



CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
December 31, 2023**

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INTRODUCTORY SECTION



CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

**BOARD OF DIRECTORS
December 31, 2023**

Tom Dill
Margaret Dethloff
Kurt Feltus
Benita Bellamy
Tom Hein

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FINANCIAL SECTION



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CRESTED BUTTE SOUTH METROPOLITAN DISTRICT **Management's Discussion and Analysis**

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

The District has two separate financial categories or activities - governmental activities, and those activities covered or referred to as business-type activities. Within the governmental activities, the District has a General Fund. The governmental activities are funded primarily through the District's ad-valorem property tax, charges for services, and transfers from the business-type activities. The business-type activities consist of a water fund and a wastewater fund. These business-type activities are funded primarily through charges for services and tap fees.

DESCRIPTION OF FINANCIAL STATEMENTS

This annual report consists of four parts – *Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, *Required Supplementary Information*, and *Other Supplemental Schedules*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *Government-wide Financial Statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District government, reporting on the District's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *Required Supplementary Information* that provides the budget and actual comparison for the general fund. Following that is a section of *Other Supplemental Schedules* that provides budget to actual comparisons for the District's other funds and additional information required by oversight agencies.

Government-wide Financial Statements

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

These two statements report the District's *net position* and changes in net position. The District's net position is one way to measure the District's financial health, or *financial position*. Over time, increases

or decreases in the District's net position are one indicator of whether its financial health, including liquidity and financial flexibility, is improving or deteriorating. Other non-financial factors, however, such as changes in the District's property tax base, growth prospects, citizen involvement, revisions to laws, and similar indicators need to be reviewed in order to assess the overall health of the District.

The Statement of Net Position reports information by fund type. The Statement of Activities reports information by function, program, or service.

In the Statement of Net Position and the Statement of Activities, the District is divided into two kinds of activities:

- **Governmental Activities** – The governmental activities of the District are reported here. These activities include the activity of the general and road funds as well as general government capital assets and long-term debt. Property taxes, transfers, and charges for services finance most of these activities.
- **Business-Type Activities** – The activities of the District's water and wastewater funds are reported here. These funds are financed by charges for services.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. The District's two kinds of funds – *governmental and proprietary* – use different accounting approaches.

Governmental fund – The District's activities in the General & Road Fund are reported as a governmental fund, which focus on how money flows into and out of the fund. The fund is 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 District's general governmental operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs and services.

Proprietary (Enterprise) funds – The activity of the District's enterprise funds, its water and wastewater funds, are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

HIGHLIGHTS

Governmental Activities

- As of December 31, 2023, the District's governmental activities funds held \$2,182,321 in net investments in capital assets. Net position increased \$231,212.
- During the year the District assessed road fees that raised \$191,046 in 2023.

Business-type Activities

- As of December 31, 2023, total assets were \$12,700,764. Net position increased \$303,878.

STATEMENT OF NET POSITION

The perspective of the Statement of Net Position is of the District as a whole. The following is a summary of the District’s net position for 2023 compared to 2022.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and Other Assets	\$ 1,517,879	\$ 1,246,847	\$ 4,489,799	\$ 7,018,828	\$ 6,007,678	\$ 8,265,675
Capital Assets	664,442	737,025	8,210,965	5,300,519	8,875,407	6,037,544
Total Assets	<u>2,182,321</u>	<u>1,983,872</u>	<u>12,700,764</u>	<u>12,319,347</u>	<u>14,883,085</u>	<u>14,303,219</u>
LIABILITIES						
Current Liabilities	24,911	21,701	754,050	349,701	778,961	371,402
Noncurrent Liabilities	19,931	19,593	5,135,036	5,461,846	5,154,967	5,481,439
Total Liabilities	<u>44,842</u>	<u>41,294</u>	<u>5,889,086</u>	<u>5,811,547</u>	<u>5,933,928</u>	<u>5,852,841</u>
DEFERRED INFLOWS	<u>468,020</u>	<u>431,410</u>	<u>-</u>	<u>-</u>	<u>468,020</u>	<u>431,410</u>
NET POSITION						
Net Investment in Capital Assets	662,770	733,763	4,214,659	3,464,869	4,877,429	4,198,632
Restricted	22,000	19,000	179,713	179,713	201,713	198,713
Unrestricted	984,689	758,405	2,417,306	2,863,218	3,401,995	3,621,623
Total Net Position	<u>\$ 1,669,459</u>	<u>\$ 1,511,168</u>	<u>\$ 6,811,678</u>	<u>\$ 6,507,800</u>	<u>\$ 8,481,137</u>	<u>\$ 8,018,968</u>

STATEMENT OF ACTIVITIES

The perspective of the Statement of Activities is of the District as a whole. The following table reflects the change in net position for 2023 and 2022.

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
PROGRAM REVENUES						
Charges for Services	\$ 161,505	\$ 126,255	\$ 948,848	\$ 955,144	\$ 1,110,353	\$ 1,081,399
Operating Grants and Contributions	-	-	-	-	-	-
Capital Grants and Contributions	-	-	227,900	309,290	227,900	309,290
Total Program Revenues	<u>161,505</u>	<u>126,255</u>	<u>1,176,748</u>	<u>1,264,434</u>	<u>1,338,253</u>	<u>1,390,689</u>
GENERAL REVENUES						
Property Taxes	431,899	401,579	-	-	431,899	401,579
Specific Ownership Taxes	24,437	25,184	-	-	24,437	25,184
Other Taxes	24,530	22,725	-	-	24,530	22,725
Interest Income	52,652	16,304	161,135	51,888	213,787	68,192
Gain (Loss) on Capital Assets	19,000	-	-	-	19,000	-
Other Revenues	8,478	25,352	171	1,250	8,649	26,602
Total General Revenues	<u>560,996</u>	<u>491,144</u>	<u>161,306</u>	<u>53,138</u>	<u>722,302</u>	<u>544,282</u>
Total Revenues & Transfers	<u>722,501</u>	<u>617,399</u>	<u>1,338,054</u>	<u>1,317,572</u>	<u>2,060,555</u>	<u>1,934,971</u>
PROGRAM EXPENSES						
General Government	298,871	271,850	-	-	298,871	271,850
Public Works	265,339	257,658	-	-	265,339	257,658
Water	-	-	439,740	417,152	439,740	417,152
Wastewater	-	-	594,436	513,417	594,436	513,417
Total Program Expenses	<u>564,210</u>	<u>529,508</u>	<u>1,034,176</u>	<u>930,569</u>	<u>1,598,386</u>	<u>1,460,077</u>
CHANGE IN NET POSITION	158,291	87,891	303,878	387,003	462,169	474,894
Net Position, Beginning	<u>1,511,168</u>	<u>1,423,277</u>	<u>6,507,800</u>	<u>6,120,797</u>	<u>8,018,968</u>	<u>7,544,074</u>
NET POSITION, ENDING	<u>\$ 1,669,459</u>	<u>\$ 1,511,168</u>	<u>\$ 6,811,678</u>	<u>\$ 6,507,800</u>	<u>\$ 8,481,137</u>	<u>\$ 8,018,968</u>

GOVERNMENTAL ACTIVITIES

The District’s governmental programs – general and administrative and public works (primarily street maintenance) as well as each program’s net cost (total cost less revenues generated by the activities). The net cost of services shows the financial contribution by the District’s taxpayers for each of these functions.

THE DISTRICT’S FUNDS

As the District completed the year, its governmental fund (shown on pages 6 through 9 of the financial statements) reported a fund balance of approximately \$1,024,948 compared to a balance of \$793,736 in the previous year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund actual expenditures were approximately \$5,287 less than budgeted. A transfer to the Road Fund in the amount of \$22,486 was required to balance the budget and is significantly less than the \$145,220 that was budgeted to transfer. Overall General Fund expenditures and transfers were \$128,021 under the adopted appropriations. The General Fund reported \$75,355 of revenues over the budgeted amount primarily related to increased specific ownership tax receipts and investment earnings.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At year-end, the District had \$8,875,407 (net of accumulated depreciation) invested in a broad range of capital assets, including buildings, infrastructure (roads), equipment, water and sewer mains and treatment plants.

During 2023, the District invested in water annexation information for \$106,317 and invested \$3,059,108 in engineering, construction, and retainage for the Wastewater Treatment Plant expansion.

	<u>1/1/23 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/23 Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 35,315	\$ -	\$ -	\$ 35,315
Capital assets being depreciated:				
Buildings	203,337	-	-	203,337
Equipment	699,449	-	40,970	658,479
Infrastructure	1,489,603	-	-	1,489,603
Total capital assets	<u>2,427,704</u>	<u>-</u>	<u>40,970</u>	<u>2,386,734</u>
Less accumulated depreciation:				
Buildings	109,343	4,397	-	113,740
Equipment	529,256	20,696	40,970	508,982
Infrastructure	1,052,080	47,490	-	1,099,570
Total accumulated depreciation	<u>1,690,679</u>	<u>72,583</u>	<u>40,970</u>	<u>1,722,292</u>
Net capital assets	<u>\$ 737,025</u>	<u>\$ (72,583)</u>	<u>\$ -</u>	<u>\$ 664,442</u>

	1/1/23			12/31/23
	Balance	Additions	Deletions	Balance
Business-type Activities				
Capital assets not being depreciated:				
Easements	\$ 125,862	\$ -	\$ -	\$ 125,862
Water rights and augmentation	210,000	-	-	210,000
Construction in progress	1,180,602	3,161,470	-	4,342,072
Capital assets being depreciated:				
Buildings	240,275	-	-	240,275
Water Plant	656,518	-	-	656,518
Water Distribution	2,536,593	-	-	2,536,593
Sewer Plant	3,740,134	-	-	3,740,134
Sewer Collection	997,654	-	-	997,654
Equipment	416,951	-	-	416,951
Total capital assets	<u>10,104,589</u>	<u>3,161,470</u>	<u>-</u>	<u>13,266,059</u>
Less accumulated depreciation:				
Buildings	54,062	6,007	-	60,069
Water Plant	616,382	16,031	-	632,413
Water Distribution	1,125,665	63,769	-	1,189,434
Sewer Plant	2,111,480	116,552	-	2,228,032
Sewer Collection	726,822	26,641	-	753,463
Equipment	169,660	22,024	-	191,684
Total accumulated depreciation	<u>4,804,071</u>	<u>251,024</u>	<u>-</u>	<u>5,055,095</u>
Net capital assets	<u>\$ 5,300,518</u>	<u>\$ 2,910,446</u>	<u>\$ -</u>	<u>\$ 8,210,964</u>

OUTSTANDING DEBT

The following summarizes the District's debt activity during the year:

	Balance			Balance			
GOVERNMENTAL ACTIVITIES	1/1/23	Advances	Repayments	12/31/23	Due Within	Interest	Accrued
					One Year	Expense	Interest
Compensated Absences	\$ 16,331	\$ 1,928	\$ -	\$ 18,259	\$ -	\$ -	\$ -
Capital Lease Payable	3,262	-	1,590	1,672	1,672	127	-
Total Obligations	<u>\$ 19,593</u>	<u>\$ 1,928</u>	<u>\$ 1,590</u>	<u>\$ 19,931</u>	<u>\$ 1,672</u>	<u>\$ 127</u>	<u>\$ -</u>
BUSINESS - TYPE ACTIVITIES	Balance	Advances	Repayments	Balance	Due Within	Interest	Accrued
	1/1/23			12/31/23	One Year	Expense	Interest
2009 CWRPDA Sewer Loan	\$ 971,491	\$ -	\$ 121,289	\$ 850,202	\$ 123,733	\$ 18,322	\$ 1,417
2010 CWRPDA Water Loan	486,843	-	51,435	435,408	52,472	9,267	726
2022 CWRPDA Water Loan	3,986,711	-	164,918	3,821,793	168,649	88,160	14,332
Compensated Absences	16,802	10,831	-	27,633	-	-	-
Total Obligations	<u>\$ 5,461,847</u>	<u>\$ 10,831</u>	<u>\$ 337,642</u>	<u>\$ 5,135,036</u>	<u>\$ 344,854</u>	<u>\$ 115,749</u>	<u>\$ 16,475</u>

ECONOMIC AND OTHER FACTORS AND NEXT YEAR'S BUDGET

The current Mill Levy of 14.363 mills did not restrict the budget and the Metro District was able to collect the 5.5% allowable increase. The Metro District looks to gain again in assessed value and not only collect the full 5.5% allowable limit, but also retain additional mills for reserves for the 2025 budget year.

2023 experienced a downturn in construction due to property values, high interest rates, and other economic factors. There was a total of \$227,900 in tap fees. This equates to 11.4 EQRs and is 3.6 fewer EQRs than was anticipated for the 2023 budget.

We were surprised that construction slowed in 2023 vs prior years during the pandemic. Increased interest rates and the costs of building finally made an impact on construction. Currently, there have been 11.23 EQR's paid and a few more on the list that are going through the approval process. Single family homes are now consistently selling for over \$1,000,000 and we have seen our first single family home list over the \$2,000,000 mark.

The District received \$23,362 in HUTF monies through the IGA with Gunnison County. This is \$2,105 more than 2022.

The District budgeted \$5,220,000 annexation information, Wastewater Treatment Plant construction, engineering, and our water meter program for 2024.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT
280 Cement Creek Road (street address)
P.O. Box 1129 (mailing address)
Crested Butte, Colorado 81224
Telephone: (970) 349-5480

Mayberry & Company, LLC

Certified Public Accountants

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

Board of Directors
Crested Butte South Metropolitan District
Crested Butte, Colorado

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of the governmental activities, the business type activities, and each major fund of Crested Butte South Metropolitan District, as of and for the year ended December 31, 2023, and the related notes to the financial statements which collectively comprise Crested Butte South Metropolitan District's basic financial statements as listed in the table of contents.

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, and each major fund of the Crested Butte South Metropolitan District as of December 31, 2023, and the respective changes in financial position and, where applicable, and cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Crested Butte South Metropolitan District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Crested Butte South Metropolitan District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Crested Butte South Metropolitan District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt Crested Butte South Metropolitan District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Crested Butte South Metropolitan District's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 18, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis, budgetary comparison information, listed in the tables of contents 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Crested Butte South Metropolitan District 's basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Mayberry + Company, LLC

Englewood, Colorado
June 11, 2024

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the District's operations. These financial statements present the financial position, operating results, and cash flows, where applicable, of all funds and activities as of December 31, 2023.

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CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

**STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments	\$ 1,026,711	\$ 3,260,045	\$ 4,286,756
Receivables			
Property Tax Receivable	468,020	-	468,020
Utility Receivable	-	117,711	117,711
Cash with Fiscal Agent	1,965	1,111,096	1,113,061
Accounts Receivable	9,547	947	10,494
Prepaid Expenses	11,636	-	11,636
Total Current Assets	<u>1,517,879</u>	<u>4,489,799</u>	<u>6,007,678</u>
Noncurrent Assets			
Capital Assets not being Depreciated	35,315	4,677,933	4,713,248
Capital Assets being Depreciated	2,351,419	8,588,125	10,939,544
Accumulated Depreciation	<u>(1,722,292)</u>	<u>(5,055,093)</u>	<u>(6,777,385)</u>
Total Noncurrent Assets	<u>664,442</u>	<u>8,210,965</u>	<u>8,875,407</u>
TOTAL ASSETS	<u>\$ 2,182,321</u>	<u>\$ 12,700,764</u>	<u>\$ 14,883,085</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 15,420	\$ 546,341	\$ 561,761
Accrued Salaries and Benefits	9,491	13,821	23,312
Retainage Payable	-	177,413	177,413
Accrued Interest Payable	-	16,475	16,475
Total Current Liabilities	<u>24,911</u>	<u>754,050</u>	<u>778,961</u>
Noncurrent Liabilities			
Due within one year	1,672	344,854	346,526
Due in more than one year	<u>18,259</u>	<u>4,790,182</u>	<u>4,808,441</u>
Total Noncurrent Liabilities	<u>19,931</u>	<u>5,135,036</u>	<u>5,154,967</u>
TOTAL LIABILITIES	<u>44,842</u>	<u>5,889,086</u>	<u>5,933,928</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES			
Deferred Property Taxes	<u>468,020</u>	<u>-</u>	<u>468,020</u>
NET POSITION			
Net Investment in Capital Assets	662,770	4,214,659	4,877,429
Restricted Net Position	22,000	179,713	201,713
Unrestricted Net Position	<u>984,689</u>	<u>2,417,306</u>	<u>3,401,995</u>
TOTAL NET POSITION	<u>1,669,459</u>	<u>6,811,678</u>	<u>8,481,137</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 2,182,321</u>	<u>\$ 12,700,764</u>	<u>\$ 14,883,085</u>

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

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>PROGRAM REVENUES</u>		
		<u>CAPITAL</u>	
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>GRANTS AND CONTRIBUTIONS</u>
FUNCTIONS/PROGRAMS			
Governmental Activities			
Current:			
General Government	\$ 298,871	\$ 161,505	\$ -
Public Works	<u>265,339</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>564,210</u>	<u>161,505</u>	<u>-</u>
Business-type Activities			
Current:			
Water	439,740	428,045	104,294
Sewer	<u>594,436</u>	<u>520,803</u>	<u>123,606</u>
Total Business-Type Activities	<u>1,034,176</u>	<u>948,848</u>	<u>227,900</u>
TOTAL GOVERNMENT	<u>\$ 1,598,386</u>	<u>\$ 1,110,353</u>	<u>\$ 227,900</u>

GENERAL REVENUES

- Property Taxes
- Specific Ownership Taxes
- Other Taxes
- Interest Income
- Gain (Loss) on Disposal of Capital Assets
- Other Revenues

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION - Beginning

NET POSITION - Ending

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

**NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION**

GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL
\$ (137,366)	\$ -	\$ (137,366)
<u>(265,339)</u>	<u>-</u>	<u>(265,339)</u>
<u>(402,705)</u>	<u>-</u>	<u>(402,705)</u>
-	92,599	92,599
<u>-</u>	<u>49,973</u>	<u>49,973</u>
<u>-</u>	<u>142,572</u>	<u>142,572</u>
<u>(402,705)</u>	<u>142,572</u>	<u>(260,133)</u>
431,899	-	431,899
24,437	-	24,437
24,530	-	24,530
52,652	161,135	213,787
19,000	-	19,000
<u>8,478</u>	<u>171</u>	<u>8,649</u>
<u>560,996</u>	<u>161,306</u>	<u>722,302</u>
158,291	303,878	462,169
<u>1,511,168</u>	<u>6,507,800</u>	<u>8,018,968</u>
<u>\$ 1,669,459</u>	<u>\$ 6,811,678</u>	<u>\$ 8,481,137</u>

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

With Comparative Totals for December 31, 2022

	SPECIAL REVENUE FUND		TOTAL	
	GENERAL FUND	ROAD FUND	2023	2022
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and Investments	\$ 912,249	\$ 114,462	\$ 1,026,711	\$ 785,139
Receivables				
Property Tax Receivable	468,020	-	468,020	431,410
Cash with Fiscal Agent	1,965	-	1,965	1,949
Accounts Receivable	-	9,547	9,547	13,579
Prepaid Expenses	11,636	-	11,636	14,770
TOTAL ASSETS	<u>\$ 1,393,870</u>	<u>\$ 124,009</u>	<u>\$ 1,517,879</u>	<u>\$ 1,246,847</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 10,201	\$ 5,219	\$ 15,420	\$ 13,253
Accrued Salaries and Benefits	6,288	3,203	9,491	8,448
TOTAL LIABILITIES	<u>16,489</u>	<u>8,422</u>	<u>24,911</u>	<u>21,701</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
Deferred Property Taxes	468,020	-	468,020	431,410
FUND BALANCE				
Nonspendable Fund Balance	11,636	-	11,636	14,770
Restricted Fund Balance	22,000	-	22,000	19,000
Unassigned Fund Balance	875,725	115,587	991,312	759,966
TOTAL FUND BALANCE	<u>909,361</u>	<u>115,587</u>	<u>1,024,948</u>	<u>793,736</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 1,393,870</u>	<u>\$ 124,009</u>	<u>\$ 1,517,879</u>	<u>\$ 1,246,847</u>

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

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
DECEMBER 31, 2023**

Fund Balance - Governmental Funds			\$ 1,024,948
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	\$	35,315	
Capital assets, being depreciated		2,351,419	
Accumulated depreciation		<u>(1,722,292)</u>	664,442
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Capital leases payable		(1,672)	
Accrued compensated absences		<u>(18,259)</u>	<u>(19,931)</u>
Total Net Position - Governmental Activities			<u>\$ 1,669,459</u>

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

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL	
		ROAD FUND	2023	2022
REVENUES				
Taxes	\$ 457,504	\$ 23,362	\$ 480,866	\$ 449,488
Licenses and Permits	-	400	400	1,440
Charges for Services	-	161,105	161,105	124,815
Investment Earnings	52,652	-	52,652	16,304
Other Revenues	21,299	6,179	27,478	25,352
TOTAL REVENUES	531,455	191,046	722,501	617,399
EXPENDITURES				
Current:				
General Government	260,389	-	260,389	235,090
Public Works	4,285	212,176	216,461	208,117
Capital Outlay	12,722	-	12,722	-
Debt Service	1,717	-	1,717	1,717
TOTAL EXPENDITURES	279,113	212,176	491,289	444,924
Transfers (In)	-	22,486	22,486	37,285
Transfers (Out)	(22,486)	-	(22,486)	(37,285)
NET CHANGE IN FUND BALANCE	229,856	1,356	231,212	172,475
FUND BALANCE, BEGINNING	679,505	114,231	793,736	621,261
FUND BALANCE, ENDING	\$ 909,361	\$ 115,587	\$ 1,024,948	\$ 793,736

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

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Change in Fund Balance - Governmental Funds			\$ 231,212
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level			
Depreciation Expense			(72,583)
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level			
Principal payments on capital leases		1,590	
Change in accrued compensated absences		<u>(1,928)</u>	<u>(338)</u>
Change in Net Position - Governmental Activities			<u>\$ 158,291</u>

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

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2023

With Comparative Totals for December 31, 2022

	<u>BUSINESS-TYPE ACTIVITIES</u>			
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>	
	<u>FUND</u>	<u>FUND</u>	<u>2023</u>	<u>2022</u>
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and Investments	\$ 2,091,455	\$ 1,168,590	\$ 3,260,045	\$ 3,282,064
Receivables				
Utility Receivable	52,785	64,926	117,711	117,340
Cash with Fiscal Agent	-	1,111,096	1,111,096	3,609,395
Accounts Receivable	53	894	947	5,531
Prepaid Expenses	-	-	-	4,499
Total Current Assets	<u>2,144,293</u>	<u>2,345,506</u>	<u>4,489,799</u>	<u>7,018,829</u>
Noncurrent Assets				
Capital Assets not being depreciated	438,223	4,239,710	4,677,933	1,516,464
Capital Assets being depreciated	3,478,453	5,109,672	8,588,125	8,588,125
Accumulated Depreciation	<u>(1,896,192)</u>	<u>(3,158,901)</u>	<u>(5,055,093)</u>	<u>(4,804,070)</u>
Total Noncurrent Assets	<u>2,020,484</u>	<u>6,190,481</u>	<u>8,210,965</u>	<u>5,300,519</u>
TOTAL ASSETS	\$ 4,164,777	\$ 8,535,987	\$ 12,700,764	\$ 12,319,348
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 46,738	\$ 499,603	\$ 546,341	\$ 290,508
Accrued Salaries and Benefits	7,178	6,643	13,821	11,492
Retainage Payable	-	177,413	177,413	30,322
Accrued Interest Payable	726	15,749	16,475	17,380
Total Current Liabilities	<u>54,642</u>	<u>699,408</u>	<u>754,050</u>	<u>349,702</u>
Noncurrent Liabilities				
Due within one year	221,121	123,733	344,854	172,724
Due in more than one year	<u>223,876</u>	<u>4,566,306</u>	<u>4,790,182</u>	<u>5,289,122</u>
Total Noncurrent Liabilities	<u>444,997</u>	<u>4,690,039</u>	<u>5,135,036</u>	<u>5,461,846</u>
TOTAL LIABILITIES	499,639	5,389,447	5,889,086	5,811,548
NET POSITION				
Net Investment in Capital Assets	1,585,077	2,629,582	4,214,659	3,464,869
Restricted Net Position	86,875	92,838	179,713	179,713
Unrestricted Net Position	<u>1,993,186</u>	<u>424,120</u>	<u>2,417,306</u>	<u>2,863,218</u>
TOTAL NET POSITION	<u>3,665,138</u>	<u>3,146,540</u>	<u>6,811,678</u>	<u>6,507,800</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 4,164,777	\$ 8,535,987	\$ 12,700,764	\$ 12,319,348

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

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	BUSINESS - TYPE ACTIVITIES		TOTAL	
	WATER FUND	SEWER FUND	2023	2022
OPERATING REVENUE				
Utility Charges	\$ 416,439	\$ 518,898	\$ 935,337	\$ 926,645
Other Charges for Services	11,606	1,905	13,511	28,499
TOTAL REVENUE	428,045	520,803	948,848	955,144
OPERATING EXPENDITURES				
Personnel Services	213,914	209,365	423,279	360,239
Board Member Compensation	2,000	2,000	4,000	3,133
Commodity Charges	7,674	-	7,674	7,831
Operating Supplies	21,743	13,530	35,273	46,821
Professional Fees	6,008	39,240	45,248	53,304
Repairs and Maintenance	42,281	24,189	66,470	41,788
Travel and Training	348	575	923	3,594
Treatment	1,078	3,398	4,476	11,195
Telephone and Utilities	34,934	33,801	68,735	61,651
Other Operating Expenses	3,221	4,150	7,371	11,915
Depreciation Expense	93,317	157,706	251,023	253,287
Other Capital Outlay	3,955	-	3,955	11,929
Contingency Reserve	-	-	-	10,425
TOTAL EXPENDITURES	430,473	487,954	918,427	877,112
Operating Income (Loss)	(2,428)	32,849	30,421	78,032
OTHER INCOME (EXPENSE)				
Investment Earnings	61,948	99,187	161,135	51,888
Other Revenue	81	90	171	1,250
Interest Expense	(9,267)	(106,482)	(115,749)	(53,457)
Total Other Income (Expense)	52,762	(7,205)	45,557	(319)
Net Income (Loss)	50,334	25,644	75,978	77,713
CONTRIBUTED CAPITAL				
Plant Investment (Tap) Fees	104,294	123,606	227,900	309,290
CHANGE IN NET POSITION	154,628	149,250	303,878	387,003
NET POSITION - BEGINNING	3,510,510	2,997,290	6,507,800	6,120,797
NET POSITION - ENDING	\$ 3,665,138	\$ 3,146,540	\$ 6,811,678	\$ 6,507,800

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

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
With Comparative Totals for the Year Ended December 31, 2022**

	BUSINESS - TYPE ACTIVITIES			
	WATER	SEWER	TOTAL	
	FUND	FUND	2023	2022
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 430,139	\$ 522,923	\$ 953,062	\$ 940,340
Cash Paid to Suppliers	(99,481)	114,798	15,317	(65,859)
Cash Paid to and for the Benefit of Employees	(209,855)	(199,372)	(409,227)	(363,523)
Net Cash Provided by Operating Activities	<u>120,803</u>	<u>438,349</u>	<u>559,152</u>	<u>510,958</u>
Cash Flows From Capital and Related Financing Activities:				
Tap Fees Received	104,294	123,606	227,900	309,290
Debt Principal Payments	(51,435)	2,212,093	2,160,658	208,004
Interest Payments	(9,353)	(107,303)	(116,656)	(38,789)
Acquisition of Capital Assets	(102,362)	(2,912,017)	(3,014,379)	(912,488)
Cash Flows Used by Capital and Related Financing Activities	<u>(58,856)</u>	<u>(683,621)</u>	<u>(742,477)</u>	<u>(433,983)</u>
Cash Flows (Uses) From Noncapital Financing Activities:				
Other Revenues (Expense)	<u>81</u>	<u>90</u>	<u>171</u>	<u>1,250</u>
Cash Flows (Uses) From Investing Activities:				
Interest Received	<u>61,948</u>	<u>99,187</u>	<u>161,135</u>	<u>51,888</u>
Net Increase (Decrease) in Cash	123,976	(145,995)	(22,019)	130,113
Cash - Beginning	<u>1,967,479</u>	<u>1,314,585</u>	<u>3,282,064</u>	<u>3,151,951</u>
Cash - Ending	<u>\$ 2,091,455</u>	<u>\$ 1,168,590</u>	<u>\$ 3,260,045</u>	<u>\$ 3,282,064</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss)	<u>\$ (2,428)</u>	<u>\$ 32,849</u>	<u>\$ 30,421</u>	<u>\$ 78,032</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	93,317	157,706	251,023	253,287
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Utility Receivable	(960)	589	(371)	(9,273)
Accounts Receivable	3,054	1,531	4,585	(5,531)
Prepaid Expenses	2,425	2,073	4,498	539
(Increase) Decrease in:				
Accounts Payable	21,781	234,053	255,834	198,892
Accrued Salaries and Benefits	1,390	940	2,330	(3,878)
Accrued Compensated Absences	2,224	8,608	10,832	(1,110)
Total Adjustments	<u>123,231</u>	<u>405,500</u>	<u>528,731</u>	<u>432,926</u>
Net Cash Used for Operating Activities	<u>\$ 120,803</u>	<u>\$ 438,349</u>	<u>\$ 559,152</u>	<u>\$ 510,958</u>

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



NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District was formed to provide roads and water and sewer utilities in the Metropolitan District's service area.

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 primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

REPORTING ENTITY

The District is a political subdivision of the State of Colorado governed by a five member board of directors and formed under Colorado Revised Statute Title 32-1.

In accordance with Governmental Accounting Standards, the District has considered the possibility of inclusion of additional entities in its basic financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit or burden on the District
- there is fiscal dependency by the organization on the District

Based upon the application of these criteria, no additional organizations are includable within the District's reporting entity.

BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund, while business-type activities incorporate data from the District's enterprise funds.



NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS
(Continued)

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 District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and 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 a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 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*.

BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the government's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

In the fund financial statements, the District reports the following major governmental funds:

General Fund

The General Fund uses the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Certain service fees and non-tax revenues are recognized when received or billed. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal sources of revenues are property taxes. Principal expenditures are for District administration costs.



NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS (Continued)

In the fund financial statements, the District also reports the following major governmental fund:

Special Revenue Fund

This fund accounts for revenues derived from specific taxes or other designated revenues that are legally restricted to expenditures for specific purposes. The District's special revenue fund is as follows:

Road Fund

This fund accounts for funds received through the imposition of charges for road maintenance and snow plowing. This fund occasionally receives an allocation of the District's property tax mill levy, although these funds are not specifically dedicated for that purpose.

Proprietary Funds

The District also reports the following major proprietary funds:

Enterprise Funds - Water and Sewer Funds

This fund accounts for the activities related to offering water and sewer service to the District's residents.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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



NOTES TO THE FINANCIAL STATEMENTS December 31, 2023

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis that differs from generally accepted accounting principles. The following is a summary of the more significant differences followed by the District in budgeting:

- The District does not budget depreciation.
- Interfund transfers are not budgeted.

All annual appropriations lapse at fiscal year end. Encumbrances are not employed by the District.



NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Budgets are adopted based on the requirements of state statutes. The following timetable is used:

- Submission of the proposed budget to the Board of Trustees by October 15 of each year.
- Certification of mill levies to the County Commissioners by December 15 of each year.
- Final adoption of the budget and appropriations by December 31 of each year.

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

Cash and Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Allowance for Doubtful Accounts

Based upon a review of the existing accounts receivable and the fact that any uncollectible utility receivables can be certified to the County Treasurer as such and attached to the tax rolls, no allowance for doubtful accounts is provided.

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.

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Infrastructure has been recorded at historical cost and is being depreciated.



NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

Buildings	30 years
Plant	15 – 30 years
Water Distribution System	30 – 50 years
Sewer Collection System	10 – 30 years
Machinery and Equipment	7 – 15 years
Infrastructure	15 – 20 years

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

Accumulated Unused Leave/Compensated Absences

The District permits an employee to carry over unused personal leave within the carry over limit to the next calendar year. Personal time over the carryover limit will be compensated on the last payroll of the year. The District will compensate an employee for any unused personal time upon termination or resignation. The District has reported the change in liability for unused personal time in Note 4.

Long-term Obligations

Long-term debt that is considered to be a liability of the governmental activities does not require the use of current resources and is therefore not reported in the fund financial statements but is reported as a liability in the government-wide Statement of Net Position. Long-term debt relating to the District's two enterprise funds is reported as a liability of the applicable fund as well as in the government-wide Statement of Net Position.

Deferred Outflows and Inflows of Resources

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



NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (Continued)

Net Position/Fund Equity

In the government-wide financial statements and for the proprietary fund statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Amounts are reported as "restricted" when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Trustees, reported and at their highest level of action are reported as "committed" fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining governmental balances or deficits in the other governmental funds are presented as unassigned.



NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (Continued)

Net Position/Fund Equity Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

REVENUES AND EXPENDITURES/EXPENSES

Program Revenues

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

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.



NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUES AND EXPENDITURES/EXPENSES

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the water fund and internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

COMPARATIVE DATA

Comparative total data for the prior year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the District’s financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments is as follows:

Cash	\$ 56,625
Investments	<u>4,230,131</u>
Total Cash and Investments	<u>\$ 4,286,756</u>

Deposits

The District’s deposits and cash held are comprised of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
FDIC Insured	<u>\$ 59,290</u>	<u>\$ 56,625</u>



NOTES TO THE FINANCIAL STATEMENTS December 31, 2023

NOTE 2: **CASH AND INVESTMENTS** (Continued)

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. 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. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Investments

Credit Risk

The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

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



NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk (Continued)

During the year ended December 31, 2023, the District invested funds in the Colotrust. As a local government investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. The underlying investments are valued at Net Asset Value. These funds are rated AAAM by the Standard and Poor's Corporation. The balance of the District's investment at December 31, 2023 was \$4,230,131. There are no material restrictions on withdrawals.

Interest Rate Risk

State law manages interest rate risk by setting a maximum maturity date no more than five years from the date of purchase.

Concentration of Credit Risk

The District places no limit on the amount it may investment in any one issuer. At December 31, 2023 the District had no concentration of investment credit risk.

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

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2023, the District was utilizing Colotrust deposit investments.

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2023 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):



NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

	<u>Total</u>	<u>Weighted Average Maturity</u>	<u>Rating</u>
Local Government Pool	\$ 4,230,131	-	AAAm

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Money Market Mutual Funds: Valued at quoted market prices.

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2023, there were no changes in the methods or assumptions utilized to derive the fair value of the District's assets and liabilities.

NOTE 3: CAPITAL ASSETS

Changes in governmental activities capital assets for the year were as follows:

	<u>1/1/23 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/23 Balance</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 35,315	\$ -	\$ -	\$ 35,315
Capital assets being depreciated:				
Buildings	203,337	-	-	203,337
Equipment	699,449	-	40,970	658,479
Infrastructure	<u>1,489,603</u>	<u>-</u>	<u>-</u>	<u>1,489,603</u>
Total capital assets	<u>2,427,704</u>	<u>-</u>	<u>40,970</u>	<u>2,386,734</u>
Less accumulated depreciation:				
Buildings	109,343	4,397	-	113,740
Equipment	529,256	20,696	40,970	508,982
Infrastructure	<u>1,052,080</u>	<u>47,490</u>	<u>-</u>	<u>1,099,570</u>
Total accumulated depreciation	<u>1,690,679</u>	<u>72,583</u>	<u>40,970</u>	<u>1,722,292</u>
Net capital assets	<u>\$ 737,025</u>	<u>\$ (72,583)</u>	<u>\$ -</u>	<u>\$ 664,442</u>



NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 3: CAPITAL ASSETS (Continued)

Depreciation has been allocated on the statement of activities as follows:

General Government	\$ 23,705
Public Works	<u>48,878</u>
Total Governmental Activities	<u>\$ 72,583</u>

A summary of business-type activities capital assets at December 31, 2023 is as follows:

	<u>1/1/23 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/23 Balance</u>
Business-type Activities				
Capital assets not being depreciated:				
Easements	\$ 125,862	\$ -	\$ -	\$ 125,862
Water rights and augmentation	210,000	-	-	210,000
Construction in progress	1,180,602	3,161,470	-	4,342,072
Capital assets being depreciated:				
Buildings	240,275	-	-	240,275
Water Plant	656,518	-	-	656,518
Water Distribution	2,536,593	-	-	2,536,593
Sewer Plant	3,740,134	-	-	3,740,134
Sewer Collection	997,654	-	-	997,654
Equipment	416,951	-	-	416,951
Total capital assets	<u>10,104,589</u>	<u>3,161,470</u>	<u>-</u>	<u>13,266,059</u>
Less accumulated depreciation:				
Buildings	54,062	6,007	-	60,069
Water Plant	616,382	16,031	-	632,413
Water Distribution	1,125,665	63,769	-	1,189,434
Sewer Plant	2,111,480	116,552	-	2,228,032
Sewer Collection	726,822	26,641	-	753,463
Equipment	169,660	22,024	-	191,684
Total accumulated depreciation	<u>4,804,071</u>	<u>251,024</u>	<u>-</u>	<u>5,055,095</u>
Net capital assets	<u>\$ 5,300,518</u>	<u>\$ 2,910,446</u>	<u>\$ -</u>	<u>\$ 8,210,964</u>

Depreciation has been allocated on the statement of activities as follows:

Water Fund	\$ 93,317
Sewer Fund	<u>157,706</u>
Total Business-type Activities	<u>\$ 251,023</u>



**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023**

NOTE 4: NONCURRENT LIABILITIES

GOVERNMENTAL ACTIVITIES

The following is a schedule of changes in governmental activities noncurrent liabilities for the year ended December 31, 2023:

GOVERNMENTAL ACTIVITIES	Balance 1/1/23	Advances	Repayments	Balance 12/31/23	Due Within One Year	Interest Expense	Accrued Interest
Compensated Absences	\$ 16,331	\$ 1,928	\$ -	\$ 18,259	\$ -	\$ -	\$ -
Capital Lease Payable	3,262	-	1,590	1,672	1,672	127	-
Total Obligations	\$ 19,593	\$ 1,928	\$ 1,590	\$ 19,931	\$ 1,672	\$ 127	\$ -

CAPITAL LEASES PAYABLE

In November 2019, the District entered into a \$7,583 lease agreement for the purchase of a copier. The lease agreement requires sixty monthly lease payments of \$143 beginning January 1, 2020 with an estimated interest at 5.0%. The District has capitalized an asset of \$7,783 related to this lease with a remaining basis of \$2,275 as of December 31, 2023. In case of non-appropriation the District's obligation to remit the payments and any other amounts due is contingent upon approval of the appropriation of funds by the District's governing body. In the event funds are not appropriated for any forthcoming fiscal period equal to amounts due under the lease agreement, and the District has no other funds legally available to be allocated to the payment of the District's obligation hereunder, the District may terminate the lease agreement effective on the first day of such forthcoming fiscal period.

Payments will be due as follows on the capital lease:

Year	Principal	Interest	Total
2024	\$ 1,672	\$ 45	\$ 1,717



NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 4: NONCURRENT LIABILITIES (Continued)

BUSINESS-TYPE ACTIVITIES

The following is a schedule of changes in non-current liabilities for the year ended December 31, 2023:

BUSINESS - TYPE ACTIVITIES	Balance 1/1/23	Advances	Repayments	Balance 12/31/23	Due Within One Year	Interest Expense	Accrued Interest
2009 CWRPDA Sewer Loan	\$ 971,491	\$ -	\$ 121,289	\$ 850,202	\$ 123,733	\$ 18,322	\$ 1,417
2010 CWRPDA Water Loan	486,843	-	51,435	435,408	52,472	9,267	726
2022 CWRPDA Water Loan	3,986,711	-	164,918	3,821,793	168,649	88,160	14,332
Compensated Absences	16,802	10,831	-	27,633	-	-	-
Total Obligations	\$ 5,461,847	\$ 10,831	\$ 337,642	\$ 5,135,036	\$ 344,854	\$ 115,749	\$ 16,475

Business-type activity notes payable consist of the following:

Note Payable - Colorado Resource & Power Development Authority - 2009

The District borrowed \$2,300,000 from the Colorado Water Resources and Power Development Authority for upgrades to the wastewater treatment plant. The note carries an interest rate of 2%. Principal and interest is payable quarterly at \$34,953 per quarter beginning September 1, 2010. The note is due on June 1, 2030. This debt is paid by the Sewer Fund.

The note contains various restrictive provisions including a pledge of revenues, rate covenants and the establishment of a three-month operation and maintenance reserve. As of December 31, 2023, the District had funded the required reserve of \$92,838 by restricting net position in the Sewer Fund.

Payments will be due as follows on the note:

Year	Principal	Interest	Total
2024	\$ 123,733	\$ 16,080	\$ 139,813
2025	126,226	13,587	139,813
2026	128,770	11,043	139,813
2027	131,364	8,448	139,812
2028	134,011	5,801	139,812
2029-2030	206,098	3,622	209,720
Total	\$ 850,202	\$ 58,581	\$ 908,783



NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 4: NONCURRENT LIABILITIES (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

Note Payable - Colorado Resource & Power Development Authority - 2010

The District borrowed \$1,000,000 from the Colorado Water Resources and Power Development Authority for a 300,000 gallon water tank. The note carries an interest rate of 2%. Principal and interest is payable quarterly at \$15,197 per quarter beginning December 1, 2011. The note is due on September 1, 2031. This debt is paid by the Water Fund.

The note contains various restrictive provisions including a pledge of revenues, rate covenants and the establishment of a three-month operation and maintenance reserve. As of December 31, 2023, the District had funded the required reserve of \$86,875 by restricting net position in the Water Fund.

Payments will be due as follows on the note:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 52,472	\$ 8,316	\$ 60,788
2025	53,529	7,259	60,788
2026	54,608	6,180	60,788
2027	55,708	5,080	60,788
2028	56,831	3,957	60,788
2029-2031	162,260	4,908	167,168
Total	\$ 435,408	\$ 35,700	\$ 471,108

Note Payable - Colorado Resource & Power Development Authority - 2022

The District borrowed \$4,000,000 from the Colorado Water Resources and Power Development Authority for upgrades to the wastewater treatment plant. The note carries an interest rate of 2.25%. Principal and interest is payable semi-annual at \$126,848 beginning November 1, 2022. The note is due on May 1, 2042. This debt is paid by the Sewer Fund. As of December 31, 2023, \$2,710,697 has been drawn down with the remaining balance of \$1,111,096 undrawn and shown as Cash with Fiscal Agent in the Sewer Fund.

The note contains various restrictive provisions including a pledge of revenues, rate covenants and the establishment of a three-month operation and maintenance reserve. As of December 31, 2023, the District had funded the required reserve of \$92,838 by restricting net position in the Sewer Fund.



NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 4: NONCURRENT LIABILITIES (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

Payments will be due as follows on the note:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 168,649	\$ 85,047	\$ 253,696
2025	172,465	81,231	253,696
2026	176,367	77,329	253,696
2027	180,358	73,338	253,696
2028	184,439	69,257	253,696
2029-2033	986,714	281,766	1,268,480
2034-2038	1,103,511	164,970	1,268,481
2039-2042	849,290	38,646	887,936
Total	\$ 3,821,793	\$ 871,584	\$ 4,693,377

NOTE 5: EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

DEFINED CONTRIBUTION PENSION PLANS

The District has adopted a defined contribution plan for all employees. The Colorado County Officials and Employees Retirement Association 401(a) retirement plan (now the Colorado Retirement Association). Employees become eligible to participate in the plan after 180 days of service. Participation in the plan is mandatory for eligible employees. Benefits are authorized by the Board of Directors, and the Board of Directors are also the ones authorized to amend the terms of the plan.

Employees vest in the District’s contribution at 20% per year. The employee contributes between 5% and 12% of earnings and the District contributes a matching amount. The District is not liable for amounts over the match. All contributions were current. During 2023 the District contributed \$38,108 and the employees contributed \$38,108. The District’s total payroll is \$524,532 of which \$524,532 or 100% is covered under the plan.

Under the plan employees may also contribute to a deferred compensation plan (457 plan). Employee contributions during 2023 were \$1,820.



NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 6: COMMITMENTS AND CONTINGENCIES

The District has the potential to receive financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of the District, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at December 31, 2023.

NOTE 7: FUND BALANCE/NET POSITION APPROPRIATIONS AND RESTRICTIONS

Tax Spending and Debt Limitations

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which added a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado, all local governments, and special districts.

The District's financial activity for the year ended December 31, 2023 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 1992, revenue in excess of the District's "spending limit" must be refunded unless voters approve the retention of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases and new debt.

At a November 3, 1993 general election, the District passed the following ballot question:

Shall the Crested Butte South Metropolitan District be authorized to collect and expend the full non-tax revenues generated during 1993 and each subsequent year from the following described sources:

- a. All tap fees for water and sewer connections to the District's water and sewer lines;
- b. Main line extension fees charged for the extension of water and sewer mains to properties not previously served thereby;
- c. Water and sewer service fees, and all penalties and interest charged thereon;
- d. Fees from the rental of District equipment and operators, including fees charged for snowplowing;
- e. Sale of water meters by the District;
- f. Sale of maps of District boundaries and facilities;
- g. Reimbursement to the District for cost of labor provided by District employees to other parties;



NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 7: FUND BALANCE/NET POSITION APPROPRIATIONS AND RESTRICTIONS
(continued)

Tax Spending and Debt Limitations (continued)

and to expend such non-tax revenues collected from those sources in the District's general fund, without limiting in any year the amount of other revenues that may be collected and spent by the Crested Butte South Metropolitan District?

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. The District's management believes it is in compliance with the TABOR amendment.

The Article requires an emergency reserve be set aside for 2023 in the amount of 3% or more of its fiscal year spending. At December 31, 2023, the District has reserved the following for emergencies:

General Fund	<u>\$22,000</u>
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Other Restrictions

The District has also restricted the fund balance in its Water and Sewer Funds to meet operating reserve requirements as further described in Note 4.

NOTE 8: RISK MANAGEMENT

The District is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability and property coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons and property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.



NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 8: RISK MANAGEMENT (Continued)

CIRSA is a separate legal entity and the District does not approve budgets nor does it have ability to significantly affect the operations of the unit.

The District has not materially changed its coverage from previous years. Based on the lack of previous loss occurrences, the District has not recorded any liability for unpaid claims at December 31, 2023.

NOTE 9: RATE MAINTENANCE

The 2009, 2010 and 2022 Colorado Water Resources and Power Development Authority sewer and water loan agreements require that Net Revenues shall represent a sum equal to 110% of the maximum amount necessary to pay when due the principal and interest on the loan and any parity debt coming due.

The computation of both the Water and Wastewater rate maintenance is as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>
Gross operating revenue	\$ 428,045	\$ 520,805
Other revenue	62,029	99,277
Capital contributions	<u>104,294</u>	<u>123,606</u>
Total revenue	<u>594,368</u>	<u>743,688</u>
Operations and maintenance expense	430,473	487,954
Less: Depreciation	<u>(93,317)</u>	<u>(157,706)</u>
Adjusted O&M	<u>337,156</u>	<u>330,248</u>
Net revenue	<u>\$ 257,212</u>	<u>\$ 413,440</u>
Total debt service		
2009 CWRPDA Loan	\$ -	\$ 253,696
2022 CWRPDA Loan		139,813
2010 CWRPDA Loan	<u>60,788</u>	<u>-</u>
	60,788	393,509
Required rate	<u>110.00%</u>	<u>110.00%</u>
Net revenue required	<u>66,867</u>	<u>432,860</u>
Excess (deficit)	<u>\$ 190,345</u>	<u>\$ (19,420)</u>

BUDGETARY COMPARISON SCHEDULES
(Required Supplementary Information)

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2023

With Comparative Totals for the Year Ended December 3

	2023			
	ORIGINAL & FINAL	VARIANCE WITH FINAL		2022
	BUDGET	ACTUAL	BUDGET	ACTUAL
REVENUES				
Taxes				
Property Taxes	\$ 422,500	\$ 431,899	\$ 9,399	\$ 401,579
Specific Ownership Taxes	19,500	24,437	4,937	25,184
Other Taxes	<u>1,000</u>	<u>1,168</u>	<u>168</u>	<u>1,469</u>
Total Tax Revenue	<u>443,000</u>	<u>457,504</u>	<u>14,504</u>	<u>428,232</u>
Charges for Services				
Other Charges for Services	<u>500</u>	<u>-</u>	<u>(500)</u>	<u>-</u>
Investment Earnings	<u>9,600</u>	<u>52,652</u>	<u>43,052</u>	<u>16,304</u>
Other Revenues				
Sale of Capital Assets	-	19,000	19,000	-
Other Miscellaneous Revenue	<u>3,000</u>	<u>2,299</u>	<u>(701)</u>	<u>2,692</u>
Total Other Revenue	<u>3,000</u>	<u>21,299</u>	<u>18,299</u>	<u>2,692</u>
TOTAL REVENUES	<u>456,100</u>	<u>531,455</u>	<u>75,355</u>	<u>447,228</u>
EXPENDITURES				
General Government				
Personnel Services	185,500	180,445	5,055	149,699
Board Compensation	2,000	2,000	-	1,567
Equipment Rentals	3,700	1,223	2,477	2,313
Fuel and Automotive	-	-	-	7,094
Professional Fees	14,200	15,608	(1,408)	15,681
Supplies	6,200	4,734	1,466	5,762
Telephone and Utilities	10,700	11,906	(1,206)	12,021
Travel and Training	3,000	-	3,000	3,000
Other Expenses	<u>37,600</u>	<u>44,473</u>	<u>(6,873)</u>	<u>37,954</u>
Total General Government	<u>262,900</u>	<u>260,389</u>	<u>2,511</u>	<u>235,091</u>
Public Works				
Contract Labor	500	483	17	445
Repairs and Maintenance	7,000	2,156	4,844	2,333
Supplies	<u>2,500</u>	<u>1,646</u>	<u>854</u>	<u>1,398</u>
Total Public Works	<u>10,000</u>	<u>4,285</u>	<u>5,715</u>	<u>4,176</u>
Capital Outlay				
General Government Capital Outlay	<u>11,500</u>	<u>12,722</u>	<u>(1,222)</u>	<u>-</u>
Debt Service				
Principal	-	1,590	(1,590)	1,513
Interest	<u>-</u>	<u>127</u>	<u>(127)</u>	<u>204</u>
Total Debt Service	<u>-</u>	<u>1,717</u>	<u>(1,717)</u>	<u>1,717</u>
TOTAL EXPENDITURES	<u>284,400</u>	<u>279,113</u>	<u>5,287</u>	<u>240,984</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	171,700	252,342	80,642	206,244
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	<u>(145,220)</u>	<u>(22,486)</u>	<u>122,734</u>	<u>(37,285)</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ 26,480</u>	<u>229,856</u>	<u>\$ 203,376</u>	<u>168,959</u>
FUND BALANCE, BEGINNING		<u>679,505</u>		<u>510,546</u>
FUND BALANCE, ENDING		<u>\$ 909,361</u>		<u>\$ 679,505</u>

See accompanying Independent Auditors' Report.