

**MT. CRESTED BUTTE WATER AND SANITATION DISTRICT  
MT. CRESTED BUTTE, COLORADO**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended  
December 31, 2024**

**Mt. Crested Butte Water & Sanitation District**

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## **FINANCIAL SECTION**

# MT. CRESTED BUTTE WATER AND SANITATION DISTRICT

## 2024 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 District has two financial categories referred to as business and governmental. The business activities, which include water and wastewater collection and processing, are primarily funded through charges to users. The governmental category primarily collects property taxes and specific ownership taxes. This category accounts for activities to support its operations and debt obligations.

### **DESCRIPTION OF FINANCIAL STATEMENTS**

This annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements (including the accompanying footnotes)*, and *supplementary information*. The *supplementary information* is not a required part of the basic financial statements under generally accepted accounting principles.

The basic financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data.

#### **Basic Financial Statements**

The basic financial statements consist of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, a Statement of Cash Flows, and Notes to the Financial Statements. 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 statements report the District's *net position* and changes in them. The District's net position - the difference between assets and liabilities - 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 is improving or deteriorating.

### **HIGHLIGHTS**

- The District has begun working on two major capital projects within the District. The first project is the diameter expansion of the main wastewater line to accommodate future development within the District. The initial part of the project entails the engineering design. The costs associated with the initial design review of the project in 2024 were

\$290,638. The total cost and financing of the project have not been determined as of the date of this audit.

- The second project is to connect water from Meridian Lake to Long Lake Reservoir by adding a pipeline between the two water sources. The project is referred to as the Long Lake Pipeline. The District is in the preliminary phase of the project and the costs for engineering design in 2024 were \$102,980.

## STATEMENT OF NET POSITION

The table below provides perspective on the statement of net position for the two activities of the District and the District as a whole.

	Governmental Activities		Business Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
<b>ASSETS</b>						
Current or Other Assets	1,304,192	1,196,331	7,743,037	8,712,334	9,047,229	9,908,665
Capital Assets	-	-	38,599,830	37,793,181	38,599,830	37,793,181
Total Assets	1,304,192	1,196,331	46,342,867	46,505,515	47,647,059	47,701,846
<b>LIABILITIES</b>						
Current Liabilities	46,053	12,339	536,514	202,912	582,567	215,251
Noncurrent Liabilities	40,522	34,480	19,409,602	20,504,674	19,450,124	20,539,154
Total Liabilities	86,576	46,819	19,946,116	20,707,586	20,032,691	20,754,405
DEFERRED INFLOWS	1,258,139	1,149,512	-	-	1,258,139	1,149,512
<b>NET POSITION</b>						
Net Investment in Capital Assets	-	-	19,245,019	17,705,047	19,245,019	17,705,047
Restricted	28,000	24,000	855,675	597,158	883,675	621,158
Unrestricted	(68,522)	(58,481)	6,296,057	7,495,726	6,227,535	7,437,245
Total Net Position	(40,522)	(34,481)	26,396,751	25,797,931	26,356,229	25,763,450

## STATEMENT OF ACTIVITIES

The table below shows the change in Net Position for the two activities and the totals for the fiscal years of 2024 and 2023.

	Governmental Activities		Business Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
<b>PROGRAM REVENUES</b>						
Operating Revenues	-	-	4,430,685	4,564,144	4,430,685	4,564,144
Operating Expenses	(1,547,583)	(1,324,518)	(4,814,294)	(4,646,551)	(6,361,877)	(5,971,069)
Operating Income	(1,547,583)	(1,324,518)	(383,609)	(82,407)	(1,931,192)	(1,406,925)
Other Income (Expense)	1,541,542	1,318,240	867,429	750,608	2,408,971	2,068,848
Contributed Capital	-	-	115,000	-	115,000	-
Change in Net Position	(6,041)	(6,278)	598,820	668,201	592,779	661,923
Net Position - Beginning	(34,481)	(28,203)	25,797,930	25,129,729	25,763,449	25,101,526
Net Position - Ending	(40,522)	(34,481)	26,396,750	25,797,930	26,356,228	25,763,449

## CAPITAL ASSETS

The table below presents the changes in capital assets for the year 2024.

	Governmental Activities		Business Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
<b>ASSETS</b>						
Current or Other Assets	1,304,192	1,196,331	7,743,037	8,712,334	9,047,229	9,908,665
Capital Assets	-	-	38,599,830	37,793,181	38,599,830	37,793,181
Total Assets	1,304,192	1,196,331	46,342,867	46,505,515	47,647,059	47,701,846
<b>LIABILITIES</b>						
Current Liabilities	46,053	12,339	536,514	202,912	582,567	215,251
Noncurrent Liabilities	40,522	34,480	19,409,602	20,504,674	19,450,124	20,539,154
Total Liabilities	86,576	46,819	19,946,116	20,707,586	20,032,691	20,754,405
DEFERRED INFLOWS	1,258,139	1,149,512	-	-	1,258,139	1,149,512
<b>NET POSITION</b>						
Net Investment in Capital Assets	-	-	19,245,019	17,705,047	19,245,019	17,705,047
Restricted	28,000	24,000	855,675	597,158	883,675	621,158
Unrestricted	(68,522)	(58,481)	6,296,057	7,495,726	6,227,535	7,437,245
Total Net Position	(40,522)	(34,481)	26,396,751	25,797,931	26,356,229	25,763,450

## DEBT OUTSTANDING

In May of 2020, the District entered into a loan agreement for the construction of a new water treatment plant. The project was completed by December 31, 2022. Principal payments were made during 2024 to reduce the balance of the note with CWRPDA. See Note 4, long-Term Obligations, in the footnotes to the financial statements.

DEBT OUTSTANDING	Balance 12/31/2023	Advances	Repayments	Balance 12/31/2024	Due Within One Year	Interest Expense	Accrued Interest
<u>Governmental Type Activities</u>							
Compensated Absences	34,481	6,041		40,522			
<u>Business-Type Activities</u>							
2020 CWRPDA Note Payable	20,411,086		1,056,275	19,354,811	536,501	309,175	58,654
Compensated Absences	44,379	10,412		54,791			

## ECONOMIC AND OTHER FACTORS

The financial position of the District as of December 31, 2024 is strong. The District sees potential growth within the District, increasing the demand for services and capital outlay of the District. A number of potential developments from private developers have been identified by the District. The current wastewater system cannot handle the projected additional demand from these developments. The District continues to invest into the expansion of the main sewer line to adequately prepare for the potential developments.

2024 brought unforeseen breaks in the main water line which caused the repairs and maintenance costs to exceed the budgeted amount. The District continues to work through aging infrastructure by identifying capital projects and repairing and replacing equipment.

Tap fees decreased in 2024 from 2023. Building starts were down and the trend is expected to continue in 2025.

Property tax revenues increased to lessen some of the pressure on user fees and availability fees. Operating expenses continue to increase at a rate of 6.20%.

The District continues to strive to provide water and wastewater services to all property owners within the District and quality customer service.

## 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:

Kent Fulton, Finance Manager  
 Mt. Crested Butte Water & Sanitation District  
 100 Gothic Road/PO Box 5740  
 Mt. Crested Butte, CO 81225  
 Tel: 970-349-7575  
 www.mcbwsd.com

# Mayberry & Company, LLC

## Certified Public Accountants

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

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Board of Directors  
Mt. Crested Butte Water & Sanitation 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 Mt. Crested Butte Water & Sanitation District, as of and for the year ended December 31, 2024, and the related notes to the financial statements which collectively comprise Mt. Crested Butte Water & Sanitation 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 Mt. Crested Butte Water & Sanitation District as of December 31, 2024, 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 Mt. Crested Butte Water & Sanitation 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 Mt. Crested Butte Water & Sanitation 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 Mt. Crested Butte Water & Sanitation 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 Mt. Crested Butte Water & Sanitation 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 Mt. Crested Butte Water & Sanitation District's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 15, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 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 Mt. Crested Butte Water & Sanitation District's basic financial statements. The combining nonmajor and 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  
October 3, 2025

## **Basic Financial Statements**

**MT. CRESTED BUTTE WATER AND SANITATION DISTRICT**

**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments			
Cash and Investments	\$ 7,884	\$ 7,180,886	\$ 7,188,770
Receivables			
Property Tax Receivable	1,258,139	-	1,258,139
Utility Receivable	-	390,461	390,461
Cash with Fiscal Agent	5,247	-	5,247
Accounts Receivable	-	40,000	40,000
Prepaid Expenses	32,922	131,690	164,612
Total Current Assets	<u>1,304,192</u>	<u>7,743,037</u>	<u>9,047,229</u>
<b>Noncurrent Assets</b>			
Capital Assets not being Depreciated	-	2,498,293	2,498,293
Capital Assets being Depreciated	-	59,690,408	59,690,408
Accumulated Depreciation	-	(23,588,871)	(23,588,871)
Total Noncurrent Assets	<u>-</u>	<u>38,599,830</u>	<u>38,599,830</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 1,304,192</u>	<u>\$ 46,342,867</u>	<u>\$ 47,647,059</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 29,698	\$ 390,804	\$ 420,502
Accrued Liabilities	1,973	-	1,973
Accrued Salaries and Benefits	21,436	38,489	59,925
Deposits and Escrow	(7,054)	48,567	41,513
Accrued Interest Payable	-	58,654	58,654
Total Current Liabilities	<u>46,053</u>	<u>536,514</u>	<u>582,567</u>
<b>Noncurrent Liabilities</b>			
Due within one year	-	536,501	536,501
Due in more than one year	40,522	18,873,101	18,913,623
Total Noncurrent Liabilities	<u>40,522</u>	<u>19,409,602</u>	<u>19,450,124</u>
<b>TOTAL LIABILITIES</b>	<u>86,575</u>	<u>19,946,116</u>	<u>20,032,691</u>
Deferred Property Taxes	1,258,139	-	1,258,139
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	19,245,019	19,245,019
Restricted Net Position	28,000	855,675	883,675
Unrestricted Net Position	(68,522)	6,296,057	6,227,535
TOTAL NET POSITION	<u>(40,522)</u>	<u>26,396,751</u>	<u>26,356,229</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 1,304,192</u>	<u>\$ 46,342,867</u>	<u>\$ 47,647,059</u>

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

MT. CRESTED BUTTE WATER AND SANITATION DISTRICT

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	CAPITAL GRANTS	GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL
<b>FUNCTIONS/PROGRAMS</b>						
Government Activities						
Current:						
General Government	\$ 923,134	\$ -	\$ -	\$ (923,134)	\$ -	\$ (923,134)
Business-type Activities						
Current:						
Water	2,788,656	2,219,529	362,114	-	(207,013)	(207,013)
Sanitation	2,025,638	1,684,374	328,877	-	(12,387)	(12,387)
TOTAL BUSINESS-TYPE ACTIVITIES	4,814,294	3,903,903	690,991	-	(219,400)	(219,400)
<b>TOTAL GOVERNMENT</b>	<b>\$ 5,737,428</b>	<b>\$ 3,903,903</b>	<b>\$ 690,991</b>	<b>(923,134)</b>	<b>(219,400)</b>	<b>(1,142,534)</b>
<b>GENERAL REVENUES</b>						
Property Taxes				1,239,592	-	1,239,592
Specific Ownership Taxes				66,341	-	66,341
Other Taxes				2,982	-	2,982
Interest Income				230,620	99,416	330,036
Other Revenue				-	88,314	88,314
Other Revenues				8,048	-	8,048
TRANSFERS				(630,490)	630,490	-
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>				<b>917,093</b>	<b>818,220</b>	<b>1,735,313</b>
<b>CHANGE IN NET POSITION</b>				<b>(6,041)</b>	<b>598,820</b>	<b>592,779</b>
<b>NET POSITION - Beginning</b>				<b>(34,481)</b>	<b>25,797,931</b>	<b>25,763,450</b>
<b>NET POSITION - Ending</b>				<b>\$ (40,522)</b>	<b>\$ 26,396,751</b>	<b>\$ 26,356,229</b>

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

**MT. CRESTED BUTTE WATER AND SANITATION DISTRICT**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2024**

With Comparative Totals for December 31, 2023

	<b>General</b>	<b>Total</b>	
	<b>Fund</b>	<b>2024</b>	<b>2023</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments			
Cash and Investments	\$ 7,884	\$ 7,884	\$ 40,909
Receivables			
Property Tax Receivable	1,258,139	1,258,139	-
Cash with Fiscal Agent	5,247	5,247	5,911
Prepaid Expenses	<u>32,922</u>	<u>32,922</u>	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b><u>\$ 1,304,192</u></b>	<b><u>\$ 1,304,192</u></b>	<b><u>\$ 46,820</u></b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 29,698	\$ 29,698	\$ 14,235
Accrued Liabilities	1,973	1,973	2,154
Accrued Salaries and Benefits	21,436	21,436	18,469
Deposits and Escrow	<u>(7,054)</u>	<u>(7,054)</u>	<u>11,962</u>
Total Current Liabilities	<u>46,053</u>	<u>46,053</u>	<u>46,820</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>			
Deferred Property Taxes	<u>1,258,139</u>	<u>1,258,139</u>	-
<b>FUND BALANCE</b>			
Nonspendable Fund Balance	32,922	32,922	-
Restricted Fund Balance	28,000	28,000	24,000
Unassigned Fund Balance	<u>(60,922)</u>	<u>(60,922)</u>	<u>(24,000)</u>
<b>TOTAL FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b><u>\$ 1,304,192</u></b>	<b><u>\$ 1,304,192</u></b>	<b><u>\$ 46,820</u></b>

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

**MT. CRESTED BUTTE WATER AND SANITATION DISTRICT**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES NET POSITION**  
**DECEMBER 31, 2024**

<b>Fund Balance - Governmental Funds</b>	\$ -
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.	
Accrued compensated absences	<u>(40,522)</u>
<b>Total Net Position - Governmental Activities</b>	<u>\$ (40,522)</u>

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

**MT. CRESTED BUTTE WATER AND SANITATION DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**With Comparative Totals for the Year Ended December 31, 2023**

	<b>General Fund</b>	<b>TOTAL</b>	
		<b>2024</b>	<b>2023</b>
<b>REVENUES</b>			
Taxes	\$ 1,308,915	\$ 1,308,915	\$ 1,248,913
Investment Earnings	230,620	230,620	75,336
Other Revenues	8,048	8,048	269
TOTAL REVENUES	<u>1,547,583</u>	<u>1,547,583</u>	<u>1,324,518</u>
<b>EXPENDITURES</b>			
Current:			
General Government	<u>917,093</u>	<u>917,093</u>	<u>787,210</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	630,490	630,490	537,308
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (Out)	<u>(630,490)</u>	<u>(630,490)</u>	<u>(537,308)</u>
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>	-	-	-
<b>FUND BALANCE, BEGINNING</b>	-	-	-
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**MT. CRESTED BUTTE WATER AND SANITATION DISTRICT**

**RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

<b>Change in Fund Balance - Governmental Funds</b>	\$ -
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	
Change in accrued compensated absences	<u>(6,041)</u>
<b>Change in Net Position - Governmental Activities</b>	<u>\$ (6,041)</u>

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

**MT. CRESTED BUTTE WATER AND SANITATION DISTRICT**

**STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2024**

	<b>Business-type Activities</b>			
	<b>Water</b>	<b>Sanitation</b>	<b>Total</b>	
	<b>Fund</b>	<b>Fund</b>	<b>2024</b>	<b>2023</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>				
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments	\$ 5,778,195	\$ 1,402,691	\$ 7,180,886	\$ 7,965,750
Receivables				
Utility Receivable	212,516	177,945	390,461	363,488
Accounts Receivable	40,000	-	40,000	-
Prepaid Expenses	65,845	65,845	131,690	10,936
Total Current Assets	<u>6,096,556</u>	<u>1,646,481</u>	<u>7,743,037</u>	<u>8,340,174</u>
<b>Noncurrent Assets</b>				
Capital Assets not being depreciated	569,739	1,928,554	2,498,293	481,956
Capital Assets being depreciated	36,158,447	23,531,961	59,690,408	59,743,230
Accumulated Depreciation	(9,760,023)	(13,828,848)	(23,588,871)	(22,059,844)
Total Noncurrent Assets	<u>26,968,163</u>	<u>11,631,667</u>	<u>38,599,830</u>	<u>38,165,342</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 33,064,719</u>	<u>\$ 13,278,148</u>	<u>\$ 46,342,867</u>	<u>\$ 46,505,516</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 279,631	\$ 111,173	\$ 390,804	\$ 97,864
Accrued Salaries and Benefits	19,848	18,641	38,489	38,478
Deposits and Escrow	48,567	-	48,567	-
Accrued Interest Payable	58,654	-	58,654	66,570
Total Current Liabilities	<u>406,700</u>	<u>129,814</u>	<u>536,514</u>	<u>202,912</u>
<b>Noncurrent Liabilities</b>				
Due within one year	536,501	-	536,501	1,056,275
Due in more than one year	18,846,055	27,046	18,873,101	19,448,398
TOTAL LIABILITIES	<u>19,789,256</u>	<u>156,860</u>	<u>19,946,116</u>	<u>20,707,585</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>				
<b>NET POSITION</b>				
Net Investment in Capital Assets	7,613,352	11,631,667	19,245,019	17,705,047
Restricted Net Position	784,675	71,000	855,675	597,158
Unrestricted Net Position	4,877,436	1,418,621	6,296,057	7,495,726
TOTAL NET POSITION	<u>13,275,463</u>	<u>13,121,288</u>	<u>26,396,751</u>	<u>25,797,931</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 33,064,719</u>	<u>\$ 13,278,148</u>	<u>\$ 46,342,867</u>	<u>\$ 46,505,516</u>

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

**MT. CRESTED BUTTE WATER AND SANITATION DISTRICT**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**With Comparative Totals for the Year Ended December 31, 2023**

	<b><u>Business-type Activities</u></b>			
	<b>Water</b>	<b>Sanitation</b>	<b>Total</b>	
	<b>Fund</b>	<b>Fund</b>	<b>2024</b>	<b>2023</b>
<b>Operating Revenues</b>				
Utility Charges	\$ 2,219,529	\$ 1,684,374	\$ 3,903,903	\$ 3,599,615
<b>Operating Expenses</b>				
Personnel Services	594,853	649,036	1,243,889	1,198,841
Administrative/Office Expenses	10,390	11,215	21,605	18,821
Insurance	58,741	58,121	116,862	113,049
Operating Supplies	139,537	269,012	408,549	440,854
Professional Fees	97,033	39,294	136,327	192,047
Repairs and Maintenance	544,859	173,317	718,176	455,321
Travel and Training	4,095	5,074	9,169	10,500
Engineering	-	-	-	3,895
Telephone and Utilities	151,289	136,515	287,804	311,305
Other Operating Expenses	21,210	12,500	33,710	31,260
Depreciation Expense	857,474	671,554	1,529,028	1,542,189
Total Expenditures	2,479,481	2,025,638	4,505,119	4,318,082
Operating Income (Loss)	(259,952)	(341,264)	(601,216)	(718,467)
<b>Other Income (Expense)</b>				
Investment Earnings	99,416	-	99,416	184,185
Other Revenue	16,997	71,317	88,314	29,115
Interest Expense	(309,175)	-	(309,175)	(328,467)
Total Other Income (Expense)	(192,762)	71,317	(121,445)	(115,167)
Net Income (Loss) before Transfers	(452,714)	(269,947)	(722,661)	(833,634)
<b>Transfers</b>				
Transfers In/(Out)	315,245	315,245	630,490	537,308
Net Income (Loss)	(137,469)	45,298	(92,171)	(296,326)
<b>Contributed Capital</b>				
Plant Investment Fees	197,905	328,877	526,782	964,528
Intergovernmental Revenue	49,209	-	49,209	-
Other Capital Contributions	115,000	-	115,000	-
Total Contributed Capital	362,114	328,877	690,991	964,528
<b>Change in Net Position</b>	224,645	374,175	598,820	668,202
<b>Net Position, Beginning</b>	13,050,818	12,747,113	25,797,931	25,129,729
<b>Net Position, Ending</b>	\$13,275,463	\$ 13,121,288	\$ 26,396,751	\$ 25,797,931

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

**MT. CRESTED BUTTE WATER AND SANITATION DISTRICT**

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

**With Comparative Totals for the Year Ended December 31, 2023**

	<b><u>Business-type Activities</u></b>			
	<b><u>Water</u></b>	<b><u>Sanitation</u></b>	<b><u>Total</u></b>	
	<b><u>Fund</u></b>	<b><u>Fund</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 2,214,455	\$ 1,671,042	\$ 3,885,497	\$ 3,565,480
Cash Paid to Suppliers	(831,029)	(725,357)	(1,556,386)	(1,751,640)
Cash Paid to and for the Benefit of Employees	(582,150)	(654,945)	(1,237,095)	(1,195,128)
Net Cash Provided by Operating Activities	<u>801,276</u>	<u>290,740</u>	<u>1,092,016</u>	<u>618,712</u>
Cash Flows From Capital and Related Financing Activities:				
Tap Fees Received	197,905	328,877	526,782	964,528
Debt Principal Payments	(1,056,275)	-	(1,056,275)	(985,186)
Interest Payments	(317,092)	-	(317,092)	(336,592)
Acquisition of Capital Assets	79,063	(1,927,578)	(1,848,515)	(826,924)
Cash Flows Used by Capital and Related Financing Activities	<u>(1,096,399)</u>	<u>(1,598,701)</u>	<u>(2,695,100)</u>	<u>(1,184,174)</u>
Cash Flows (Uses) From Noncapital Financing Activities:				
Cash from Other Funds	315,245	315,245	630,490	537,308
Other Revenues (Expense)	16,997	71,317	88,314	29,115
Tax Revenue	-	-	-	630,715
Net Cash Provided (Used) by Noncapital Financing Activities	<u>332,242</u>	<u>386,562</u>	<u>718,804</u>	<u>1,197,138</u>
Cash Flows (Uses) From Investing Activities:				
Interest Received	99,416	-	99,416	184,185
Net Increase (Decrease) in Cash	136,535	(921,399)	(784,864)	815,861
Cash - Beginning	5,641,660	2,324,090	7,965,750	7,149,889
Cash - Ending	<u>\$ 5,778,195</u>	<u>\$ 1,402,691</u>	<u>\$ 7,180,886</u>	<u>\$ 7,965,750</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss)	\$ (259,952)	\$ (341,264)	\$ (601,216)	\$ (718,467)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	857,474	671,554	1,529,028	1,542,189
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Utility Receivable	(13,641)	(13,332)	(26,973)	(34,135)
Accounts Receivable	(40,000)	-	(40,000)	-
Prepaid Expenses	(60,377)	(60,377)	(120,754)	(10,936)
(Increase) Decrease in:				
Accounts Payable	254,688	38,254	292,942	(163,653)
Accrued Salaries and Benefits	2,677	(2,667)	10	2,874
Deposits and Escrow	48,567	-	48,567	-
Accrued Compensated Absences	11,840	(1,428)	10,412	840
Total Adjustments	<u>1,061,228</u>	<u>632,004</u>	<u>1,693,232</u>	<u>1,337,179</u>
Net Cash Used for Operating Activities	<u>\$ 801,276</u>	<u>\$ 290,740</u>	<u>\$ 1,092,016</u>	<u>\$ 618,712</u>

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

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Mt. Crested Butte Water & Sanitation District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the District's financial statements.

**Reporting Entity**

Mt. Crested Butte Water & Sanitation District is a political subdivision of the State of Colorado governed by a board of directors. As required by generally accepted accounting principles, these financial statements present the Mt. Crested Butte Water & Sanitation District (the primary government) and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the District's financial statements to be misleading or incomplete. Based upon the foregoing criteria, there are no component units included in the accompanying financial statements.

**Nature of Operations**

The District provides water and sanitation services to the residents of the District.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the District as a whole. The reporting information includes all of the non-fiduciary activities of the District. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues are presented as general revenues. Internal activity has been eliminated within the function for the statement of activities presentation.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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.

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

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

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

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes and specific ownership taxes are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

**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. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal sources of revenues are property and specific ownership taxes. Principal expenditures are for District administration.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues include the District are charges to customers for sales and service. Operating expenses 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 non-operating revenues and expenses.

Enterprise funds are used to account for operations financed and operated similar to businesses using the accrual method of accounting. Enterprise fund revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which they are incurred.

The District reports the following major proprietary funds:

**Water and Sanitation Funds**

These funds account for the activities related to the offering of the respective services to the District's residents.

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024**

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

**Budgets**

The District adopts an annual budget for all funds which are all prepared on the modified accrual basis of accounting. The District may authorize supplemental appropriations during the budget year. All budgetary appropriations lapse at year-end.

Colorado statutes provide the following timetable which is followed in the adoption of budgets:

- Submission of the proposed budget to the local governing body by October 15 of each year.
- Certification of mill levies to the Board of County Commissioners by December 15.
- Final adoption of budget and appropriations by December 31 of each year.
- Property taxes are due by April 30 of each year if paid in full, or in two installments due February 28 and June 15 of each year.

**Encumbrances**

The District does not utilize encumbrance accounting.

**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.

**Investments**

Investments are stated at fair value based on quoted market values, with the exception of money market funds and external investment pools. These are stated at cost, which is equal to fair value.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

Governmental funds report deferred inflows of resources, as further described below in connection with receivables for revenues that are deferred for use during the next fiscal year. The District has recorded a receivable and related deferred inflow for property taxes milled prior to December 31, 2024 to be collected for the subsequent budget year.

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024**

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

**Capital Assets**

Capital assets, which include land, buildings, vehicles and equipment, are reported in the governmental activities column of the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$25,000 and a useful life of more than five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at estimated market value at the date of donation or annexation.

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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation on the remaining capital assets is provided on the straight-line basis over the following estimated useful lives:

Plant and lines	15-40 years
Building and improvements	10-50 years
Equipment	5-15 years

**Deferred Outflows and Inflows of Resources**

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and inflows of resources. These separate financial statement elements, deferred outflows of financial resources and deferred inflows of financial resources, represent a usage or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until a future period. Deferred property taxes are reported as a deferred inflow for both the governmental activities presentation and governmental funds balance sheet.

The unavailable property taxes are deferred and will be recognized as an outflow or inflow of resources in the period that the amounts become recognizable as an expense or available, respectively. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

**Long-Term Obligation**

Long-term debt is reported at face value, net of applicable discounts and deferred charge on refunding. Costs related to the issuance of debt are expensed when incurred. Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statements of net position or as part of the proprietary fund presentation.

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

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

**Net Position/Fund Balance**

In the government-wide financial 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 Directors, 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.

**Net Position/Fund Balance 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, if allowed under the terms of the restriction. 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.

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

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

**Program Revenues**

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

**Property Taxes**

Property tax mill levies must be adopted by December 15 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.

**Accumulated Unused Leave/Compensated Absences**

The District permits an employee to carry over unused sick leave to the next calendar year. The District will compensate an employee for any unused vacation and compensatory time at their current rate of pay upon termination or resignation. The District does not payout unused sick leave upon termination.

**Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

**COMPARATIVE DATA**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. While we did adjust the prior year's presentation to align with this year presentation the Net Position did not change.

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

**NOTE 2: CASH AND INVESTMENTS**

The District’s cash and investment balances as of the year ended December 31, 2024 are as follows:

Cash	\$ 1,459,026
Investments	5,729,744
<b>Total Cash and Investments</b>	<b><u>\$ 7,188,770</u></b>

These balances are allocated in the financial statements as follows:

Unrestricted Cash and Investments	<b><u>\$ 7,188,770</u></b>
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**DEPOSITS**

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 (\$250,000) 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 December 31, 2024, all of the District’s deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

At December 31, 2024 the District's deposits are categorized as follows:

	<b><u>Bank Balance</u></b>	<b><u>Carrying Balance</u></b>
FDIC Insured	\$ 720,603	\$ 720,603
PDPA Collateralized (not in District's name)	822,533	738,323
Cash on Hand	-	100
<b>Total</b>	<b><u>\$ 1,543,136</u></b>	<b><u>\$ 1,459,026</u></b>

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2024**

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

**INVESTMENTS**

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2024 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	<u>Level 2</u>	<u>Uncategorized</u>	<u>Total</u>
U.S. Agencies	\$ 264,613	\$ -	\$ 264,613
Investment Pools	-	5,465,131	5,465,131
Total Investments	<u>\$ 264,613</u>	<u>\$ 5,465,131</u>	<u>\$ 5,729,744</u>

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

- **U.S. Agencies:** Valued at Quoted prices for similar assets or liabilities in active markets

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2024, there were no changes in methods or assumptions utilized to derive the fair value of the District’s assets and liabilities.

The District has invested in securities offered through Peak Investment Management Services, as custodian of the District’s Bond Redemption Fund investments. These amounts are held for repayment of the District’s outstanding debt. The custodian’s internal records identify the investments owned on behalf of the District. The District has also restricted other funds as shown above.

During the year ended December 31, 2024, the District invested funds in the Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and are 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 pools operate similar to a 2a-7-like money market fund with a share value equal to \$1.00, approximating market value, and a maximum weighted average maturity of 60 days. These funds are rated AAAM by the Standard and Poor’s Corporation. The balance of this investment at December 31, 2024 was \$5,465,131.

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the 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

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

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

**INVESTMENTS** (Continued)

The District’s investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the local board. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes.

Custodial Credit Risk – Investments

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, 2024, the District did not have any investments requiring safekeeping.

**NOTE 3: CAPITAL ASSETS**

Changes in business-type activities capital assets for the year ended December 31, 2024 was as follows:

	<b>Balance 1/1/24</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/24</b>
<b>Business - Type Activities:</b>				
Assets not being depreciated				
Land	\$ 32,248	\$ 115,000	\$ -	\$ 147,248
Water Rights	212,405	-	-	212,405
Construction in Progress	<u>237,303</u>	<u>1,901,337</u>	-	<u>2,138,640</u>
Total assets not being depreciated	<u>481,956</u>	<u>2,016,337</u>	-	<u>2,498,293</u>
Assets being depreciated				
Buildings and Improvements	1,600,377	-	-	1,600,377
Treatment plants	48,184,652	(166,141)	-	48,018,511
Collection and distribution systems	8,448,569	79,800	-	8,528,369
Equipment	<u>1,509,632</u>	<u>33,519</u>	-	<u>1,543,151</u>
Total assets being depreciated	<u>59,743,230</u>	<u>(52,822)</u>	-	<u>59,690,408</u>
Less: Accumulated depreciation				
Buildings and Improvements	(393,566)	(42,227)	-	(435,793)
Treatment plants	(16,321,358)	(1,212,535)	-	(17,533,892)
Collection and distribution systems	(4,378,151)	(190,858)	-	(4,569,009)
Equipment	<u>(966,769)</u>	<u>(83,408)</u>	-	<u>(1,050,177)</u>
Total accumulated depreciation	<u>(22,059,844)</u>	<u>(1,529,028)</u>	-	<u>(23,588,871)</u>
<b>Net Capital Assets</b>	<b><u>\$ 38,165,342</u></b>	<b><u>\$ 434,487</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 38,599,830</u></b>

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

**NOTE 3: CAPITAL ASSETS** (Continued)

Depreciation is allocated to the District’s operations as follows:

Water Fund	\$ 857,474
Sanitation Fund	<u>671,554</u>
Total	<b><u>\$ 1,529,028</u></b>

During 2024, it was determined that the District would receive a refund of \$187,500 from the Town of Mount Crested Butte from a developer deposit “retainer” related to the Water Treatment Plant expansion that was completed in 2022. This cost was originally capitalized as a permit and part of the original cost of the project. The District received \$147,500 back from the Town in 2024 and will receive the remaining \$40,000 in 2025 that was recorded as a receivable at year end. Accordingly, the cost of the project was reduced in the current year by \$187,500 to reflect this refund resulting in negative net additions to the treatment plant asset for year.

**NOTE 4: LONG-TERM OBLIGATIONS**

The following is a schedule of changes in debt for the year ended December 31, 2024:

	<u>Balance</u> <u>1/1/24</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/24</u>	<u>Due Within</u> <u>One Year</u>	<u>Interest</u> <u>Expense</u>	<u>Accrued</u> <u>Interest</u>
<u>Governmental Activities:</u>							
Compensated Absences	\$ 34,481	\$ 6,041	\$ -	\$ 40,522	\$ -	\$ -	\$ -
<u>Business-type Activities:</u>							
2020 CWRPDA Note Payable	20,411,086	-	1,056,275	19,354,811	536,501	309,175	58,654
2020 CWRPDA Cont. Note Pay	49,209	-	49,209	-	-	-	-
Compensated Absences	44,379	10,412	-	54,791	-	-	-
<b>Total Obligations</b>	<b><u>\$ 20,539,155</u></b>	<b><u>\$ 16,453</u></b>	<b><u>\$ 1,105,484</u></b>	<b><u>\$ 19,450,124</u></b>	<b><u>\$ 536,501</u></b>	<b><u>\$ 309,175</u></b>	<b><u>\$ 58,654</u></b>

In May 2020, the District entered into a 20-year loan agreement with Colorado Water Resource and Power Development Authority (CWRPDA) for debt not to exceed \$22,474,478 (and \$23,175,000 as the total funds available to be drawn and spent on the project - \$700,522 total contingency and \$651,313 undrawn at year end – see below). The net effective interest rate of the loan is 1.29%. The proceeds of this debt are to be used for a Water Treatment Plant Expansion Project to be completed in May 2022. Although the proceeds of the CWRPDA loan are being used for improvements to the District’s water treatment functions, the Loan Agreement provides that repayment of the Loan is an obligation of both the Water and Wastewater Enterprise Funds of the District, payable from all legally available sources of those District Enterprises and is therefore reported as a noncurrent obligation of business-type activities. Loan payments are due semi-annually on February 1 and August 1. Semi-annual principal payments for this loan commenced August 1, 2021 in the amount of \$112,833 and the final payment will be due August 1, 2040. Debt service payments are made by the Enterprise Funds. The loan requires a three-month operations and maintenance reserve based on budgeted enterprise operating expenses or \$356,756. The District has restricted cash in the Water Fund for this purpose.

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2024**

**NOTE 4: LONG-TERM OBLIGATIONS** (Continued)

**Contingency Funds**

During 2023, the District accessed the additional contingency amounts originally approved in the May 2020 loan agreement in the amount of \$49,209. During 2024 the District has recognized the draw of the contingency funds as grant revenue (loan forgiveness). The additional contingency funds were applied against loan principal and interest in 2025 by CWRPDA and will be recognized as grant revenue in the subsequent fiscal year.

Scheduled payments on the loan are as follows (not including the application of the remaining contingency funds):

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,073,001	\$ 298,092	\$ 1,371,093
2026	1,090,070	280,092	1,370,162
2027	1,106,408	262,842	1,369,250
2028	1,123,953	246,842	1,370,795
2028	1,139,020	231,842	1,370,862
2030-2034	5,976,156	882,186	6,858,342
2035-2039	6,490,478	360,846	6,851,324
2040	<u>1,355,725</u>	<u>15,112</u>	<u>1,370,837</u>
<b>Total</b>	<b><u>\$19,354,811</u></b>	<b><u>\$2,577,854</u></b>	<b><u>\$21,932,665</u></b>

**NOTE 5: PENSION PLANS**

The District is a member of the Colorado Retirement Association (CRA), which offers a defined contribution plan. Required contributions are established by the governing board of the Association.

Under a defined contribution plan the benefits a participant will receive depend solely on the amount contributed to the participant’s account plus the investment returns of those contributions.

Participation is mandatory for all employees at the time of employment. The participation starts at day 1. Eligible employees contribute five percent (5%) of their base pay, which is matched by the District. The plan has a five year vesting period and is distributed upon the employee’s termination or retirement. For 2021, the District amended the plan to allow an for an additional employer matching contribution of up to a 3% match of employee contributions to a separate I.R.C. Section 457 plan also managed by CRA (maximum 8% employer contributions).

During the fiscal years 2024, 2023 and 2022, the District’s required contributions were \$95,548, \$78,778, and \$51,343 representing 5% of covered payroll plus up to 3% match of additional employee 401(a) contributions above 5%. Covered payroll was \$1,211,944, \$1,141,336, and \$1,026,850, respectively. Total payroll for the years ending December 31, 2024, 2023 and 2022 was \$1,272,703, \$1,185,926, and \$1,091,403, on the cash basis, respectively.

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2024**

**NOTE 6: FUND BALANCE RESERVATIONS/APPROPRIATIONS**

**Emergency Reserve**

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which adds 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, 2024 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 2024, 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 4, 1997 election, the electors of the District authorized the District to collect, retain and expend the full amount of the revenues from all sources during 1997, as well as the full amount of all revenues generated by all sources for each subsequent year. This election authorized the spending of such revenues in each year without limitation under Article X, Section 20 of the Colorado Constitution.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance.

The Article requires an emergency reserve be set aside for 2024 in the amount of 3% or more of its fiscal year spending. At December 31, 2024, the District has restricted the following for emergencies based on the fund level activity that is subject to the amendment:

General Fund	\$28,000
Water Fund	92,000
Sanitation Fund	71,000

The District believes it is in compliance with the provisions of the TABOR Amendment.

**CWRPDA Restrictions**

The District has established both the Operations and Maintenance reserve and the optional Rate Stabilization reserve as outlined in the 2020 CWRPDA loan agreement. The balances in these accounts are as discussed in Note 4 for the operations and maintenance reserve and as computed in Note 10 relating to the Rate Stabilization reserve.

The District has restricted net position as follows:

Restricted for Rate Stabilization	\$ 305,608
Restricted for Operations & Maintenance Reserve	387,067
<b>Total Restricted Net Position</b>	<b><u>\$ 692,675</u></b>

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

**NOTE 7: RISK MANAGEMENT**

The District carries insurance coverage for all foreseeable risks of loss. These include, but are not necessarily limited to, worker's compensation, property and liability, bond, and errors and omissions.

The District carries liability, property and bond coverage through commercial insurance carriers. Risk of loss is transferred to these carriers.

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, 2024.

**NOTE 8: INTERNAL TRANSFERS**

The District reports administrative activities in the General Fund, funded through a general operating mill levy with supplemental transfers from the Water and Sanitation Funds to cover operating expenses, or to those funds if taxes exceed administrative expenses. The operating mill levy is allocated equally against Water and Sanitation Fund administrative costs with the District tracking administrative costs separately for both activities. For the fiscal year, the District transferred excess taxes of \$630,490 from the General Fund split equally between the Water and Sanitation Funds.

**NOTE 9: DEFICIT NET POSITION AND FUND BALANCE**

As of December 31, 2024, the District had a deficit unassigned fund balance of \$(60,922) in the General Fund due to the requirement to the restricted equity related to the emergency reserve requirements of TABOR as described in Note 6 and the prepayment of 2025 insurance premiums. As the District intends to balance administrative costs reported in the General Fund through transfers to and from the Water and Sanitation Funds, this deficit is anticipated to continue. Should the District be required to utilize the emergency reserve required by TABOR, additional transfers can be made from the other operating funds.

The District has a deficit net position of \$(40,522) in the Governmental Activities specifically related to the inclusion of accrued compensated absences related to administrative employees. The deficit related to the accrued compensated absences is expected to continue with minor adjustment.

**MT. CRESTED BUTTE WATER & SANITATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2024**

**NOTE 10: RATE MAINTENANCE**

The 2020 Colorado Water Resources and Power Development Authority loan agreement requires that Net Revenues shall represent a sum equal to 110% of the amount necessary to pay when due the principal and interest on the loan and any parity debt coming due. During 2021, the District established a Rate Stabilization reserve account of \$280,000. The District added \$65,206 to this reserve for the 2024 fiscal year.

Charges for Services	\$ 2,219,529
Plant Investment Fees	197,905
Operating Transfers (Property Taxes)	315,245
Investment Earnings	99,416
Other Revenue	<u>16,997</u>
Gross Revenue	<u>2,849,092</u>
Operating Expenses	(2,479,480)
Add Back: Depreciation	<u>857,474</u>
Net Operating Expenses	<u>(1,622,006)</u>
Net Revenue	<u>\$ 1,227,086</u>
Debt Service:	
2020 CWRPDA Loan	\$ 1,056,275
Required 110 % Coverage	<u>1,161,903</u>
Excess (Under) Coverage	65,183
Beginning Rate Stabilization	<u>240,402</u>
Ending Rate Stabilization	<u>\$ 305,585</u>

**NOTE 11: ADOPTION OF GASB STATEMENT 101 – COMPENSATED ABSENCES**

The District has adopted GASB Statement 101 – Compensated Absences. This is considered a change in accounting principle. A change in accounting principle is the application of an accounting principle to transactions or other events of a similar type that is different from the accounting principle previously applied to those transactions or other events.

Based on a last-in first-out analysis of the District’s leave usage, it was determined that no changes were required as part of this adoption.

## **Required Supplementary Information**

**MT. CRESTED BUTTE WATER AND SANITATION DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

**General Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

**With Comparative Totals for the Year Ended December 31, 2023**

	<b>2024</b>		<b>Variance With Final Budget</b>	<b>2023 Actual</b>
	<b>Original &amp; Final Budget</b>	<b>Actual</b>		
<b>REVENUES</b>				
<b>Taxes</b>				
Property Taxes	\$ 1,219,514	\$ 1,239,592	\$ 20,078	\$ 1,172,342
Specific Ownership Taxes	-	66,341	66,341	73,263
Other Taxes	-	2,982	2,982	3,308
Total Tax Revenue	1,219,514	1,308,915	89,401	1,248,913
<b>Investment Earnings</b>	180,000	230,620	50,620	75,336
<b>Other Revenues</b>				
Other Miscellaneous Revenue	-	8,048	8,048	269
<b>TOTAL REVENUES</b>	<u>1,399,514</u>	<u>1,547,583</u>	<u>148,069</u>	<u>1,324,518</u>
<b>EXPENDITURES</b>				
<b>General Government</b>				
Personnel Services	945,838	632,114	313,724	556,316
Fuel and Automotive	3,000	2,108	892	2,681
Insurance	-	29,704	(29,704)	27,879
Professional Fees	90,000	130,197	(40,197)	93,471
Repairs and Maintenance	-	662	(662)	1,236
Supplies	-	28,528	(28,528)	23,643
Telephone and Utilities	-	9,038	(9,038)	12,754
Travel and Training	-	6,853	(6,853)	3,960
Other Expenses	38,000	77,889	(39,889)	65,270
General Government Capital Outlay	8,000	-	8,000	-
<b>TOTAL EXPENDITURES</b>	<u>1,084,838</u>	<u>917,093</u>	<u>167,745</u>	<u>787,210</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	314,676	630,490	315,814	537,308
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (Out)	-	(630,490)	630,490	(537,308)
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>\$ 314,676</u>	-	<u>\$ 946,304</u>	-
<b>FUND BALANCE, BEGINNING</b>	-	-	-	-
<b>FUND BALANCE, ENDING</b>	-	<u>\$ -</u>	-	<u>\$ -</u>

See accompanying Independent Auditors' Report.

## **Other Supplementary Information**

**MT. CRESTED BUTTE WATER AND SANITATION DISTRICT**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**BUDGET AND ACTUAL**

**Water Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

**With Comparative Totals for the Year Ended December 31, 2023**

	2024		Variance with Final Budget	2023	
	Original & Final Budget	Actual		Budget	Actual
<b>Operating Revenues</b>					
Utility Charges	\$ 2,249,783	\$ 2,219,529	\$ (30,254)	\$ 2,057,494	
<b>Operating Expenses</b>					
Administration	115,000	-	115,000	-	
Personnel Services	583,522	594,853	(11,331)	497,934	
Administrative/Office Expenses	-	10,390	(10,390)	7,965	
Insurance	-	58,741	(58,741)	56,851	
Operating Supplies	243,500	139,537	103,963	199,859	
Professional Fees	135,000	97,033	37,967	159,856	
Repairs and Maintenance	198,000	544,859	(346,859)	210,136	
Travel and Training	-	4,095	(4,095)	1,464	
Engineering	-	-	-	3,895	
Telephone and Utilities	150,000	151,289	(1,289)	149,823	
Other Operating Expenses	2,000	21,210	(19,210)	18,888	
Other Capital Outlay	350,000	35,937	314,063	206,346	
Total Expenditures	<u>1,777,022</u>	<u>1,657,944</u>	<u>119,078</u>	<u>1,513,017</u>	
Operating Income (Loss)	<u>472,761</u>	<u>561,585</u>	<u>88,824</u>	<u>544,477</u>	
<b>Other Income (Expense)</b>					
Investment Earnings	-	99,416	99,416	126,517	
Other Revenue	-	16,997	16,997	28,455	
Debt Service	(1,373,367)	(1,414,659)	(41,292)	(1,313,653)	
Total Other Income (Expense)	<u>(1,373,367)</u>	<u>(1,298,246)</u>	<u>75,121</u>	<u>(1,158,681)</u>	
Net Income (Loss) before Transfers & Contributions	(900,606)	(736,661)	163,945	(614,204)	
<b>Transfers</b>					
Transfers In/(Out)	-	315,245	315,245	268,654	
Net Income (Loss), Budget Basis	(900,606)	(421,416)	479,190	(345,550)	
<b>Contributed Capital</b>					
Plant Investment Fees	220,000	197,905	(22,095)	335,899	
Intergovernmental Revenue	-	49,209	49,209	-	
Other Capital Contributions	-	115,000	115,000	-	
Total Contributed Capital	<u>220,000</u>	<u>362,114</u>	<u>142,114</u>	<u>335,899</u>	
Change in Net Position (Budget Basis)	<u>\$ (680,606)</u>	<u>(59,302)</u>	<u>\$ 621,304</u>	<u>(9,651)</u>	
<b>Budget to GAAP Reconciliation</b>					
Principal Paid		1,105,484		985,186	
Depreciation Expense		(857,474)		(870,984)	
Capital Outlay		35,937		206,346	
Change in Net Position - GAAP Basis		224,645		310,897	
Net Position, Beginning		<u>13,050,818</u>		<u>12,739,921</u>	
Net Position, Ending		<u>\$ 13,275,463</u>		<u>\$ 13,050,818</u>	

See accompanying Independent Auditors' Report.

MT. CRESTED BUTTE WATER AND SANITATION DISTRICT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**BUDGET AND ACTUAL**

**Sanitation Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

**With Comparative Totals for the Year Ended December 31, 2023**

	2024		Variance with Final Budget	2023
	Original & Final Budget	Actual		Actual
<b>Operating Revenues</b>				
Utility Charges	\$ 1,651,954	\$ 1,684,374	\$ 32,420	\$ 1,542,121
<b>Operating Expenses</b>				
Administration	883,378	-	883,378	-
Personnel Services	-	649,036	(649,036)	700,907
Administrative/Office Expenses	-	11,215	(11,215)	10,856
Insurance	-	58,121	(58,121)	56,198
Operating Supplies	283,000	269,012	13,988	240,995
Professional Fees	130,000	39,294	90,706	32,191
Repairs and Maintenance	120,000	173,317	(53,317)	245,185
Travel and Training	-	5,074	(5,074)	9,036
Telephone and Utilities	165,000	136,515	28,485	161,482
Other Operating Expenses	-	12,500	(12,500)	12,372
Other Capital Outlay	1,727,000	1,927,580	(200,580)	165,614
Total Expenditures	3,308,378	3,281,664	26,714	1,634,836
Operating Income (Loss)	(1,656,424)	(1,597,290)	59,134	(92,715)
<b>Other Income (Expense)</b>				
Investment Earnings	-	-	-	57,668
Other Revenue	-	71,317	71,317	660
Total Other Income (Expense)	-	71,317	71,317	58,328
Net Income (Loss) before Transfers & Contributions	(1,656,424)	(1,525,973)	130,451	(34,387)
<b>Transfers</b>				
Transfers In/(Out)	-	315,245	315,245	268,654
Net Income (Loss), Budget Basis	(1,656,424)	(1,210,728)	445,696	234,267
<b>Contributed Capital</b>				
Plant Investment Fees	280,000	328,877	48,877	628,629
Change in Net Position (Budget Basis)	\$ (1,376,424)	(881,851)	\$ 494,573	862,896
<b>Budget to GAAP Reconciliation</b>				
Depreciation Expense		(671,554)		(671,205)
Capital Outlay		1,927,580		165,614
<b>Change in Net Position - GAAP Basis</b>		374,175		357,305
<b>Net Position, Beginning</b>		12,747,113		12,389,808
<b>Net Position, Ending</b>		\$ 13,121,288		\$ 12,747,113

See accompanying Independent Auditors' Report.