CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED
December 31, 2025

INTRODUCTORY SECTION

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

BOARD OF DIRECTORS
December 31, 2025

Margaret Dethloff
Steve Smiley
Tom Hein
Benita Bellamy
Roger Grogg

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FINANCIAL SECTION

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CRESTED BUTTE SOUTH METROPOLITAN DISTRICT
Management's Discussion and Analysis

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

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

DESCRIPTION OF FINANCIAL STATEMENTS

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

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

- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District government, reporting on the District's operations *in more detail* than the government-wide statements.

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

Government-wide Financial Statements

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

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

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

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

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

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

Governmental fund – The District's activities in the General & Road Fund are reported as a governmental fund, which focus on how money flows into and out of the fund. The fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs and services.

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

HIGHLIGHTS

Governmental Activities

- As of December 31, 2025, the District's governmental activities funds held $2,458,097 in assets and $679,597 in net investments in capital assets. Net position increased $107,227.

Business-type Activities

- As of December 31, 2025, total assets were $12,260,472. Net position increased $527,263.

STATEMENT OF NET POSITION

The perspective of the Statement of Net Position is of the District as a whole. The following is a summary of the District's net position for 2025 compared to 2024.

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and Other Assets	$ 1,772,137	$ 1,704,472	$ 2,400,711	$ 2,321,562	$ 4,172,848	$ 4,026,034
Capital Assets	685,960	614,930	9,859,761	10,049,012	10,545,721	10,663,942
Total Assets	2,458,097	2,319,402	12,260,472	12,370,574	14,718,569	14,689,976
LIABILITIES						
Current Liabilities	12,628	19,109	20,337	309,018	32,965	328,127
Noncurrent Liabilities	29,280	30,288	4,445,357	4,794,041	4,474,637	4,824,329
Total Liabilities	41,908	49,397	4,465,694	5,103,059	4,507,602	5,152,456
DEFERRED INFLOWS	538,984	500,028	-	-	538,984	500,028
NET POSITION						
Net Investment in Capital Assets	679,597	607,329	5,449,433	5,296,464	6,129,030	5,903,793
Restricted	24,000	27,000	229,800	179,713	253,800	206,713
Unrestricted	1,173,608	1,135,648	2,115,545	1,791,338	3,289,153	2,926,986
Total Net Position	**$ 1,877,205**	**$ 1,769,977**	**$ 7,794,778**	**$ 7,267,515**	**$ 9,671,983**	**$ 9,037,492**

STATEMENT OF ACTIVITIES

The perspective of the Statement of Activities is of the District as a whole. The following table reflects the change in net position for 2025 and 2024.

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
PROGRAM REVENUES						
Charges for Services	$ 115,411	$ 140,801	$ 1,095,697	$ 986,039	$ 1,211,108	$ 1,126,840
Capital Grants and Contributions	-	-	516,211	362,950	516,211	362,950
Total Program Revenues	115,411	140,801	1,611,908	1,348,989	1,727,319	1,489,790
GENERAL REVENUES						
Property Taxes	504,275	467,705	-	-	504,275	467,705
Specific Ownership Taxes	25,314	24,191	-	-	25,314	24,191
Other Taxes	26,614	53,326	-	-	26,614	53,326
Interest Income	51,309	59,490	91,881	143,577	143,190	203,067
Gain (Loss) on Capital Assets	4,000	(1,517)	-	-	4,000	(1,517)
Other Revenues	25,293	146,439	-	1,244	25,293	147,683
Total General Revenues	636,805	749,634	91,881	144,821	728,686	894,455
Total Revenues	752,216	890,435	1,703,789	1,493,810	2,456,005	2,384,245
PROGRAM EXPENSES						
General Government	320,608	338,031	-	-	320,608	338,031
Public Works	324,381	451,886	-	-	324,381	451,886
Water	-	-	440,826	394,431	440,826	394,431
Wastewater	-	-	735,700	643,542	735,700	643,542
Total Program Expenses	644,989	789,917	1,176,526	1,037,973	1,821,515	1,827,890
CHANGE IN NET POSITION	107,227	100,518	527,263	455,837	634,490	556,355
Net Position, Beginning	1,769,978	1,669,459	7,267,515	6,811,678	9,037,493	8,481,137
NET POSITION, ENDING	**$ 1,877,205**	**$ 1,769,977**	**$ 7,794,778**	**$ 7,267,515**	**$ 9,671,983**	**$ 9,037,492**

GOVERNMENTAL ACTIVITIES

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

THE DISTRICT'S FUNDS

As the District completed the year, its governmental fund (shown on pages 6 through 9 of the financial statements) reported a fund balance of approximately $1,220,525 compared to a balance of $1,185,335 in the previous year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund actual expenditures were approximately $267,291 less than budgeted. A transfer of property taxes to the Road Fund in the amount of $128,156 was required to balance the budget and is significantly less than the $197,590 that was budgeted to transfer. Overall General Fund expenditures and transfers were $336,725 under the adopted appropriations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At year-end, the District had $10,545,721 (net of accumulated depreciation) invested in a broad range of capital assets, including buildings, infrastructure (roads), equipment, water and sewer mains and treatment plants.

During 2025, the District invested in a new truck and roller totaling $117,645, new PRV Vault for $84,529, and invested $9,468 in pump upgrades at the wastewater treatment plant.

	1/1/25 Balance	Additions	Deletions/ Transfers	12/31/25 Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 35,315	$ -	$ -	$ 35,315
Capital assets being depreciated:				
Buildings	203,337	-	-	203,337
Equipment	661,639	81,392	22,735	765,766
Infrastructure	1,489,603	-	-	1,489,603
Leased Equipment	7,710	59,550	(59,550)	7,710
Total being depreciated	2,362,289	140,942	(36,815)	2,466,416
Total capital assets	2,397,604	140,942	(36,815)	2,501,731
Less accumulated depreciation:				
Buildings	118,137	4,398	-	122,535
Equipment	519,787	22,704	(36,815)	505,676
Infrastructure	1,144,198	41,710	-	1,185,908
Leased Equipment	551	1,101	-	1,652
Total accumulated depreciation	1,782,673	69,913	(36,815)	1,815,771
Net capital assets	**$ 614,931**	**$ 71,029**	**$ -**	**$ 685,960**

	1/1/25 Balance	Additions	Deletions/ Transfers	12/31/25 Balance
Business-type Activities				
Capital assets not being depreciated:				
Easements	$ 125,861	$ -	$ -	$ 125,861
Water rights and augmentation	210,000	-	-	210,000
Construction in progress	6,420,202	5,175	(6,420,202)	5,175
Total not being depreciated	6,756,063	5,175	(6,420,202)	341,036
Capital assets being depreciated:				
Buildings	240,275	-	-	240,275
Water Plant	656,518	-	-	656,518
Water Distribution	2,536,593	103,121	233,162	2,872,876
Sewer Plant	3,740,134	-	6,187,040	9,927,174
Sewer Collection	997,654	-	-	997,654
Equipment	416,951	4,693	-	421,644
Total being depreciated	8,588,125	107,814	6,420,202	15,116,141
Total capital assets	15,344,188	112,989	-	15,457,177
Less accumulated depreciation:				
Buildings	66,076	6,007	-	72,083
Water Plant	639,931	4,763	-	644,694
Water Distribution	1,251,875	67,336	-	1,319,211
Sewer Plant	2,344,582	178,422	-	2,523,004
Sewer Collection	779,004	23,532	-	802,536
Equipment	213,708	22,180	-	235,888
Total accumulated depreciation	5,295,176	302,240	-	5,597,416
Net capital assets	**$ 10,049,012**	**$ (189,251)**	**$ -**	**$ 9,859,761**

OUTSTANDING DEBT

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

GOVERNMENTAL ACTIVITIES	Balance 1/1/25	Advances	Repayments	Balance 12/31/25	Due Within One Year	Interest Expense	Accrued Interest
Compensated Absences	$ 22,687	$ 230	$ -	$ 22,917	$ -	$ -	$ -
Lease Obligations	7,601	28,552	29,789	6,364	1,438	2,299	-
Total Obligations	**$ 30,288**	**$ 28,782**	**$ 29,789**	**$ 29,281**	**$ 1,438**	**$ 2,299**	**$ -**

BUSINESS - TYPE ACTIVITIES	Balance 1/1/25	Advances	Repayments	Balance 12/31/25	Due Within One Year	Interest Expense	Accrued Interest
2009 CWRPDA Sewer Loan	$ 726,469	$ -	$ 126,226	$ 600,243	$ 128,770	$ 13,376	$ 1,000
2010 CWRPDA Water Loan	382,935	-	53,529	329,406	54,608	7,170	549
2022 CWRPDA Water Loan	3,653,144	-	172,465	3,480,679	176,367	80,584	13,053
Compensated Absences	31,493	3,535	-	35,028	-	-	-
Total Obligations	**$ 4,794,041**	**$ 3,535**	**$ 352,220**	**$ 4,445,356**	**$ 359,745**	**$ 101,130**	**$ 14,602**

ECONOMIC AND OTHER FACTORS AND NEXT YEAR'S BUDGET

The current Mill Levy of 14.363 mills did not restrict the budget and the Metro District was able to collect the 5.5% allowable increase. The Metro District looks to gain again in assessed value and not only collect the full 5.5% allowable limit, but also retain additional mills for reserves for the 2027 budget year.

2025 experienced a slight uptick in construction even with an increase in property values, high interest rates, and other economic factors. There was a total of $516,211 in tap fees, up $153,261 from the prior year. This equates to 25.81 EQRs and is 5.81 more EQRs than was anticipated for the 2025 budget.

We were fortunate that construction picked up in 2025 as it generated revenue for the wastewater expansion project debt. Interest rates were down from the prior year but still contributed to interest income, which also helped. Currently, there have been 15.44 EQR's paid and a few more on the list that are going through the approval process. Single family homes are still consistently selling for over $1,000,000 and we have seen a couple single family homes selling over the $2,000,000 mark.

The District received $25,570 in HUTF monies through the IGA with Gunnison County. This is $822 more than 2024.

The District budgeted $110,000 for a new Gloria Place Pump Station, strategic planning, and Wastewater Treatment Plant capital improvements for 2025.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

Mayberry & Company, LLC
Certified Public Accountants

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

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

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of the governmental activities, the business type activities, and each major fund of Crested Butte South Metropolitan District, as of and for the year ended December 31, 2025, and the related notes to the financial statements which collectively comprise Crested Butte South Metropolitan District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, and each major fund of the Crested Butte South Metropolitan District as of December 31, 2025, and the respective changes in financial position and, where applicable, and cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

We have previously audited the Crested Butte South Metropolitan District's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 11, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis, budgetary comparison information, listed in the tables of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Crested Butte South Metropolitan District 's basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Mayberry & Company, LLC

Castle Rock, Colorado
June 2, 2026

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BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the District's operations. These financial statements present the financial position, operating results, and cash flows, where applicable, of all funds and activities as of December 31, 2025.

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CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

STATEMENT OF NET POSITION
DECEMBER 31, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Cash and Investments	$ 1,206,095	$ 2,270,844	$ 3,476,939
Receivables			
Property Tax Receivable	538,984	-	538,984
Utility Receivable	-	126,311	126,311
Cash with Fiscal Agent	1,622	-	1,622
Accounts Receivable	11,997	3,000	14,997
Prepaid Expenses	13,439	556	13,995
Total Current Assets	1,772,137	2,400,711	4,172,848
Noncurrent Assets			
Capital Assets not being Depreciated	35,315	341,036	376,351
Capital Assets being Depreciated	2,466,416	15,116,141	17,582,557
Accumulated Depreciation	(1,815,771)	(5,597,416)	(7,413,187)
Total Noncurrent Assets	685,960	9,859,761	10,545,721
TOTAL ASSETS	$ 2,458,097	$ 12,260,472	$ 14,718,569
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	$ 9,247	$ 853	$ 10,100
Accrued Salaries and Benefits	3,381	4,882	8,263
Accrued Interest Payable	-	14,602	14,602
Total Current Liabilities	12,628	20,337	32,965
Noncurrent Liabilities			
Due within one year	1,438	359,745	361,183
Due in more than one year	27,842	4,085,612	4,113,454
Total Noncurrent Liabilities	29,280	4,445,357	4,474,637
TOTAL LIABILITIES	41,908	4,465,694	4,507,602
DEFERRED INFLOWS OF FINANCIAL RESOURCES			
Deferred Property Taxes	538,984	-	538,984
NET POSITION			
Net Investment in Capital Assets	679,597	5,449,433	6,129,030
Restricted Net Position	24,000	229,800	253,800
Unrestricted Net Position	1,173,608	2,115,545	3,289,153
TOTAL NET POSITION	1,877,205	7,794,778	9,671,983
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 2,458,097	$ 12,260,472	$ 14,718,569

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

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

		PROGRAM REVENUES	
	EXPENSES	CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS
FUNCTIONS/PROGRAMS			
Governmental Activities			
Current:			
General Government	$ 320,608	$ 115,411	$ -
Public Works	324,381	-	-
Total Governmental Activities	644,989	115,411	-
Business-type Activities			
Current:			
Water	440,826	549,864	285,506
Sewer	735,700	545,833	230,705
Total Business-Type Activities	1,176,526	1,095,697	516,211
TOTAL GOVERNMENT	$ 1,821,515	$ 1,211,108	$ 516,211
GENERAL REVENUES			
Property Taxes			
Specific Ownership Taxes			
Other Taxes			
Interest Income			
Gain (Loss) on Disposal of Capital Assets			
Other Revenues			
TOTAL GENERAL REVENUES AND TRANSFERS			
CHANGE IN NET POSITION			
NET POSITION - Beginning			
NET POSITION - Ending			

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL
$ (205,197)	$ -	$ (205,197)
(324,381)	-	(324,381)
(529,578)	-	(529,578)
-	394,544	394,544
-	40,838	40,838
-	435,382	435,382
(529,578)	435,382	(94,196)
504,275	-	504,275
25,314	-	25,314
26,614	-	26,614
51,309	91,881	143,190
4,000	-	4,000
25,293	-	25,293
636,805	91,881	728,686
107,227	527,263	634,490
1,769,978	7,267,515	9,037,493
$ 1,877,205	$ 7,794,778	$ 9,671,983

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025
With Comparative Totals for December 31, 2024

	GENERAL FUND	SPECIAL REVENUE FUND ROAD FUND	TOTAL 2025	TOTAL 2024
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and Investments	$ 1,103,833	$ 102,262	$ 1,206,095	$ 1,184,531
Receivables				
Property Tax Receivable	538,984	-	538,984	500,028
Cash with Fiscal Agent	1,622	-	1,622	1,950
Accounts Receivable	-	11,997	11,997	6,449
Prepaid Expenses	13,302	137	13,439	11,514
TOTAL ASSETS	$ 1,657,741	$ 114,396	$ 1,772,137	$ 1,704,472
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	$ 9,393	$ (146)	$ 9,247	$ 16,625
Accrued Salaries and Benefits	2,181	1,200	3,381	2,484
TOTAL LIABILITIES	11,574	1,054	12,628	19,109
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
Deferred Property Taxes	538,984	-	538,984	500,028
FUND BALANCE				
Nonspendable Fund Balance	13,302	137	13,439	11,514
Restricted Fund Balance	24,000		24,000	27,000
Committed Fund Balance	-	113,205	113,205	114,875
Unassigned Fund Balance	1,069,881	-	1,069,881	1,031,946
TOTAL FUND BALANCE	1,107,183	113,342	1,220,525	1,185,335
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	$ 1,657,741	$ 114,396	$ 1,772,137	$ 1,704,472

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

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
DECEMBER 31, 2025

Fund Balance - Governmental Funds		$ 1,220,525
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	$ 35,315	
Capital assets, being depreciated	2,466,416	
Accumulated depreciation	(1,815,771)	685,960
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Lease obligations	(6,363)	
Accrued compensated absences	(22,917)	(29,280)
Total Net Position - Governmental Activities		$ 1,877,205

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

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025
With Comparative Totals for the Year Ended December 31, 2024

		SPECIAL REVENUE FUND	TOTAL	
	GENERAL FUND	ROAD FUND	2025	2024
REVENUES				
Taxes	$ 530,633	$ 25,570	$ 556,203	$ 545,222
Licenses and Permits	-	600	600	500
Charges for Services	-	114,811	114,811	140,302
Investment Earnings	51,309	-	51,309	59,490
Other Revenues	29,293	-	29,293	146,438
TOTAL REVENUES	611,235	140,981	752,216	891,952
EXPENDITURES				
Current:				
General Government	316,971	-	316,971	296,194
Public Works	4,615	270,670	275,285	405,332
Capital Outlay	121,234	-	121,234	28,154
Debt Service	32,088	-	32,088	9,595
TOTAL EXPENDITURES	474,908	270,670	745,578	739,275
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	136,327	(129,689)	6,638	152,677
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	28,552	-	28,552	7,710
Transfers (In)	-	128,156	128,156	89,735
Transfers (Out)	(128,156)	-	(128,156)	(89,735)
TOTAL OTHER FINANCING SOURCES (USES)	(99,604)	128,156	28,552	7,710
NET CHANGE IN FUND BALANCE	36,723	(1,533)	35,190	160,387
FUND BALANCE, BEGINNING	1,070,460	114,875	1,185,335	1,024,948
FUND BALANCE, ENDING	$ 1,107,183	$ 113,342	$ 1,220,525	$ 1,185,335

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

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025

Change in Fund Balance - Governmental Funds		$ 35,190
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level		
Capitalized Asset Purchases	140,942	
Depreciation Expense	(69,913)	71,029
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		
Proceeds from debt issuances	(28,552)	
Principal payments on leases	29,790	
Change in accrued compensated absences	(230)	1,008
Change in Net Position - Governmental Activities		$ 107,227

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

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025
With Comparative Totals for December 31, 2024

	BUSINESS-TYPE ACTIVITIES			
	WATER	SEWER	TOTAL	
	FUND	FUND	2025	2024
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and Investments	$ 2,588,585	$ (317,741)	$ 2,270,844	$ 2,221,715
Receivables				
Utility Receivable	59,680	66,631	126,311	117,866
Cash with Fiscal Agent	-	-	-	10,000
Accounts Receivable	1,488	1,512	3,000	(28,019)
Prepaid Expenses	282	274	556	-
Total Current Assets	2,650,035	(249,324)	2,400,711	2,321,562
Noncurrent Assets				
Capital Assets not being depreciated	341,036	-	341,036	6,756,063
Capital Assets being depreciated	3,814,736	11,301,405	15,116,141	8,588,125
Accumulated Depreciation	(2,065,285)	(3,532,131)	(5,597,416)	(5,295,176)
Total Noncurrent Assets	2,090,487	7,769,274	9,859,761	10,049,012
TOTAL ASSETS	$ 4,740,522	$ 7,519,950	$ 12,260,472	$ 12,370,574
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	$ 417	$ 436	$ 853	$ 290,437
Accrued Salaries and Benefits	2,443	2,439	4,882	3,033
Accrued Interest Payable	549	14,053	14,602	15,548
Total Current Liabilities	3,409	16,928	20,337	309,018
Noncurrent Liabilities				
Due within one year	54,608	305,137	359,745	352,220
Due in more than one year	286,744	3,798,868	4,085,612	4,441,821
Total Noncurrent Liabilities	341,352	4,104,005	4,445,357	4,794,041
TOTAL LIABILITIES	344,761	4,120,933	4,465,694	5,103,059
NET POSITION				
Net Investment in Capital Assets	1,761,081	3,688,352	5,449,433	5,286,464
Restricted Net Position	105,300	124,500	229,800	179,713
Unrestricted Net Position	2,529,380	(413,835)	2,115,545	1,801,338
TOTAL NET POSITION	4,395,761	3,399,017	7,794,778	7,267,515
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 4,740,522	$ 7,519,950	$ 12,260,472	$ 12,370,574

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

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025
With Comparative Totals for the Year Ended December 31, 2024

	BUSINESS - TYPE ACTIVITIES		TOTAL	
	WATER FUND	SEWER FUND	2025	2024
OPERATING REVENUE				
Utility Charges	$ 524,501	$ 543,210	$ 1,067,711	$ 961,692
Other Charges for Services	25,363	2,623	27,986	24,347
TOTAL REVENUE	549,864	545,833	1,095,697	986,039
OPERATING EXPENDITURES				
Personnel Services	255,909	249,768	505,677	448,701
Commodity Charges	8,618	-	8,618	9,208
Operating Supplies	20,925	13,822	34,747	26,423
Professional Fees	2,337	70,869	73,206	59,935
Repairs and Maintenance	12,879	11,906	24,785	31,339
Travel and Training	1,876	343	2,219	1,187
Treatment	6,221	12,792	19,013	15,421
Telephone and Utilities	34,929	58,317	93,246	78,390
Other Operating Expenses	827	2,523	3,350	3,246
Depreciation Expense	85,616	216,624	302,240	240,084
Other Capital Outlay	3,519	4,775	8,294	15,522
TOTAL EXPENDITURES	433,656	641,739	1,075,395	929,456
Operating Income (Loss)	116,208	(95,906)	20,302	56,583
OTHER INCOME (EXPENSE)				
Investment Earnings	51,528	40,353	91,881	143,577
Other Revenue	-	-	-	1,244
Interest Expense	(7,170)	(93,961)	(101,131)	(108,517)
Total Other Income (Expense)	44,358	(53,608)	(9,250)	36,304
Net Income (Loss)	160,566	(149,514)	11,052	92,887
CONTRIBUTED CAPITAL				
Plant Investment (Tap) Fees	285,506	230,705	516,211	362,950
CHANGE IN NET POSITION	446,072	81,191	527,263	455,837
NET POSITION - BEGINNING	3,949,689	3,317,826	7,267,515	6,811,678
NET POSITION - ENDING	$ 4,395,761	$ 3,399,017	$ 7,794,778	$ 7,267,515

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

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025
With Comparative Totals for the Year Ended December 31, 2024

	BUSINESS - TYPE ACTIVITIES		TOTAL	
	WATER FUND	SEWER FUND	2025	2024
Cash Flows From Operating Activities:				
Cash Received from Customers	$ 527,285	$ 528,949	$ 1,056,234	$ 1,014,848
Cash Paid to Suppliers	(91,428)	(466,190)	(557,618)	(496,575)
Cash Paid to and for the Benefit of Employees	(254,174)	(246,119)	(500,293)	(455,630)
Net Cash Provided by Operating Activities	181,683	(183,360)	(1,677)	62,643
Cash Flows From Capital and Related Financing Activities:				
Tap Fees Received	285,506	230,705	516,211	362,950
Debt Principal Payments	(53,529)	(288,691)	(342,220)	(344,854)
Interest Payments	(7,259)	(94,818)	(102,077)	(109,443)
Acquisition of Capital Assets	(108,296)	(4,693)	(112,989)	(1,154,447)
Cash Flows Used by Capital and Related Financing Activities	116,422	(157,497)	(41,075)	(1,245,794)
Cash Flows (Uses) From Noncapital Financing Activities:				
Other Revenues (Expense)	-	-	-	1,244
Cash Flows (Uses) From Investing Activities:				
Interest Received	51,528	40,353	91,881	143,577
Net Increase (Decrease) in Cash	349,633	(300,504)	49,129	(1,038,330)
Cash - Beginning	2,238,952	(17,237)	2,221,715	3,260,045
Cash - Ending	$ 2,588,585	$ (317,741)	$ 2,270,844	$ 2,221,715
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss)	$ 116,208	$ (95,906)	$ 20,302	$ 56,583
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	85,616	216,624	302,240	240,084
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Utility Receivable	(8,043)	(402)	(8,445)	(155)
Accounts Receivable	(14,536)	(16,482)	(31,018)	28,964
Prepaid Expenses	(282)	(274)	(556)	-
(Increase) Decrease in:				
Accounts Payable	985	(290,569)	(289,584)	(255,904)
Accrued Salaries and Benefits	916	932	1,848	(10,788)
Accrued Compensated Absences	819	2,717	3,536	3,859
Total Adjustments	65,475	(87,454)	(21,979)	6,060
Net Cash Used for Operating Activities	$ 181,683	$ (183,360)	$ (1,677)	$ 62,643

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

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>

DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

REPORTING ENTITY

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

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

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

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

BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

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

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

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS (Continued)

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

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

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

Proprietary Funds
The District also reports the following major proprietary funds:

Enterprise Funds - Water and Sewer Funds
This fund accounts for the activities related to offering water and sewer service to the District's residents.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

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

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

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

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

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

BUDGETS AND BUDGETARY ACCOUNTING

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

- The District does not budget for depreciation.

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

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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

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

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

Cash and Equivalents

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

Allowance for Doubtful Accounts

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

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

NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

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

Capital Assets (Continued)

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

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

Accumulated Unused Leave/Compensated Absences

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

Long-term Obligations

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

Deferred Outflows and Inflows of Resources

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

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

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

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

Net Position/Fund Equity

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

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

Net Position/Fund Equity Flow Assumptions

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

REVENUES AND EXPENDITURES/EXPENSES

Program Revenues

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

Property Taxes

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

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUES AND EXPENDITURES/EXPENSES (Continued)

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

COMPARATIVE DATA

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

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments is as follows:

Cash	$ 15,288
Investments	3,461,651
Total Cash and Investments	**3,476,939**

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

	Bank Balance	**Book Balance**
FDIC Insured	$ 111,202	$ 15,288

NOTE 2: <u>CASH AND INVESTMENTS</u> (Continued)

<u>Custodial Credit Risk - Deposits</u>

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Investments

<u>Credit Risk</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 2: <u>CASH AND INVESTMENTS</u> (Continued)

Investments (Continued)

<u>Credit Risk</u> (Continued)

During the year ended December 31, 2025, the District invested funds in the Colotrust. As a local government investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to $1.00 and a maximum weighted average maturity of 60 days. The underlying investments are valued at Net Asset Value. These funds are rated AAAm by the Standard and Poor's Corporation. The balance of the District's investment at December 31, 2025 was $3,461,651. There are no material restrictions on withdrawals.

<u>Interest Rate Risk</u>

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

<u>Concentration of Credit Risk</u>

The District places no limit on the amount it may investment in any one issuer. At December 31, 2025 the District had no concentration of investment credit risk.

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

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2025, the District was utilizing Colotrust deposit investments.

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2025 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

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

Investments (Continued)

	Level 1	Level 2	Level 3	Uncategorized	Total	Rating
Colotrust Pool	$ -	$ -	$ -	$ 3,461,651	$ 3,461,651	AAAm

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2025, there were no changes in the methods or assumptions utilized to derive the fair value of the District's assets and liabilities.

NOTE 3: **CAPITAL ASSETS**

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

	1/1/25 Balance	Additions	Deletions/ Transfers	12/31/25 Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 35,315	$ -	$ -	$ 35,315
Capital assets being depreciated:				
Buildings	203,337	-	-	203,337
Equipment	661,639	81,392	22,735	765,766
Infrastructure	1,489,603	-	-	1,489,603
Leased Equipment	7,710	59,550	(59,550)	7,710
Total being depreciated	2,362,289	140,942	(36,815)	2,466,416
Total capital assets	2,397,604	140,942	(36,815)	2,501,731
Less accumulated depreciation:				
Buildings	118,137	4,398	-	122,535
Equipment	519,787	22,704	(36,815)	505,676
Infrastructure	1,144,198	41,710	-	1,185,908
Leased Equipment	551	1,101	-	1,652
Total accumulated depreciation	1,782,673	69,913	(36,815)	1,815,771

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

General Government	$ 22,506
Public Works	47,407
Total Governmental Activities	**$ 69,913**

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 3: CAPITAL ASSETS (Continued)

A summary of business-type activities capital assets at December 31, 2025 is as follows:

	1/1/25 Balance	Additions	Deletions/ Transfers	12/31/25 Balance
Business-type Activities				
Capital assets not being depreciated:				
Easements	$ 125,861	$ -	$ -	$ 125,861
Water rights and augmentation	210,000	-	-	210,000
Construction in progress	6,420,202	5,175	(6,420,202)	5,175
Total not being depreciated	6,756,063	5,175	(6,420,202)	341,036
Capital assets being depreciated:				
Buildings	240,275	-	-	240,275
Water Plant	656,518	-	-	656,518
Water Distribution	2,536,593	103,121	233,162	2,872,876
Sewer Plant	3,740,134	-	6,187,040	9,927,174
Sewer Collection	997,654	-	-	997,654
Equipment	416,951	4,693	-	421,644
Total being depreciated	8,588,125	107,814	6,420,202	15,116,141
Total capital assets	15,344,188	112,989	-	15,457,177
Less accumulated depreciation:				
Buildings	66,076	6,007	-	72,083
Water Plant	639,931	4,763	-	644,694
Water Distribution	1,251,875	67,336	-	1,319,211
Sewer Plant	2,344,582	178,422	-	2,523,004
Sewer Collection	779,004	23,532	-	802,536
Equipment	213,708	22,180	-	235,888
Total accumulated depreciation	5,295,176	302,240	-	5,597,416

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

Water Fund	$ 85,616
Sewer Fund	216,624
Total Business-type Activities	**$ 302,240**

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 4: NONCURRENT LIABILITIES

GOVERNMENTAL ACTIVITIES

The following is a schedule of changes in governmental activities noncurrent liabilities for the year ended December 31, 2025:

GOVERNMENTAL ACTIVITIES	Balance 1/1/25	Advances	Repayments	Balance 12/31/25	Due Within One Year	Interest Expense
Compensated Absences	$ 22,687	$ 230	$ -	$ 22,917	$ -	$ -
Lease Obligations	7,601	28,552	29,789	6,364	1,438	2,299
Total Obligations	**$ 30,288**	**$ 28,782**	**$ 29,789**	**$ 29,281**	**$ 1,438**	**$ 2,299**

LEASES PAYABLE

In November 2019, the District entered into a $7,583 lease agreement for the purchase of a copier. The lease agreement requires sixty monthly lease payments of $143 beginning January 1, 2020 with an estimated interest at 5.0%. The District has capitalized an asset of $7,783 related to this lease with a remaining basis of $758 as of December 31, 2025. During the current fiscal year, the District made the final lease payment.

In June 2024, the District entered into a $7,710 lease agreement for the purchase of a copier. The lease agreement requires sixty monthly lease payments of $168 beginning December 29, 2024, with an estimated interest at 6.59%. The District has capitalized a "right-to-use" asset of $7,710 related to this lease with a remaining basis of $6,058 as of December 31, 2025. In case of default the lessor, in addition to other remedies, may repossess the equipment provided notice. The Lessee is liable for liquidation damages for loss of bargain and not as penalty, pay the sum of: all amounts due, plus interest from due date until paid at the rate of 1.5% per month, payments remaining in the term, the equipment's booked residual, taxes, and all reasonable costs including attorney's fees and disbursements incurred by the lessor to enforce the lease agreement.

Payments will be due as follows on the lease:

Fiscal Year	Principal	Interest	Total
2026	$ 1,438	$ 577	$ 2,015
2027	1,535	479	2,014
2028	1,640	375	2,015
2029	1,750	263	2,013
Total	**$ 6,363**	**$ 1,694**	**$ 8,057**

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

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NOTE 4: NONCURRENT LIABILITIES (Continued)

GOVERNMENTAL ACTIVITIES (Continued

LEASES PAYABLE (Continued)

During the fiscal year, the District entered into a lease agreement for the purchase of equipment. The District subsequently repaid the lease shortly after entering into the agreement. The right to use asset related to the lease obligation was originally recorded as a leased asset for amortization purposes and subsequently transferred to equipment upon repayment.

BUSINESS-TYPE ACTIVITIES

The following is a schedule of changes in non-current liabilities for the year ended December 31, 2025:

BUSINESS - TYPE ACTIVITIES	Balance 1/1/25	Advances	Repayments	Balance 12/31/25	Due Within One Year	Interest Expense	Accrued Interest
2009 CWRPDA Sewer Loan	$ 726,469	$ -	$ 126,226	$ 600,243	$ 128,770	$ 13,376	$ 1,000
2010 CWRPDA Water Loan	382,935	-	53,529	329,406	54,608	7,170	549
2022 CWRPDA Water Loan	3,653,144	-	172,465	3,480,679	176,367	80,584	13,053
Compensated Absences	31,493	3,535	-	35,028	-	-	-
Total Obligations	**$ 4,794,041**	**$ 3,535**	**$ 352,220**	**$ 4,445,356**	**$ 359,745**	**$ 101,130**	**$ 14,602**

Business-type activity notes payable consist of the following:

Note Payable - Colorado Resource & Power Development Authority - 2009

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

The note contains various restrictive provisions including a pledge of revenues, rate covenants and the establishment of a three-month operation and maintenance reserve. As of December 31, 2025, the District had funded the required reserve of $124,500 by restricting net position in the Sewer Fund.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 4: **NONCURRENT LIABILITIES** (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

Note Payable - Colorado Resource & Power Development Authority – 2009 (Continued)

Payments will be due as follows on the note:

Year	Principal	Interest	Total
2026	$ 128,770	$ 11,043	$ 139,813
2027	131,364	8,448	139,812
2028	134,011	5,801	139,812
2029	136,712	3,101	139,813
2030	69,386	521	69,907
Total	**$ 600,243**	**$ 28,914**	**$ 629,157**

Note Payable - Colorado Resource & Power Development Authority - 2010

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

The note contains various restrictive provisions including a pledge of revenues, rate covenants and the establishment of a three-month operation and maintenance reserve. As of December 31, 2025, the District had funded the required reserve of $105,300 by restricting net position in the Water Fund.

Payments will be due as follows on the note:

Year	Principal	Interest	Total
2026	$ 54,608	$ 6,180	$ 60,788
2027	55,708	5,080	60,788
2028	56,831	3,957	60,788
2029	57,976	2,812	60,788
2030	59,144	1,644	60,788
2031	45,139	452	45,591
Total	**$ 329,406**	**$ 20,125**	**$ 349,531**

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 4: NONCURRENT LIABILITIES (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

Note Payable - Colorado Resource & Power Development Authority - 2022

The District borrowed $4,000,000 from the Colorado Water Resources and Power Development Authority for upgrades to the wastewater treatment plant. The note carries an interest rate of 2.25%. Principal and interest is payable semi-annual at $126,848 beginning November 1, 2022. The note is due on May 1, 2042. This debt is paid by the Sewer Fund. As of December 31, 2024, $3,990,000 has been drawn down with the remaining balance of $10,000 undrawn (debit proceeds in escrow) and shown as Cash with Fiscal Agent in the Sewer Fund.

The note contains various restrictive provisions including a pledge of revenues, rate covenants and the establishment of a three-month operation and maintenance reserve. As of December 31, 2025, the District had funded the required reserve of $124,500 by restricting net position in the Sewer Fund.

Payments will be due as follows on the note:

Year	Principal	Interest	Total
2026	$ 176,367	$ 77,329	$ 253,696
2027	180,358	73,338	253,696
2028	184,439	69,257	253,696
2029	188,612	65,084	253,696
2030	192,880	60,816	253,696
2031-2035	1,031,871	236,609	1,268,480
2036-2040	1,154,013	114,469	1,268,482
2041-2042	372,139	8,404	380,543
Total	**$ 3,480,679**	**$ 705,306**	**$ 4,185,985**

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 5: EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

DEFINED CONTRIBUTION PENSION PLANS

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

Employees vest in the District's contribution at 20% per year. The employee contributes between 5% and 12% of earnings and the District contributes a matching amount. The District is not liable for amounts over the match. All contributions were current. During 2025 the District contributed $50,046 and the employees contributed $50,046. The District's total payroll is $658,800 of which 100% is covered under the plan.

Under the plan employees may also contribute to a deferred compensation plan (457 plan). Employee contributions during 2025 were $3,240.

NOTE 6: COMMITMENTS AND CONTINGENCIES

The District has the potential to receive financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of the District, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at December 31, 2025.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 7: FUND BALANCE/NET POSITION APPROPRIATIONS AND RESTRICTIONS

Tax Spending and Debt Limitations

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

The District's financial activity for the year ended December 31, 2025 will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 1992, revenue in excess of the District's "spending limit" must be refunded unless voters approve the retention of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases and new debt.

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

> Shall the Crested Butte South Metropolitan District be authorized to collect and expend the full non-tax revenues generated during 1993 and each subsequent year from the following described sources:
>
> a. All tap fees for water and sewer connections to the District's water and sewer lines;
> b. Main line extension fees charged for the extension of water and sewer mains to properties not previously served thereby;
> c. Water and sewer service fees, and all penalties and interest charged thereon;
> d. Fees from the rental of District equipment and operators, including fees charged for snowplowing;
> e. Sale of water meters by the District;
> f. Sale of maps of District boundaries and facilities;
> g. Reimbursement to the District for cost of labor provided by District employees to other parties;
>
> and to expend such non-tax revenues collected from those sources in the District's general fund, without limiting in any year the amount of other revenues that may be collected and spent by the Crested Butte South Metropolitan District?

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

Tax Spending and Debt Limitations (continued)

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

The Article requires an emergency reserve be set aside for 2025 in the amount of 3% or more of its fiscal year spending. At December 31, 2025, the District has reserved the following for emergencies:

General Fund	$24,000

Other Restrictions

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

NOTE 8: RISK MANAGEMENT

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 8: RISK MANAGEMENT (Continued)

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

The District has not materially changed its coverage from previous years. Based on the lack of previous loss occurrences, the District has not recorded any liability for unpaid claims at December 31, 2025.

NOTE 9: RATE MAINTENANCE

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

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

	Water Fund	Sewer Fund
Gross operating revenue	$ 549,864	$ 545,833
Other revenue	51,528	40,353
Capital contributions	285,506	230,705
Total revenue	886,898	816,891
Operations and maintenance expense	433,656	641,739
Less: Depreciation	(85,616)	(216,624)
Adjusted O&M	348,040	425,115
Net revenue	$ 538,858	$ 391,776
Total debt service		
2009 CWRPDA Loan	$ -	$ 253,696
2022 CWRPDA Loan	-	139,813
2010 CWRPDA Loan	60,788	-
	60,788	393,509
Required rate	110.00%	110.00%
Net revenue required	66,867	432,860
Excess (deficit)	**$ 471,991**	**$ (41,084)**

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BUDGETARY COMPARISON SCHEDULES
(Required Supplementary Information)

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

BUDGETARY COMPARISON SCHEDULE
General Fund
FOR THE YEAR ENDED DECEMBER 31, 2025
With Comparative Totals for the Year Ended December 31, 2024

	2025			2024
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
REVENUES				
Taxes				
Property Taxes	$ 500,100	$ 504,275	$ 4,175	$ 467,705
Specific Ownership Taxes	18,000	25,314	7,314	24,191
Other Taxes	6,000	1,044	(4,956)	28,578
Total Tax Revenue	524,100	530,633	6,533	520,474
Charges for Services				
Other Charges for Services	500	-	(500)	15
Investment Earnings	54,000	51,309	(2,691)	59,490
Other Revenues				
Sale of Capital Assets	4,000	4,000	-	-
Other Miscellaneous Revenue	60,540	25,294	(35,246)	2,699
Total Other Revenue	64,540	29,294	(35,246)	2,699
TOTAL REVENUES	643,140	611,236	(31,904)	582,678
EXPENDITURES				
General Government				
Personnel Services	226,650	223,201	3,449	206,285
Board Compensation	6,000	5,600	400	5,400
Equipment Rentals	3,700	338	3,362	(6,609)
Professional Fees	31,000	13,543	17,457	24,553
Supplies	7,200	4,930	2,270	5,117
Telephone and Utilities	14,400	12,302	2,098	14,587
Travel and Training	1,000	71	929	-
Other Expenses	51,800	56,987	(5,187)	46,862
Total General Government	341,750	316,972	24,778	296,195
Public Works				
Contract Labor	500	1,060	(560)	684
Repairs and Maintenance	7,000	1,342	5,658	3,067
Supplies	2,500	2,213	287	1,860
Total Public Works	10,000	4,615	5,385	5,611
Capital Outlay				
General Government Capital Outlay	6,500	5,279	1,221	17,411
Public Works Capital Outlay	366,050	115,955	250,095	10,743
Total Capital Outlay	372,550	121,234	251,316	28,154
Debt Service				
Principal	-	29,789	(29,789)	1,780
Interest	-	2,299	(2,299)	7,814
Total Debt Service	-	32,088	(32,088)	9,594
Contingency Reserve	17,900	-	17,900	-
TOTAL EXPENDITURES	742,200	474,909	267,291	339,554
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(99,060)	136,327	235,387	243,124
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	-	28,552	(28,552)	7,710
Transfers In (Out)	(197,590)	(128,156)	69,434	(89,735)
TOTAL OTHER FINANCING SOURCES (USES)	(197,590)	(99,604)	40,882	(82,025)
NET CHANGE IN FUND BALANCE - BUDGET BASIS	$ (296,650)	36,723	$ 276,269	161,099
Debt Proceeds		(28,552)		(7,710)
Capital Outlay		28,552		7,710
NET CHANGE IN FUND BALANCE - GAAP BASIS		36,723		161,099
FUND BALANCE, BEGINNING		1,070,460		909,361
FUND BALANCE, ENDING		$ 1,107,183		$ 1,070,460

See accompanying Independent Auditors' Report.

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

BUDGETARY COMPARISON SCHEDULE
Road Fund
FOR THE YEAR ENDED DECEMBER 31, 2025
With Comparative Totals for the Year Ended December 31, 2024

	2025				
	ORIGINAL BUDGET	**FINAL BUDGET**	**ACTUAL**	**VARIANCE WITH FINAL BUDGET**	**2024 ACTUAL**
REVENUES					
Taxes					
Other Taxes	$ 22,000	$ 22,000	$ 25,570	$ 3,570	$ 24,748
Licenses and Permits					
Other Licenses & Permits	500	500	600	100	500
Charges for Services					
Other Charges for Services	107,960	107,960	114,811	6,851	140,287
Other Revenues					
Other Miscellaneous Revenue	500	500	-	(500)	143,739
TOTAL REVENUES	130,960	130,960	140,981	10,021	309,274
EXPENDITURES					
Public Works					
Personnel Services	192,450	192,450	183,394	9,056	149,027
Contract Labor	-	-	-	-	7,372
Fuel and Automotive	8,000	8,000	6,322	1,678	5,557
Professional Fees	3,500	3,500	430	3,070	160
Repairs and Maintenance	108,000	108,000	67,536	40,464	237,605
Other Expenses	1,000	1,000	12,988	(11,988)	-
Total Public Works/Comm Devel	312,950	312,950	270,670	42,280	399,721
Contingency Reserve	15,600	15,600	-	15,600	-
TOTAL EXPENDITURES	328,550	328,550	270,670	57,880	399,721
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(197,590)	(197,590)	(129,689)	67,901	(90,447)
OTHER FINANCING SOURCES (USES)					
Transfers In	197,590	197,590	128,156	69,434	89,735
NET CHANGE IN FUND BALANCE - BUDGET BASIS	$ -	$ -	(1,533)	$ 137,335	(712)
FUND BALANCE, BEGINNING			114,875		115,587
FUND BALANCE, ENDING			$ 113,342		$ 114,875

See accompanying Independent Auditors' Report.

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OTHER SUPPLEMENTARY INFORMATION

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
Water Fund
FOR THE YEAR ENDED DECEMBER 31, 2025
With Comparative Totals for the Year Ended December 31, 2024

	2025			2024
	Final Budget	Actual	Variance with Final Budget	Actual
Operating Revenues				
Utility Charges	$ 464,000	$ 524,501	$ 60,501	$ 428,501
Other Charges for Services	9,000	25,363	16,363	21,681
Total Revenues	473,000	549,864	76,864	450,182
Operating Expenses				
Personnel Services	252,800	255,909	(3,109)	226,657
Commodity Charges	10,000	8,618	1,382	9,208
Operating Supplies	18,500	20,925	(2,425)	14,281
Professional Fees	5,500	2,337	3,163	-
Repairs and Maintenance	37,500	12,879	24,621	14,015
Travel and Training	6,000	1,876	4,124	433
Treatment	3,500	6,221	(2,721)	4,579
Telephone and Utilities	32,000	34,929	(2,929)	33,164
Other Operating Expenses	4,000	827	3,173	387
Other Capital Outlay	85,000	111,815	(26,815)	28,437
Contingency Reserve	18,000	-	18,000	-
Total Expenditures	472,800	456,336	16,464	331,161
Operating Income (Loss)	200	93,528	93,328	119,021
Other Income (Expense)				
Investment Earnings	60,000	51,528	(8,472)	62,144
Other Revenue	500	-	(500)	1,244
Debt Service	(60,900)	(8,227)	52,673	(9,265)
Total Other Income (Expense)	(400)	43,301	43,701	54,123
Net Income (Loss) before Transfers	(200)	136,829	137,029	173,144
Contributed Capital				
Plant Investment (Tap) Fees	182,000	285,506	103,506	165,412
Change in Net Position (Budget Basis)	$ 181,800	422,335	$ 240,535	338,556
Budget to GAAP Reconciliation				
Principal Paid		1,057		1,036
Depreciation Expense		(85,616)		(83,478)
Capital Outlay		108,296		28,437
Change in Net Position - GAAP Basis		446,072		284,551
Net Position, Beginning		3,949,689		3,665,138
Net Position, Ending		$ 4,395,761		$ 3,949,689

See accompanying Independent Auditors' Report.

CRESTED BUTTE SOUTH METROPOLITAN DISTRICT

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
Sewer Fund
FOR THE YEAR ENDED DECEMBER 31, 2025
With Comparative Totals for the Year Ended December 31, 2024

	2025			2024
	Final Budget	Actual	Variance with Final Budget	Actual
Operating Revenues				
Utility Charges	$ 521,500	$ 543,210	$ 21,710	$ 533,191
Other Charges for Services	2,500	2,623	123	2,666
Total Revenues	524,000	545,833	21,833	535,857
Operating Expenses				
Personnel Services	248,750	249,768	(1,018)	222,044
Operating Supplies	14,500	13,822	678	12,142
Professional Fees	50,500	70,869	(20,369)	59,935
Repairs and Maintenance	31,000	11,906	19,094	17,324
Travel and Training	5,000	343	4,657	754
Treatment	12,000	12,792	(792)	10,842
Telephone and Utilities	54,000	58,317	(4,317)	45,226
Other Operating Expenses	5,800	2,523	3,277	2,859
Other Capital Outlay	20,000	9,468	10,532	1,962,852
Contingency Reserve	21,000	-	21,000	-
Total Expenditures	462,550	429,808	32,742	2,333,978
Operating Income (Loss)	61,450	116,025	54,575	(1,798,121)
Other Income (Expense)				
Investment Earnings	50,000	40,353	(9,647)	81,433
Other Revenue	500	-	(500)	-
Debt Service	(438,600)	(100,270)	338,330	(106,463)
Total Other Income (Expense)	(388,100)	(59,917)	328,183	(25,030)
Net Income (Loss) before Transfers	(326,650)	56,108	382,758	(1,823,151)
Contributed Capital				
Plant Investment (Tap) Fees	218,000	230,705	12,705	197,538
Change in Net Position (Budget Basis)	$ (108,650)	286,813	$ 395,463	(1,625,613)
Budget to GAAP Reconciliation				
Principal Paid		6,309		6,175
Depreciation Expense		(216,624)		(156,606)
Capital Outlay		4,693		1,947,330
Change in Net Position - GAAP Basis		81,191		171,286
Net Position, Beginning		3,317,826		3,146,540
Net Position, Ending		$ 3,399,017		$ 3,317,826

See accompanying Independent Auditors' Report.