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Town of Crestone, Colorado

Financial Statements

December 31, 2024

Town of Crestone, Colorado
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December 31, 2024

Independent Auditor's Report

Board of Trustees
Town of Crestone
Crestone, CO

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Crestone (the "Town"), of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a

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going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information on page 21, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in 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.

Management has elected to omit the management's discussion and analysis. Although not a part of the basic financial statements, it 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. The omission of this information does not affect our opinion on the basic financial statements.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information on pages 22 through 26 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

rfarmer, llc

May 4, 2026

Basic Financial Statements

Town of Crestone
Statement of Net Position
December 31, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Equivalents	$ 825,636	$ 80,559	$ 906,195
Receivables	110,560	14,298	124,858
Internal Balances	(143,951)	143,951	-
Capital Assets:			
Land	685,286	50,055	735,341
Infrastructure	1,738,680	-	1,738,680
Buildings	879,597	-	879,597
Equipment	100,822	1,484,990	1,585,812
Less: Accumulated Depreciation	(1,063,816)	(699,189)	(1,763,005)
Total Capital Assets	2,340,569	835,856	3,176,425
Total Assets	3,132,814	1,074,664	4,207,478
LIABILITIES			
Accounts payable and accrued expenses	24,161	1,448	25,609
Customer deposits	500	2,100	2,600
Long-term liabilities:			
Due within one year:			
Bonds and loans payable	-	9,501	9,501
Due in more than one year:			
Bonds and loans payable	-	20,824	20,824
Total liabilities	24,661	33,873	58,534
Deferred Inflow of Resources--property taxes	17,500	-	17,500
Total deferred inflow of resources	17,500	-	17,500
NET POSITION			
Net Investment in capital assets	2,340,569	805,531	3,146,100
Restricted for:			
TABOR	18,000	-	18,000
Unrestricted	732,084	235,260	967,344
Total net position	$ 3,090,653	$ 1,040,791	$ 4,131,444

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

Town of Crestone
Statement of Activities
For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities							
General Government	$ 452,705	$ 9,900	$ 1,108	$ -	$ (441,697)	$ -	$ (441,697)
Public Safety	12,016	-	-	-	(12,016)	-	(12,016)
Public Works	147,483	-	-	-	(147,483)	-	(147,483)
Culture and Recreation	-	-	522	-	522	-	522
Total Governmental Activities	612,204	9,900	1,630	-	(600,674)	-	(600,674)
Business-type activities:							
Enterprise Fund	129,150	117,119	-	25,000	-	12,969	12,969
Total Business-type Activities	129,150	117,119	-	25,000	-	12,969	12,969
Total Primary Government	$ 741,354	$ 127,019	$ 1,630	$ 25,000	(600,674)	12,969	(587,705)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					15,955	-	15,955
Sales taxes					460,166	-	460,166
Highway Users and other misc. funds					13,409	-	13,409
Specific Ownership Taxes					2,204	-	2,204
Grants and contributions					82,237	-	82,237
Unrestricted investment earnings					55	1,039	1,094
Miscellaneous					43,603	1,258	44,861
Total general revenues, special items, and transfers					617,629	2,297	619,926
Change in net position					16,955	15,266	32,221
Net Position - Beginning					3,073,698	1,025,525	4,099,223
Net Position - Ending					$ 3,090,653	$ 1,040,791	$ 4,131,444

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

Town of Crestone
Balance Sheet
Governmental Funds
December 31, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 638,870	$ 116,460	$ 755,330
Investments	70,306	-	70,306
Taxes receivable, net	96,165	13,069	109,234
Due from other funds	-	54,687	54,687
Other receivables	1,326	-	1,326
Total assets	806,667	184,216	990,883
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	24,161	-	24,161
Due to other funds	198,637	-	198,637
Security deposits	500	-	500
Total liabilities	223,298	-	223,298
Deferred Cash Inflow of Resources:			
Deferred property taxes	17,500	-	17,500
Fund Balance:			
Reserved for:			
TABOR	18,000	-	18,000
Unassigned	547,869	-	547,869
Assigned, reported in non-major:			
special revenue funds	-	184,216	184,216
Total fund balances	565,869	184,216	750,085
Total liabilities and fund balances	$ 806,667	$ 184,216	$ 990,883

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

Town of Crestone
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2024

Total fund balance, governmental funds	$	750,085
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		2,340,568
Net Position of Governmental Activities in the Statement of Net Position	$	3,090,653

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

Town of Crestone
Statement of Revenues, Expenditures and Changes in Net Position
Governmental Funds
For the Year Ended December 31, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property Taxes	$ 15,955	$ -	$ 15,955
SO Tax	2,204	-	2,204
Sales taxes	473,325	81,471	554,796
Licenses and permits	9,411	-	9,411
Intergovernmental	1,875	522	2,397
Charges for services	10,270	-	10,270
Investment earnings	2,417	68	2,485
Miscellaneous	31,642	-	31,642
Total revenues	547,099	82,061	629,160
EXPENDITURES			
Current:			
General government	360,108	-	360,108
Public safety	12,285	-	12,285
Public works	117,557	-	117,557
Culture and recreation	5,143	-	5,143
Total Expenditures	495,093	-	495,093
Excess (deficiency) of revenues over expenditures	52,006	82,061	134,067
Net change in fund balances	52,006	82,061	134,067
Fund balances - beginning	513,863	102,155	616,018
Fund balances - ending	$ 565,869	$ 184,216	$ 750,085

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

Town of Crestone
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Net Positions of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2024

Net change in fund balances - total governmental funds:	$	134,067
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay of $0 was less than depreciation of $117,112 in the current period.		(117,112)
Change in net positions of governmental activities	$	16,955

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

Town of Crestone
Statement of Net Position
Proprietary Funds
December 31, 2024

	Water and Sewer Fund
ASSETS	
Current assets:	
Certificates of Deposit	$ 80,559
Accounts Receivable, net	14,297
Due from other funds	154,951
Total current assets	249,807
Non-current assets:	
Capital Assets:	
Land and improvements	50,055
Enterprise System Assets	1,484,990
Less Accumulated depreciation	(699,189)
Total non-current assets	835,856
Total assets	1,085,663
LIABILITIES	
Current Liabilities:	
Accounts payable	1,448
Due to other funds	11,000
Customer deposits	2,100
Bonds and loans payable	9,501
Total current liabilities	24,049
Non-current liabilities:	
Bonds and loans payable	20,824
Total non-current liabilities	20,824
Total liabilities	44,873
NET POSITION	
Net Investment in capital assets	805,530
Unrestricted	235,260
Total Net Position	$ 1,040,790

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

Town of Crestone
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2024

	Water and Sewer Fund
REVENUES	
Charges for services-Wastewater	$ 117,119
Total operating revenues	117,119
OPERATING EXPENSES	
Water operations:	
Power and water purchased	63,119
Utilities	1,517
Repairs and maintenance	20,220
Depreciation	42,343
Total Operating Expenses	127,199
Operating income (loss)	(10,080)
NON-OPERATING REVENUES (EXPENSES)	
Interest income	1,039
Miscellaneous revenue	1,258
Non-Operating grants and contributions	25,000
Interest expense	(1,951)
Total non-operating revenue (expenses)	25,346
Income (loss) before contributions and transfers	15,266
Change in net assets	15,266
Total net position - beginning	1,025,524
Total net position - ending	$ 1,040,790

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

Town of Crestone
Statement of Cash Flows
Proprietary Fund
For the year ended December 31, 2024

	Business-Type Activities Enterprise Fund
Cash Flows from Operating Activities	
Receipts from customers	$ 114,607
Customer deposits	2,100
Miscellaneous income	1,258
Payments to suppliers	(83,761)
Net cash provided (used) in operating activities	34,204
Cash Flows from Capital Related Financing Activities	
Principal repayments on long-term debt	(9,050)
Interest paid on long-term debt	(1,951)
Change in due to due from balances	(49,191)
Donations received	25,000
Net cash provided (used) in financing activities	(35,192)
Cash Flows from Non-Capital Financing Activities	
Grant income	1,258
Net cash provided (used) in non-capital activities	1,258
Cash Flows from Investing Activities	
Interest received on Investments	1,039
Net cash provided (used) in investing activities	1,039
Net Increase (Decrease) in cash and cash equivalents	1,309
Beginning of the year cash	79,250
Ending of the year cash	80,559
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating income (loss)	(10,080)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	42,343
Miscellaneous income	1,258
Change in assets and liabilities:	
(Increase) Decrease in Accounts Receivable	(2,512)
Increase (Decrease) in Accounts Payable	1,095
Increase (Decrease) in Customer Deposits	2,100
Net cash provided (used) from operating activities	$ 34,204

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

Note 1 Summary of Significant Accounting Policies

The accounting and reporting policies of the Town of Crestone (the "Town") reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards.*

Reporting Entity

Primary Government

The Town was incorporated in 1902 and became a statutory town under State Statute (C.R.S. 31-1-101). The Town operates under a Mayor-Council form of government and provides the following services as authorized by its charter: highways and streets, culture and recreation, planning and zoning, water and sewer systems, and general administrative services.

Component Units

The Town's combined financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*.
Based on the Section 2100 criteria, the Town of Crestone has no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the Town. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment.

- 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 in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each reported as a separate column.

Measurement, Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement is also used for the proprietary 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 are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales and use taxes, other taxes, charges for services, intergovernmental revenues, and interest 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 Town.

The Town reports the following major governmental fund:

- The *General Fund* is the general operating fund of the Town. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary fund:

- The *Enterprise Fund* accounts for user charges and expenses for operating, financing, and maintaining the Town's water and sewer systems.

Proprietary fund financial statements are used to account for activities similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. Expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

The proprietary funds are accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.

- Current-year contributions, administrative expenses, and premium payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance

Cash

The Town's cash and cash equivalents are considered to be cash in bank, certificates of deposit and liquid investments with maturity of three months or less.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The Town's property taxes are collected by the County Treasurer who remits monthly receipts to the Town. Property tax revenue is recognized when received by the County Treasurer. The 2024 property tax levy due January 1, 2025, has been recorded in the financial statements as a receivable and corresponding deferred inflow of resources.

Receivables/Payables from Other Funds

Balances that originate from current lending/borrowing arrangements between funds are referred to as "Due To/From Other Funds."

Capital Assets

Capital assets, which include construction in progress, land, infrastructure, buildings and improvements, vehicles, machinery and equipment, and water and sewer system, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town defines capital assets as assets with an initial, individual cost of more than $5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Assets	Years
Building Improvements	15 – 50
Infrastructure	20
Vehicles and Equipment	2 – 15

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents a consumption of net position/fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

In addition to liabilities, the statement of net position and governmental funds balance sheet reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as other financing sources and debt payments are reported as expenses.

Compensated Absences

The Town does not accrue sick and personal days for employees. The Town does accrue vacation days for employees; however, the liability is deemed to be immaterial and is not recorded in the financial statements.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.

- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported by classification based on the extent to which the Town is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form- such as inventory and prepaid expenditures.

- *Restricted Fund Balance* – amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, granters, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Trustees, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Trustees or by an official or body to which the governing body delegates the authority.

- *Unassigned Fund Balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

Encumbrances

Encumbrance accounting is not used by the town.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Note 2 Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

The Town of Crestone follows the procedures set forth in the Colorado Local Government Budget Law when preparing the annual budget for each fund. Budget procedures include:

1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than October 15 of each year.
2) Publication of a notice stating that the budget is available for public inspection.
3) Discussion of the budget in a meeting open to the public.
4) Adoption of the budget in a public meeting by appropriate resolution no later than December 31.

Formal budgetary integration is employed as a management control device for all funds of the Town. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States (GAAP). Proprietary funds present a reconciliation to the GAAP-basis. All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable.

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Town did not adopt supplemental appropriations during 2024.

Note 3 Cash and Deposits

A summary of cash and deposits for the Town are as follows:

Cash on hand and in banks	$	906,195
Total cash and deposits on the Statement of Net Position	$	906,195

Colorado State Statutes govern the Town's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds 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 the aggregate uninsured deposits. All deposits were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

Note 4 Property Taxes Receivable

At December 31, 2024, the Town had an estimated property tax receivable of $17,500.

Note 5 Interfund Receivables, Payables and Transfers

The Town reported interfund receivable and payable balances from the General Fund to the Water and Sewer Fund. The General Fund will transfer the funds in 2024.

General Fund due to Capital Expense Fund	$ 43,686
General Fund due to Wastewater Fund	100,265
	$ 143,951

Note 6 Capital Assets

Capital asset activity for the year ended December 31, 2024, was as follows:

	Governmental Activities:			
	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Assets:				
Land	$ 685,286	$ -	$ -	$ 685,286
Depreciable Assets:				
Buildings and Improvements	879,597	-	-	879,597
Infrastructure	1,738,680	-	-	1,738,680
Vehicles and Equipment	100,822	-	-	100,822
Total Depreciable Assets	2,719,099	-	-	2,719,099
Less Accumulated Depreciation	(946,705)	(117,111)	-	(1,063,816)
Net Depreciable Assets	1,772,394	(117,111)	-	1,655,283
Net Capital Assets	$ 2,457,680	$ (117,111)	$ -	$ 2,340,569

Depreciation expense was charged to functions/programs of the primary government as follows:

General Government	$ 49,985
Public Works	4,143
Highways and Streets	55,499
Culture and Recreation	7,484
Total	$ 117,111

	Business-Type Activities:			
	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Assets:				
Land	$ 50,055	$ -	$ -	$ 50,055
Depreciable Assets:				
Utility System	1,484,990	-	-	1,484,990
Less Accumulated Depreciation	(656,846)	(42,343)	-	(699,189)
Net Depreciable Assets	828,144	(42,343)	-	785,801
Net Capital Assets	$ 878,198	$ (42,343)	$ -	$ 835,856

Depreciation expense was charged to functions/programs of the primary government as follows:

Enterprise Fund	$ 42,343

Note 7 **Long-Term Liabilities**

Business-Type Activities – Loan Payable

The Town entered into a loan payable of $138,220 in 2007, payable in annual installments of $10,999, beginning in 2008, at an interest rate od 5%, for the Crestone Water Phase I.

	Principal	Interest	Total
2025	$ 9,501	$ 1,498	$ 10,999
2026	9,976	1,023	10,999
2027	10,848	524	11,372
Total	$ 30,325	$ 3,045	$ 33,370

A summary of long-term debt is as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Due In One Year
Loan Payable	$ 39,374	$ -	$ (9,049)	$ 30,325	$ 9,501

Note 8 **TABOR Emergency Reserve**

Colorado voters passed an amendment to the State constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment.

In November 1998, the voters of the Town approved a ballot issue to allow the Town "to collect, retain or expend all revenues and other funds received from any source, notwithstanding any restriction or limit on fiscal year revenue or spending generated during 1988 and each subsequent year thereafter, without limiting the restrictions of Article X, Section 20 of the Colorado Constitution".

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. The Emergency Reserve has been presented as a restricted fund balance/net position in the financial statements. The Town is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On April 2, 2020, the voters approved an increase to sales tax of 0.5% of which the proceeds will be allocated to the Wastewater Fund for operational expenses.

Note 9 **Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

Required Supplementary Information

Town of Crestone
Budget and Actual
General Fund
For the year ended December 31, 2024

	Budgets--Original and Final	Actual Amounts, Budgetary Basis	Variance with Final Budget
REVENUES			
Property taxes	$ 15,500	$ 15,955	455
SO taxes	2,000	2,204	204
Sales taxes	381,371	473,325	91,954
Licenses and permits	8,300	9,411	1,111
Intergovernmental	20,400	1,875	(18,525)
Charges for services	-	10,270	10,270
Grants	607,437	-	(607,437)
Investment earnings	-	2,417	2,417
Miscellaneous	24,010	31,642	7,632
Total revenues	1,059,018	547,099	(511,919)
EXPENDITURES			
Current:			
General government	303,106	360,108	(57,002)
Public safety	-	12,285	(12,285)
Public works	35,300	117,557	(82,257)
Culture and recreation	12,000	5,143	6,857
Debt Service:			
Capital Outlay	58,218	-	58,218
Total Expenditures	408,624	495,093	(86,469)
Excess (deficiency) of revenues over expenditures	650,394	52,006	(598,388)
Net change in fund balances	650,394	52,006	598,388
Fund balances - beginning	431,822	513,863	(82,041)
Fund balances - ending	$ 1,082,216	$ 565,869	516,347

Other Supplementary Information

Town of Crestone
Budget and Actual
Conservation Trust Fund
For the year ended December 31, 2024

	Budgets--Original and Final	Actual Amounts, Budgetary Basis	Variance with Final Budget
REVENUES			
Intergovernmental	$ 1,800	$ 522	$ (1,278)
Investment earnings	-	24	24
Total revenues	1,800	546	(1,254)
EXPENDITURES			
Total Expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	1,800	546	(1,254)
Net change in fund balances	1,800	546	1,254
Fund balances - beginning	5,808	6,427	(619)
Fund balances - ending	$ 7,608	$ 6,973	$ 635

Town of Crestone
Budget and Actual
Capital Projects Fund
For the year ended December 31, 2024

	Budgets--Original and Final	Actual Amounts, Budgetary Basis	Variance with Final Budget
REVENUES			
Sales taxes	$ 82,000	$ 81,471	(529)
Investment earnings	60	44	(16)
Total revenues	82,060	81,515	(545)
EXPENDITURES			
Total Expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	82,060	81,515	(545)
Net change in fund balances	82,060	81,515	(545)
Fund balances - beginning	-	95,728	95,728
Fund balances - ending	$ 82,060	$ 177,243	$ 95,183

Town of Crestone
Budget and Actual
Water and Sewer Fund
For the year ended December 31, 2024

	Budgets--Original and Final	Actual Amounts, Budgetary Basis	Variance with Final Budget
REVENUES			
Charges for Services	$ 247,984	$ 117,119	$ (130,865)
Investment earnings	-	1,039	1,039
Donations	-	25,000	25,000
Miscellaneous	-	1,258	1,258
Total revenues	247,984	144,416	(103,568)
OPERATING EXPENSES			
Contractual services	79,630	-	79,630
Purchased power	-	63,119	(63,119)
Operations	54,899	20,220	34,679
Depreciation	-	42,343	(42,343)
Interest	-	1,951	(1,951)
Water operations including debt service	10,999	9,050	1,949
Total Operating Expenses	145,528	138,200	7,328
Operating income (loss)	102,456	6,216	(96,240)
RECONCILING ITEMS			
Adjustment for debt service	-	9,050	(9,050)
Net change in fund balances	102,456	15,266	87,190
Fund balances - beginning	205,836	1,025,524	(819,688)
Fund balances - ending	$ 308,292	$ 1,040,790	$ (732,498)

Town of Crestone
Balance Sheet
Other Governmental Funds
December 31, 2024

	Conservation	Capital	Total
ASSETS			
Cash and cash equivalents	$ 6,973	$ 109,487	$ 116,460
Taxes receivable, net	-	13,069	13,069
Due from other funds	-	54,687	54,687
Total assets	6,973	177,243	184,216
LIABILITIES AND NET POSITIONS			
Liabilities:			
Total liabilities	-	-	-
Net Positions:			
Assigned	6,973	177,243	184,216
Total net positions	6,973	177,243	184,216
Total liabilities and fund balances	$ 6,973	$ 177,243	$ 184,216

Town of Crestone
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	Conservation Trust Fund	Capital Projects	Total-Other Governmental Funds
REVENUES			
Sales taxes	$ -	$ 81,471	$ 81,471
Intergovernmental	522	-	522
Investment earnings	24	44	68
Total revenues	546	81,515	82,061
EXPENDITURES			
Total Expenditures	-	-	-
Excess (deficiency) of revenues	546	81,515	82,061
Net change in fund balances	546	81,515	82,061
Fund balances - beginning	6,427	95,728	102,155
Fund balances - ending	$ 6,973	$ 177,243	$ 184,216