Buildings | 4,973,667 | - | - | 4,973,667 |
| Improvements other than buildings | 4,581,811 | - | | 4,581,811 |
| Infrastructure | 5,632,583 | - | | 5,632,583 |
| Equipment | 4,060,053 | 805,473 | (77,967) | 4,787,559 |
| | 19,248,114 | 805,473 | (77,967) | 19,975,620 |
| Less accumulated depreciation: | | | | |
| Buildings | (1,577,374) | (120,744) | | (1,698,118) |
| Improvement other than buildings | (1,773,345) | (150,614) | | (1,923,959) |
| Infrastructure | (2,460,242) | (330,606) | | (2,790,848) |
| Equipment | (2,670,057) | (287,091) | 77,967 | (2,879,181) |
| | (8,481,018) | (889,055) | 77,967 | (9,292,106) |
| Capital assets being depreciated, net | 10,767,096 | (83,582) | - | 10,683,514 |
| Total Governmental Activities Capital Assets | $ 22,206,249 | $ 1,655,305 | $ (1,811,445) | $ 22,050,109 |

## NOTE C – CAPITAL ASSETS – CONTINUED

| | Balance December 31, 2018 | Additions | Disposals | Balance December 31, 2019 |
|---|---|---|---|---|
| Business-type Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 27,610 | $ - | $ - | $ 27,610 |
| Construction in progress | 3,632,982 | 2,377,570 | - | 6,010,552 |
| Total capital assets not being depreciated | 3,660,592 | 2,377,570 | - | 6,038,162 |
| | | | | |
| Capital assets being depreciated | | | | |
| Buildings | 149,980 | - | - | 149,980 |
| Improvements other than buildings | 63,634 | - | - | 63,634 |
| Water plant and distribution system | 4,434,404 | - | - | 4,434,404 |
| Sewer plant and collection system | 6,728,355 | - | - | 6,728,355 |
| Equipment | 1,108,329 | 53,725 | - | 1,162,054 |
| Vehicles | 195,516 | - | - | 195,516 |
| | 12,680,218 | 53,725 | - | 12,733,943 |
| Less accumulated depreciation: | . | | | |
| Buildings | (77,542) | (3,254) | - | (80,796) |
| Improvement other than buildings | (41,192) | - | - | (41,192) |
| Water plant and distribution system | (2,818,577) | (136,618) | - | (2,955,195) |
| Sewer plant and distribution system | (3,765,147) | (167,460) | - | (3,932,607) |
| Equipment | (862,223) | (38,173) | - | (900,396) |
| Vehicles | (107,949) | (19,643) | - | (137,116) |
| | (7,672,630) | (365,148) | - | (8,047,302) |
| Capital assets being depreciated, net | 5,007,588 | (311,423) | - | 4,686,641 |
| Total Governmental Activities | | | | |
| Capital Assets | $ 8,668,180 | $ 2,066,147 | $ - | $ 10,724,803 |

Depreciation was charged to governmental functions as follows:

| | |
|---|---|
| General Government | $ 440,780 |
| Public Safety | 48,467 |
| Culture and Recreation | 187,077 |
| Streets and Highways | 212,731 |

## NOTE D – LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended December 31, 2019 were as follows:

| | Balance 12/31/18 | Additions | Reduction | Balance 12/31/19 | Due Within One Year |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| Capitalized lease agreements | $ 44,308 | $ – | $ (44,308) | $ – | $ – |
| Compensated absences | 97,971 | 8,888 | – | 106,859 | 106,859 |
| | $ 142,279 | $ 8,888 | $ (44,308) | $ 106,859 | $ 106,859 |
| Business-type Activities | | | | | |
| Revolving Fund Sewer Plant Loan | $ 964,099 | $ – | $ (71,842) | $ 892,256 | $ 73,286 |
| CWRPDA WWTP Upgrade Loan | 2,385,853 | – | (107,747) | 2,278,106 | 109,913 |
| CWRPDA Water Tank Loan | 292,002 | – | (19,043) | 272,960 | 19,426 |
| Compensated absences | 17,017 | – | (2,598) | 14,419 | 14,419 |
| | $3,658,972 | $ – | $ (201,230) | $ 3,457,741 | $ 217,044 |

Capitalized Leases:

The Town entered into capital lease agreements for equipment, vehicles and real estate with a cost of $301,200. The lease was paid off in full during 2019.

Water Pollution Control Revolving Fund – Direct Loan

Colorado Water Resources & Power Development Authority (CWRPDA) direct loan, amount of original issue $1,900,000 with interest thereon at the average rate of 2.00%, dated May 25, 2010. Principal and interest payable May 1 and November 1 are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 73,286 | $ 17,483 | $ 90,769 |
| 2021 | 74,859 | 15,910 | 90,769 |
| 2022 | 76,262 | 14,505 | 90,767 |
| 2023 | 77,795 | 12,972 | 90,767 |
| 2024 | 79,359 | 11,408 | 90,767 |
| 2025-2029 | 421,371 | 32,464 | 453,835 |
| 2030 | 89,324 | 1,443 | 90,767 |
| | $ 892,256 | $ 106,185 | $ 998,441 |

**NOTE D – LONG-TERM LIABILITIES – CONTINUED**

Drinking Water Revolving Fund – Direct Loan

Colorado Water Resources & Power Development Authority (CWRPDA) direct loan, amount of original issue $400,000 with interest thereon at the average rate of 2.00%, dated February 29, 2012. Principal and interest payable May 1 and November 1 are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 19,425 | $ 5,363 | $ 24,788 |
| 2021 | 19,816 | 4,972 | 24,788 |
| 2022 | 20,215 | 4,573 | 24,788 |
| 2023 | 20,621 | 4,167 | 24,788 |
| 2024 | 21,035 | 3,753 | 24,788 |
| 2025-2029 | 111,692 | 12,248 | 123,940 |
| 2030-2032 | 60,156 | 14,208 | 74,364 |
| | $ 272,960 | $ 49,284 | $ 322,244 |

Water Pollution Control Revolving Fund – Direct Loan

Colorado Water Resource & Power Development Authority (CWRPDA) direct loan, amount of original issue $2,500,000 with interest thereon at 2.00%, dated March 1, 2017. Principal and interest payable May 1 and November 1 are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 109,913 | $ 45,015 | $ 154,928 |
| 2021 | 112,122 | 42,806 | 154,928 |
| 2022 | 114,376 | 40,552 | 154,928 |
| 2023 | 116,674 | 38,254 | 154,928 |
| 2024 | 119,020 | 35,908 | 154,928 |
| 2025-2029 | 631,959 | 142,681 | 774,640 |
| 2030-2034 | 698,076 | 76,564 | 774,640 |
| 2035-2037 | 375,966 | 11,353 | 387,319 |
| | $ 2,278,106 | $ 433,133 | $ 2,711,239 |

At December 31, 2019, the WWTP Project which is being financed by the CWRPDA loan was not complete. The balance of the loan proceeds that have not been expended and received from CWRPDA are included in restricted cash in the amount of $24,999.

**NOTE E – RETIREMENT PLAN**

The Town maintains a defined contribution retirement plan for all qualified employees, after one year of service, as participants in the “Colorado County Officials and Employees Retirement Association.” The plan provides for regular monthly income in addition to benefits from other retirement programs.

## NOTE E – RETIREMENT PLAN – CONTINUED

The medium of funding is by means of the accumulation of contributions in a trust fund. Each participant's contribution to the plan varies from 6% to 12% of their monthly compensation depending on longevity. The Town matches the participant's contribution each month on a dollar for dollar basis. Benefits payable upon retirement, resignation, death or disability were equal to the amounts accumulated for that participant. The Town's contributions to the retirement plan in 2019 were $195,094. The Town's total payroll for 2019 was $3,095,168 and contributions were calculated using the covered payroll amount of $2,705,053.

The liability for prior service benefits is fully funded.

## NOTE F – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Town's Enterprise Fund provides sewer, water and sanitation services. Segment information for the year ended December 31, 2019, is as follows:

| | Sewer | Water | Sanitation | Total |
|---|---|---|---|---|
| Operating revenue | $ 790,807 | $ 658,484 | $ 279,230 | $ 1,728,521 |
| Operating expenses | | | | |
| Depreciation | 222,562 | 152,110 | – | 374,672 |
| Other | 499,689 | 479,437 | 276,721 | 1,255,847 |
| Total operating expenses | 722,251 | 631,547 | 276,721 | 1,630,519 |
| Operating income (loss) | 68,556 | 26,937 | 2,509 | 98,002 |
| Non-operating income (expenses) | | | | |
| Interest income | 64,301 | 64,301 | – | 128,602 |
| Capital maintenance and repair | – | (327,439) | – | (327,439) |
| Grant | 518,892 | – | – | 518,892 |
| Interest expense | (64,802) | (5,745) | – | (70,547) |
| Total non-operating income (expenses) | 518,391 | 58,556 | – | 249,508 |
| Income (loss) before capital contribution | 586,947 | (241,946) | 2,509 | 347,510 |
| Capital contributions tap fees | 501,304 | 394,805 | – | 896,109 |
| Change in net position | $ 1,088,251 | $ 152,859 | $ 2,509 | $ 1,243,619 |
| Property and equipment | | | | |
| Additions | $ 308,176 | $ 2,123,119 | $ – | $ 2,431,295 |
| Loans payable from operations | $ 3,170,362 | $ 272,960 | $ – | $ 3,443,322 |

**NOTE G – JOINT VENTURE**

Mountain Express

A condensed statement of net position of Mountain Express as of December 31, 2019, is as follows:

| | |
|---|---|
| Assets | $ 4,809,272 |
| Liabilities | 124,108 |
| Net position | $ 4,685,164 |

A condensed summary of revenues and expenses for the year ended December 31, 2019, is as follows:

| | |
|---|---|
| Revenues | $ 2,109,912 |
| Expenses | 2,178,029 |
| Net increase (decrease) in net position | $ (68,117) |

Mountain Express issues separate financial statements, which are available from the Town.

**NOTE H – BUDGETS**

There was one supplemental budget appropriations during 2019:

| | Original Budget | Additional Appropriations | Final Budget |
|---|---|---|---|
| General Fund | $ 4,875,244 | $ – | $ 4,875,244 |
| General Capital Fund | 2,941,936 | – | 2,941,936 |
| Sewer and Water Fund | 4,192,687 | – | 4,192,687 |
| Conservation Trust Fund | – | – | – |
| Affordable Housing Fund | 2,308,500 | 37,776 | 2,346,276 |
| Street and Alley Fund | 893,178 | – | 893,178 |
| | $ 15,211,545 | $ 37,776 | $ 15,249,321 |

The Town had expenditures in excess of budgeted amount in the Street and Alley Fund ($81,619), Affordable Housing Fund ($70,088), and General Fund ($534,101)

**NOTE I – CASH AND INVESTMENTS**

Cash

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

**NOTE I – CASH AND INVESTMENT – CONTINUED**

reported at carrying amount which reasonably estimates fair value. At December 31, 2019, $418,463 of the Town's deposits were covered by FDIC insurance and $13,437,837 was covered under PDPA.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Local Government Investment Pool – At December 31, 2019, the Town had $7,943,231 invested in the Colorado Local Government Liquid Asset Trust ("Colotrust"), an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pool. The Pool operates similarly to a money market fund and each share is equal in value to $1.00. The Pool is rated AAAm by Standard and Poor's. Investments of the Pool are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments. These investments are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Cash and investment balances at December 31, 2019, consisted of the following:

| | |
|---|---|
| Cash on hand and deposits | $ 13,694,568 |
| Cash held be CWRPDA | 25,000 |
| Colotrust | 7,943,231 |
| | 21,662,799 |
| Less cash and investments, restricted | (26,575) |
| Cash and investments, unrestricted | $ 21,636,224 |

Cash and investments are restricted for the unspent Marshal's seizure funds of $475 and the debt proceeds that are still held by CWRPDA for $25,000.

## NOTE J – PUBLIC ENTITY RISK POOL

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency ("CIRSA"). CIRSA provides liability and property insurance coverage to the Town. The coverage is provided through joint self-insurance, insurance and reinsurance, or any combination thereof. CIRSA's rate setting policies are established by the Board of Directors, in consultation with independent actuaries. The Town is subject to a supplemental assessment in the event of deficiencies and may receive credit on future contributions in the event of a surplus.

CIRSA has entered into various excess insurance contracts to limit large losses and minimize exposure on large risks. Excess of loss contracts in effect during 2019 limit CIRSA's per occurrence exposure to $500,000 for property coverage, $1,000,000 for casualty coverage and provide coverage to specified upper limits.

The Town's 2019 contribution was $195,789 and its share of surplus at December 31, 2018 amounted to approximately $138,472 for the property and casualty pool and $128,187 for the workers compensation pool.

## NOTE K – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of 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. The Town includes its share of Mountain Express when calculating the above requirements.

## NOTE L – CONTINGENCIES

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. The ultimate liability to the Town resulting from claims not covered by CIRSA is not presently determinable. Management is of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the Town's financial statements.

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.

## NOTE M – PRIOR PERIOD ADJUSTMENT

During revenue testing for the current year it was discovered that taxes receivable and revenue were understated in the prior year. An adjustment was made to increase beginning fund balance by $148,582 and decrease current year sales tax revenue by the same amount.

## NOTE N – SUBSEQUENT EVENTS

On March 13, 2020, an emergency was declared for the COVID-19 pandemic. The State of Colorado subsequently declared a statewide emergency and enacted shutdown orders for significant portions of the economy beginning March 15, 2020. At the time of the issuance of these financial statements, many restrictions remain in place and the full economic impact of the events surrounding the pandemic are unknown, but are expected to be significant.

SUPPLEMENTARY INFORMATION

Town of Crested Butte, Colorado

## COMBINING BALANCE SHEET
## NONMAJOR GOVERNMENTAL FUNDS

December 31, 2019

| | Special Revenue | |
|---|---|---|
| | Conservation Trust | Total Nonmajor Governmental Funds |
| **ASSETS** | | |
| Cash | $ 62,839 | $ 62,839 |
| Due from other funds | 3,801 | 3,801 |
| Total assets | 66,640 | 66,640 |
| **FUND BALANCE** | | |
| Restricted to conservation | 66,640 | 66,640 |
| Total fund balance | $ 66,640 | $ 66,640 |

Town of Crested Butte, Colorado

## COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

Year ended December 31, 2019

| | Special Revenue | |
|---|---|---|
| | Conservation Trust | Total Nonmajor Governmental Funds |
| Revenues | | |
| Intergovernmental | $ 13,415 | $ 13,415 |
| Earnings on investments | 65 | 65 |
| Total revenues | 13,480 | 13,480 |
| Expenditures | | |
| Current | | |
| Culture and recreation | - | - |
| Total expenditures | - | - |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 13,480 | 13,480 |
| Fund balance at beginning of year | 53,160 | 53,160 |
| Fund balance at end of year | $ 66,640 | $ 66,640 |

Town of Crested Butte, Colorado

CONSERVATION TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

Year ended December 31, 2019

| | Budgeted Amounts | | | Variance with Final Budget Favorable |
|---|---|---|---|---|
| | Original | Final | Actual | (Unfavorable) |
| Revenues | | | | |
| Lottery proceeds | $ 8,100 | $ 8,100 | $ 9,485 | $ 1,385 |
| Earnings on investments | 20 | 20 | 65 | 45 |
| Miscellaneous | 3,700 | 3,700 | 3,930 | 230 |
| Total revenues | 11,820 | 11,820 | 13,480 | 1,660 |
| Expenditures | | | | |
| Culture and recreation | - | - | - | - |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 11,820 | 11,820 | 13,480 | 1,660 |
| Fund balance, beginning of year | 53,160 | 53,160 | 53,160 | - |
| Fund balance, end of year | $ 64,980 | $ 64,980 | $ 66,640 | $ 1,660 |

Town of Crested Butte, Colorado

STREET AND ALLEY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

Year ended December 31, 2019

| | Budgeted Amounts | | | Variance with Final Budget Favorable |
|---|---|---|---|---|
| | Original | Final | Actual | (Unfavorable) |
| Revenues | | | | |
| General property taxes | $ 800,000 | $ 800,000 | $ 767,342 | $ (32,658) |
| Highway users tax | 51,274 | 51,274 | 65,275 | 14,001 |
| Miscellaneous | 3,737 | 3,737 | 4,056 | 319 |
| Total revenues | 855,011 | 855,011 | 836,673 | (18,338) |
| Expenditures | | | | |
| Administration | 133,700 | 133,700 | 23,227 | 110,473 |
| Highways and streets | 401,478 | 401,478 | 640,810 | (239,332) |
| Capital outlay | 358,000 | 358,000 | 310,760 | 47,240 |
| | 893,178 | 893,178 | 974,797 | (81,619) |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (38,167) | (38,167) | (138,124) | (99,957) |
| Fund balance, beginning of year | 2,201,475 | 2,201,475 | 2,201,475 | - |
| Fund balance, end of year | $ 2,163,308 | $ 2,163,308 | $ 2,063,351 | $ (99,957) |

Town of Crested Butte, Colorado

## GENERAL CAPITAL FUND
## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
## BUDGET AND ACTUAL

Year ended December 31, 2019

| | Budgeted Amounts | | | Variance with Final Budget Favorable |
|---|---|---|---|---|
| | Original | Final | Actual | (Unfavorable) |
| Revenues | | | | |
| Use tax | $ 255,000 | $ 255,000 | $ 203,823 | $ (51,177) |
| Transfer tax | 600,000 | 600,000 | 1,277,825 | 677,825 |
| Sales tax | 432,615 | 432,615 | 491,577 | 58,962 |
| Grants | 363,241 | 363,241 | 349,241 | (14,000) |
| Earnings on investments | 7,000 | 7,000 | - | (7,000) |
| Miscellaneous | 54,600 | 54,600 | 40,787 | (13,813) |
| Total revenues | 1,712,456 | 1,712,456 | 2,363,253 | 650,797 |
| Expenditures | | | | |
| Current | | | | |
| Administration | 50,926 | 50,926 | 543,755 | (492,829) |
| Contribution | 22,000 | 22,000 | 20,431 | 1,569 |
| Repairs, maintenance, supplies | 80,000 | 80,000 | 41,182 | 38,818 |
| Capital outlay | | | | |
| Park improvement and maintenance | 1,199,810 | 1,199,810 | 198,715 | 1,001,095 |
| Cemetery improvements | 10,000 | 10,000 | 8,179 | 1,821 |
| Other | 1,579,200 | 1,579,200 | 763,901 | 815,299 |
| Debt service | | | | |
| Principal | - | - | 41,814 | (41,814) |
| Interest | - | - | 2,179 | (2,179) |
| Total expenditures | 2,941,936 | 2,941,936 | 1,620,156 | 1,321,780 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (1,229,480) | (1,229,480) | 743,097 | 1,972,577 |
| Other financing sources | | | | |
| Sale of capital assets | 5,000 | 5,000 | 14,280 | 9,280 |
| Total other financing sources | 5,000 | 5,000 | 14,280 | 9,280 |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | (1,224,480) | (1,224,480) | 757,377 | 1,981,857 |
| Fund balance, beginning of year | 6,220,538 | 6,220,538 | 6,220,538 | - |
| Fund balance, end of year | $ 4,996,058 | $ 4,996,058 | $ 6,977,915 | $ 1,981,857 |

Town of Crested Butte, Colorado

## SEWER AND WATER FUND
## SCHEDULE OF REVENUES AND EXPENSES
## BUDGET AND ACTUAL (NON-GAAP BASIS)

Year ended December 31, 2019

| | Budgeted Amounts | | | Variance with Final Budget Favorable |
|---|---|---|---|---|
| | Original | Final | Actual | (Unfavorable) |
| Revenues | | | | |
| Charges for services | $ 1,781,072 | $ 1,781,072 | $ 1,728,521 | $ (52,551) |
| Tap fees | 600,000 | 600,000 | 896,109 | 296,109 |
| Grants | 800,000 | 405,000 | 518,892 | 113,892 |
| Earnings on investments | 10,000 | 10,000 | 128,602 | 118,602 |
| Proceeds from debt issuance | 1,225,000 | - | - | 0 |
| Total revenues | 4,416,072 | 2,796,072 | 3,272,124 | 476,052 |
| Expenses | | | | |
| Operations and maintenance | 1,301,205 | 1,301,205 | 1,190,843 | 110,362 |
| Management fees | 65,000 | 65,000 | 65,004 | (4) |
| Debt service principal | 198,631 | 198,631 | 201,230 | (2,599) |
| Debt service interest | 71,851 | 71,851 | 70,547 | 1,304 |
| Capital outlay | 2,556,000 | 2,556,000 | 2,758,734 | (202,734) |
| Total expenses | 4,192,687 | 4,192,687 | 4,286,358 | (93,671) |
| EXCESS OF REVENUES OVER (UNDER) EXPENSES | $ 223,385 | $ (1,396,615) | (1,014,234) | $ 382,381 |
| Adjustments to bugetary basis | | | | |
| Add debt service principal | | | 201,230 | |
| Add capital outlay | | | 2,431,295 | |
| Less depreciation | | | (374,672) | |
| Change in net position | | | $ 1,243,619 | |

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

| LOCAL HIGHWAY FINANCE REPORT | | City or County: Town of Crested Butte |
|---|---|---|
| | | YEAR ENDING : December 2019 |
| This Information From The Records Of (example - City of _ or County of Town of Crested Butte | Prepared By: Phone: | Rob Zillioux 970-349-5338 |

## 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 | |
| 3. Other local imposts (from page 2) | **978,540** |
| 4. Miscellaneous local receipts (from page 2) | **4,056** |
| 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) | 982,596 |
| **B. Private Contributions** | |
| **C. Receipts from State government** (from page 2) | 65,275 |
| **D. Receipts from Federal Government** (from page 2) | 0 |
| **E. Total receipts (A.7 + B + C + D)** | 1,047,871 |

## III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

| ITEM | AMOUNT |
|---|---|
| **A. Local highway disbursements:** | |
| 1. Capital outlay (from page 2) | **144,536** |
| 2. Maintenance: | 178,910 |
| 3. Road and street services: | |
| a. Traffic control operations | **8,950** |
| b. Snow and ice removal | 318,653 |
| c. Other | 224,628 |
| d. Total (a. through c.) | 552,231 |
| 4. General administration & miscellaneous | 99,119 |
| 5. Highway law enforcement and safety | |
| 6. Total (1 through 5) | 974,796 |
| **B. Debt service on local obligations:** | |
| 1. Bonds: | |
| a. Interest | |
| b. Redemption | |
| c. Total (a. + b.) | 0 |
| 2. Notes: | |
| a. Interest | |
| b. Redemption | |
| c. Total (a. + b.) | 0 |
| 3. Total (1.c + 2.c) | 0 |
| **C. Payments to State for highways** | |
| **D. Payments to toll facilities** | |
| **E. Total disbursements (A.6 + B.3 + C + D)** | 974,796 |

## IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

| | Opening Debt | Amount Issued | Redemptions | Closing Debt |
|---|---|---|---|---|
| **A. Bonds (Total)** | | | | 0 |
| 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 |
|---|---|---|---|---|
| 2,589,292 | 1,047,871 | 974,796 | 2,662,366 | 0 |

**Notes and Comments:**

| LOCAL HIGHWAY FINANCE REPORT | STATE: Colorado<br>YEAR ENDING (mm/yy): December 2019 |
|---|---|

## 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 | **767,342** | a. Interest on investments | |
| b. Other local imposts: | | b. Traffic Fines & Penalities | |
| 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 | **211,198** | g. Other Misc. Receipts | **4,056** |
| 6. Total (1. through 5.) | 211,198 | h. Other | |
| c. Total (a. + b.) | 978,540 | i. Total (a. through h.) | 4,056 |
| | (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 | **65,275** | 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 Admin | |
| d. Other (Specify) - DOLA Grant | | e. U.S. Corps of Engineers | |
| e. Other (Specify) | | f. Other Federal | |
| f. Total (a. through e.) | 0 | g. Total (a. through f.) | 0 |
| 4. Total (1. + 2. + 3.f) | 65,275 | 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 | | **44,613** | 44,613 |
| c. Construction: | | | |
| (1). New Facilities | | | 0 |
| (2). Capacity Improvements | | **3,918** | 3,918 |
| (3). System Preservation | | **96,004** | 96,004 |
| (4). System Enhancement & Operation | | | 0 |
| (5). Total Construction (1) + (2) + (3) + (4) | 0 | 99,923 | 99,923 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | 0 | 144,536 | 144,536 |
| | | | (Carry forward to page 1) |

**Notes and Comments:**