



TOWN OF CRESTED BUTTE, COLORADO
FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2014

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS



April 14, 2015

Town Council
Town of Crested Butte, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Crested Butte, Colorado, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Crested Butte, Colorado, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Major Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Town of Crested Butte, Colorado
April 14, 2015
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Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Crested Butte, Colorado's basic financial statements. The combining and individual non-major governmental fund schedules, the enterprise fund budget to actual schedule, the general and sub-fund combining balance sheet and combining schedule of revenues, expenditures and changes in fund balance - budget and actual, and the local highway finance report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major governmental fund schedules, the enterprise fund budget to actual schedule, the general and sub-fund combining balance sheet and combining schedule of revenues, expenditures and changes in fund balance - budget and actual, and the local highway finance report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

TOWN OF CRESTED BUTTE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014

Our discussion and analysis of the Town of Crested Butte's financial performance provides an overview of the Town of Crested Butte's financial activities for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the Town of Crested Butte.

A. FINANCIAL HIGHLIGHTS

- The Town's assets exceed liabilities and deferred inflows by \$39,192,741 (i.e. net position) at the end of the year, an increase of \$2,641,340 from the prior year.
- Governmental funds reported combined ending fund balances of \$11,807,543, an increase of \$2,193,430 in comparison to prior year.
- The Town's unassigned fund balance for the general fund, which includes the sales tax fund under Governmental Accounting Standards Board (GASB) 54 reporting requirements, was \$4,203,871, an increase of \$318,433 in comparison to prior year.
- The Town of Crested Butte's total long-term liabilities decreased by \$151,235 during 2014 due to scheduled debt and capital lease payments.

B. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Crested Butte's basic financial statements. The basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private sector business.

The statement of net position presents information on all assets, liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, streets and highways, culture and recreation and community development. The business type activities include sewer and water.

Fund financial statements. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that is available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in a reconciliation statement.

TOWN OF CRESTED BUTTE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014

Proprietary Funds. Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government wide financial statements, only in more detail. The Town reports its water and sewer operations as an enterprise fund.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

At December 31, 2014, total net position was \$39,192,741, an increase of \$2,641,340 from prior year. This increase was largely due to the increase in cash position and investment in joint venture during the year.

The largest portion of net position is the investment in capital assets (net of related debt) which accounts for 57% of total net position. This amount reflects the investment in all capital assets less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens and are not available for future spending.

Unrestricted net position is the part of net position that can be used to finance day to day operations without constraints, represents 36% of total net position.

The following table summarizes the Town's governmental and business type net position for 2014 and 2013.

Town of Crested Butte, Colorado
December 31,
Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Current and other assets	\$12,370,035	\$14,706,958	\$3,388,238	\$3,714,280	\$15,758,273	\$18,421,238
Capital assets	<u>19,034,415</u>	<u>19,131,455</u>	<u>5,674,740</u>	<u>5,446,202</u>	<u>24,709,155</u>	<u>24,577,657</u>
Total Assets	<u>\$31,404,450</u>	<u>\$33,838,413</u>	<u>\$9,062,978</u>	<u>\$9,160,482</u>	<u>\$40,467,428</u>	<u>\$42,998,895</u>
Current liabilities	\$ 681,673	\$664,412	\$ 86,778	\$ 113,355	\$ 768,451	\$ 777,767
Non-current liabilities:						
Due within one year	30,094	76,647	242,477	254,811	272,571	331,458
Due in more than one year	<u>55,363</u>	<u>91,003</u>	<u>1,959,866</u>	<u>1,705,054</u>	<u>2,015,229</u>	<u>1,796,057</u>
Total Liabilities	<u>\$ 767,130</u>	<u>\$832,062</u>	<u>\$2,289,121</u>	<u>\$2,073,220</u>	<u>\$3,056,251</u>	<u>\$2,905,282</u>
Deferred Inflows: Property tax	\$ 859,776	\$ 900,872			\$ 859,776	\$ 900,872
Net Position:						
Invested in capital assets, net of related debt	\$18,948,958	\$18,963,805	\$3,472,397	\$3,486,337	\$22,421,355	\$22,450,142
Invested in joint venture	1,269,548	1,396,718			1,269,548	1,396,718
Restricted	834,584	909,160			834,584	909,160
Unrestricted	<u>8,724,454</u>	<u>10,835,796</u>	<u>3,301,460</u>	<u>3,600,925</u>	<u>12,025,914</u>	<u>14,436,721</u>
Total Net Position	<u>\$29,777,544</u>	<u>\$32,105,479</u>	<u>\$6,773,884</u>	<u>\$7,087,262</u>	<u>\$36,551,401</u>	<u>\$39,192,741</u>

TOWN OF CRESTED BUTTE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014

The following table summarizes the changes in net position for the Town of Crested Butte for 2013 and 2014.

Town of Crested Butte Year ended December 31 Changes in Net Position						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>
REVENUES						
Program Revenues						
Charges for services	\$ 599,372	\$ 743,657	\$1,464,236	\$1,522,397	\$ 2,063,608	\$ 2,266,054
Operating grants and contributions	222,418	767,886			222,418	767,886
Capital grants and contributions	172,952	113,062	257,640	280,346	430,592	393,408
General Revenues						
Property taxes	887,909	859,317			887,909	859,317
Real estate transfer tax	1,020,991	1,463,681			1,020,991	1,463,681
Sales and use tax	2,968,126	3,563,257			2,968,126	3,563,257
Other taxes	172,997	183,881			172,997	183,881
Other	<u>18,859</u>	<u>152,981</u>	<u>3,063</u>	<u>3,177</u>	<u>21,922</u>	<u>156,158</u>
Total Revenues	<u>6,063,624</u>	<u>7,847,722</u>	<u>1,724,939</u>	<u>1,805,920</u>	<u>7,788,563</u>	<u>9,653,642</u>
EXPENSES						
General Government	1,952,277	2,201,839			1,952,277	2,201,839
Public Safety	711,774	766,441			711,774	766,441
Highways and Streets	680,625	965,155			680,625	965,155
Culture and Recreation	739,729	776,638			739,729	776,638
Auxiliary Services	660,171	801,937			660,171	801,937
Interest on long-term debt	4,030	7,777			4,030	7,777
Sewer and Water	<u> </u>	<u> </u>	<u>1,412,357</u>	<u>1,492,542</u>	<u>1,412,347</u>	<u>1,492,542</u>
Total Expenses	<u>4,748,606</u>	<u>5,519,787</u>	<u>1,412,347</u>	<u>1,492,542</u>	<u>6,160,953</u>	<u>7,012,329</u>
Increase in net position	1,315,018	2,327,935	312,592	313,378	1,627,610	2,641,313
Beginning net position	<u>28,462,526</u>	<u>29,777,544</u>	<u>6,461,265</u>	<u>6,773,857</u>	<u>34,923,791</u>	<u>36,551,428</u>
Ending net position	<u>\$29,777,544</u>	<u>\$32,105,479</u>	<u>\$6,773,857</u>	<u>\$7,087,262</u>	<u>\$36,551,401</u>	<u>\$39,192,741</u>

D. FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

Governmental funds. The focus of government funds is to provide information on near term inflows, outflows and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

TOWN OF CRESTED BUTTE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014

As of December 31, 2014, the Town's governmental funds reported combined ending fund balance of \$11,807,543, an increase of \$2,193,430 over prior year. Of the combined ending fund balance for all governmental funds 35% of this amount or \$4,203,871, constitutes unassigned fund balance, which is available for appropriation at the Town's discretion. The Town has three major governmental funds. They are General, General Capital and Street and Alley. The Town has two other governmental funds, the Conservation Trust Fund which accounts for the funds received from the Colorado State Lottery Commission and Affordable Housing.

The General fund is the primary operating fund for the Town of Crested Butte. Under the fund reporting requirements of GASB 54, the sales tax fund is now combined into the General fund for reporting purposes. At the end of 2014, unassigned fund balance for the general fund was \$4,203,871. This unassigned fund balance is approximately 127% of the total 2014 expenditures of the combined General fund. The unassigned fund balance increased by \$318,433 during 2014.

The General Capital fund accounts for general capital acquisitions and maintenance expenditures. Real estate transfer taxes and use tax revenues are its major sources of revenue. At the end of 2014, the General Capital fund balance available for capital projects was \$3,422,483, an increase of \$696,193. The majority of this increase comes from the one time Whatever USA event money.

The Street and Alley fund accounts for construction and maintenance expenditures on the Town's streets, alleys, right of ways, sidewalks and parking lots. Its main source of revenue is a dedicated property tax. Its total fund balance was \$2,099,224 at the end of 2014, an increase of \$201,333. It is management's desire to build this fund balance to pay for upcoming construction projects.

Proprietary funds. The Town has one enterprise fund which accounts for sewer, water, and trash operations. Year-end unrestricted net position of the sewer and water fund amounted to \$3,600,925 in 2014, an increase of \$299,465. Year-end total net position amounted to \$7,087,262 in 2014, an increase of \$313,405.

E. BUDGETARY HIGHLIGHTS

There were budget amendments made to the Sales Tax fund and the Affordable Housing fund during 2014. Affordable Housing fund increase was due to the contribution to the purchase of an affordable housing unit in Block 77 through foreclosure in order to maintain the affordable housing deed restriction on the unit. It is management's intent to sell the unit in early 2015. Sales Tax fund increase was due to higher distributions to General fund, Capital fund and transportation due to increased sales tax collection. All funds had sufficient revenues or fund equity to cover the additional costs. Revenues and expenditures in all funds were closely monitored throughout the year.

F. CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town of Crested Butte invested \$774,002 in capital assets for its governmental and business type activities in 2014. As required by GASB34, the investment in capital assets includes land, buildings, improvements other than buildings, equipment, water systems, sewer systems and infrastructure.

Long-term Debt. At the end of 2014, the total outstanding long-term debt of the Town was \$2,127,515, a decrease of \$160,285 from 2013. Of this amount, \$357,780 is general obligation debt backed by the full faith and credit of the Town, \$1,602,085 is revenue backed debt and \$167,650 is lease obligations. The amount attributable to governmental activities is \$167,650 and the amount attributable to business-type activities is \$1,959,865.

TOWN OF CRESTED BUTTE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The Town of Crested Butte continues to maintain strong reserve balances.
- The real estate market increased from 2013 levels with the majority of sales being residential. The real estate market fluctuates significantly year to year. The 2015 budget anticipate real estate transfer tax to be less than 2014 actual.
- Sales tax revenues increased by 15.9% during 2014. We estimate collections for 2015 to be up slightly from 2014.
- The construction market, which generates building fees, use and sales tax revenues, sewer/water tap-in fees and affordable housing fees, increased in 2014 mostly due to increased commercial building activity. The total valuation of construction projects increased by 15%. We anticipate construction in 2015 to continue to grow in both residential and commercial activity.
- The 2015 budget has appropriations for \$1,860,925 in capital asset acquisitions including \$276,390 renovation to the historic train depot, \$550,000 for affordable housing infrastructure and \$478,500 for equipment purchases.
- The 2015 budget anticipates using \$429,991 out of fund reserves for general fund projects including \$76,275 for community grants, \$98,216 for computer capital and \$200,000 for affordable housing infrastructure.

H. REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Crested Butte's finances. If you have questions about this report or need additional financial information, contact the Town of Crested Butte, Finance Department, PO Box 39, Crested Butte, Colorado 81224.

Town of Crested Butte, Colorado

STATEMENT OF NET POSITION

December 31, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 11,187,136	\$ 3,529,304	\$ 14,716,440
Cash and investments, restricted	670,230	-	670,230
Property taxes receivable	943,280	-	943,280
Other receivables, net of allowance for uncollectible	53,291	144,524	197,815
Intergovernmental receivable	438,265	26,407	464,672
Internal balances	12,125	(12,125)	-
Inventory	5,913	26,170	32,083
Investment in joint venture	1,396,718	-	1,396,718
Capital assets			
Land	9,737,235	27,610	9,764,845
Construction in progress	299,743	-	299,743
Buildings, net	2,488,186	8,124	2,496,310
Improvements other than buildings, net	2,802,098	-	2,802,098
Equipment, net	896,408	123,622	1,020,030
Infrastructure, net	2,907,785	5,286,846	8,194,631
Total assets	33,838,413	9,160,482	42,998,895
LIABILITIES			
Accounts payable	117,621	74,411	192,032
Accrued liabilities	56,344	25,737	82,081
Compensated absences payable	62,587	13,207	75,794
Unearned revenue	34,114	-	34,114
Due to other governments	101,720	-	101,720
Funds held for others	292,026	-	292,026
Long-term liabilities			
Portion due or payable within one year			
Capital leases payable	76,647	-	76,647
Loans payable	-	254,811	254,811
Portion due or payable after one year			
Capital leases payable	91,003	-	91,003
Loans payable	-	1,705,054	1,705,054
Total liabilities	832,062	2,073,220	2,905,282
DEFERRED INFLOWS			
Property taxes	900,872	-	900,872
Total deferred inflows	900,872	-	900,872
NET POSITION			
Net investment in capital assets	18,963,805	3,486,337	22,450,142
Invested in joint venture	1,396,718	-	1,396,718
Restricted for:			
Open space	416,253	-	416,253
Parking	249,519	-	249,519
Law enforcement	4,458	-	4,458
Emergencies	238,930	-	238,930
Unrestricted	10,835,796	3,600,925	14,436,721
Total net position	\$ 32,105,479	\$ 7,087,262	\$ 39,192,741

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado

STATEMENT OF ACTIVITIES

Year ended December 31, 2014

Functions/Programs Activities:	Charges				Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
	for Services									
Governmental:										
General government	\$ 2,201,839	\$ 405,330	\$ 405,674	\$ -	\$ (1,390,835)		\$ (1,390,835)		\$ (1,390,835)	
Public safety	766,441	-	-	-	(766,441)		(766,441)		(766,441)	
Highways and streets	965,155	13,175	48,402	-	(903,578)		(903,578)		(903,578)	
Culture and recreation	776,638	146,864	11,305	113,062	(505,407)		(505,407)		(505,407)	
Auxiliary services	801,937	178,288	302,505	-	(321,144)		(321,144)		(321,144)	
Interest on long-term debt	7,777	-	-	-	(7,777)		(7,777)		(7,777)	
Total governmental activities	5,519,787	743,657	767,886	113,062	(3,895,182)		(3,895,182)		(3,895,182)	
Business-type										
Sewer and water	1,492,542	1,522,397	-	280,346					\$ 310,201	310,201
Total business-type activities	1,492,542	1,522,397	-	280,346					310,201	310,201
Total	\$ 7,012,329	\$ 2,266,054	\$ 767,886	\$ 393,408					\$ 3,584,981	(3,584,981)
General revenues										
Property taxes					859,317					859,317
Specific ownership taxes					51,859					51,859
Sales and use taxes					3,563,257					3,563,257
Franchise taxes					44,250					44,250
Real estate transfer taxes					1,463,681					1,463,681
Other taxes and miscellaneous revenue					87,772					87,772
Investment in joint venture					127,170					127,170
Investment earnings					25,811				3,204	29,015
Total general revenues					6,223,117				3,204	6,226,321
Change in net position					2,327,935				313,405	2,641,340
Net position, beginning					29,777,544				6,773,857	36,551,401
Net position, ending					\$ 32,105,479				\$ 7,087,262	\$ 39,192,741

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2014

	General Fund	General Capital Fund	Street and Alley Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 5,159,484	\$ 3,801,559	\$ 1,863,770	\$ 362,323	\$ 11,187,136
Cash and investments, restricted	4,458	416,253	249,519	-	670,230
Receivables					
Taxes	513,035	167,531	673,949	-	1,354,515
Intergovernmental	27,030	-	-	-	27,030
Other	41,425	3,290	5,987	2,589	53,291
Due from other funds	-	100,000	-	-	100,000
Inventory	5,913	-	-	-	5,913
Total assets	5,751,345	4,488,633	2,793,225	364,912	13,398,115
LIABILITIES					
Accounts payable	100,108	-	13,598	3,915	117,621
Accrued liabilities	44,490	5,400	6,454	-	56,344
Unearned revenues	-	34,114	-	-	34,114
Due to other governments	101,720	-	-	-	101,720
Funds held for others	292,026	-	-	-	292,026
Due to other funds	22,672	-	-	65,203	87,875
Total liabilities	561,016	39,514	20,052	69,118	689,700
DEFERRED INFLOWS					
Property taxes	226,923	-	673,949	-	900,872
Total deferred inflows	226,923	-	673,949	-	900,872
FUND BALANCE					
Nonspendable	5,913	-	-	-	5,913
Prepaid expenses and inventory					
Restricted					
TABOR emergency reserve	238,930	-	-	-	238,930
Marshal's seizure fund	4,458	-	-	-	4,458
Conservation	-	-	-	6,949	6,949
Committed					
Affordable housing	-	-	-	288,845	288,845
Open space	-	416,253	-	-	416,253
Parking	-	-	249,519	-	249,519
Streets	-	-	1,849,705	-	1,849,705
Transportation	85,360	-	-	-	85,360
Assigned					
Capital projects	-	2,948,486	-	-	2,948,486
Depot renovation	-	113,997	-	-	113,997
Whatever USA Pave Rec Path	-	60,000	-	-	60,000
Whatever USA Ice Rink/Warming House Improvements	-	300,000	-	-	300,000
Next year's expenditures	424,874	610,383	-	-	1,035,257
Unassigned	4,203,871	-	-	-	4,203,871
Total fund balance	4,963,406	4,449,119	2,099,224	295,794	11,807,543

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado

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

December 31, 2014

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

Total fund balance - governmental funds	\$ 11,807,543
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	19,131,455
Investment in joint venture is reported in the statement of net position, not reported in the governmental funds.	1,396,718
Long-term liabilities such as capital leases and compensated absences payable are not due and payable in the current period, and therefore, are not reported in the funds.	<u>(230,237)</u>
Net position - governmental activities	<u>\$ 32,105,479</u>

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year ended December 31, 2014

	General Fund	General Capital Fund	Street and Alley Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 3,705,501	\$ 1,636,722	\$ 640,890	\$ -	\$ 5,983,113
Licenses and permits	230,355	-	-	-	230,355
Intergovernmental	25,467	691,775	48,403	11,305	776,950
Charges for services	214,847	-	-	-	214,847
Fines and forfeitures	56,624	-	-	-	56,624
Investment earnings	2,150	1,859	840	94	4,943
Miscellaneous	109,141	8,525	35,956	298,155	451,777
Total revenues	4,344,085	2,338,881	726,089	309,554	7,718,609
Expenditures					
Current					
General government	1,492,690	83,291	19,708	177,655	1,773,344
Public safety	746,262	-	-	-	746,262
Highways and streets	274,423	-	405,525	-	679,948
Culture and recreation	355,955	370,359	-	25,000	751,314
Auxiliary services	771,168	-	-	30,769	801,937
Capital outlay	-	749,208	99,523	-	848,731
Debt service					
Principal	16,208	32,799	-	-	49,007
Interest	2,989	4,788	-	-	7,777
Total expenditures	3,659,695	1,240,445	524,756	233,424	5,658,320
EXCESS (UNDER) OF REVENUES OVER (UNDER) EXPENDITURES	684,390	1,098,436	201,333	76,130	2,060,289
Other financing sources (uses)					
Transfer in (out)	(75,000)	75,000	-	-	-
Sale of capital assets	-	1,940	-	-	1,940
Debt proceeds	-	131,200	-	-	131,200
Total other financing sources (uses)	(75,000)	208,140	-	-	133,140
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	609,390	1,306,576	201,333	76,130	2,193,429
Fund balance at beginning of year	4,354,016	3,142,543	1,897,891	219,664	9,614,114
Fund balance at end of year	<u>\$ 4,963,406</u>	<u>\$ 4,449,119</u>	<u>\$ 2,099,224</u>	<u>\$ 295,794</u>	<u>\$ 11,807,543</u>

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado

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

Year ended December 31, 2014

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 2,193,429
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (\$665,224 - \$568,184.)	97,040
Change in investment in joint venture	127,170
In the funds leases are shown as other financing sources in the year they are acquired but in the government wide statements they are reported as long term debt in the statement of net position	(131,200)
Under the modified accrual basis of accounting used in the governmental funds, expenditures for accrued compensated absences are not recognized because they are not paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, these expenses and liabilities are reported regardless of when financial resources are available. This adjustment shows the change in the accrued compensated absences balance.	(7,511)
Governmental funds report the repayment of principal on long-term debt as expenditures. However, these repayments are not reported in the statement of activities, but as a reduction of debt in the statement of net position. This amount is the effect of the difference in the treatment of these repayments.	<u>49,007</u>
Change in net position of governmental activities	<u><u>\$ 2,327,935</u></u>

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado

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

Year ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
General property taxes	\$ 219,059	\$ 219,059	\$ 218,429	\$ (630)
Specific ownership taxes	40,000	40,000	51,859	11,859
Use tax	55,000	55,000	112,000	57,000
Sales tax	2,678,995	2,988,802	3,278,211	289,409
Franchise tax	43,500	43,500	44,250	750
Interest on delinquent taxes	500	500	752	252
Total taxes	<u>3,037,054</u>	<u>3,346,861</u>	<u>3,705,501</u>	<u>358,640</u>
Licenses and permits				
Liquor licenses	8,000	8,000	9,641	1,641
Business licenses	22,900	22,900	25,077	2,177
Building permits	82,000	82,000	121,715	39,715
Occupation licenses	44,000	44,000	49,406	5,406
Non-business licenses/permits	17,150	17,150	24,516	7,366
Total licenses and permits	<u>174,050</u>	<u>174,050</u>	<u>230,355</u>	<u>56,305</u>
Intergovernmental				
Tobacco tax	8,000	8,000	9,402	1,402
Grants and fees	60,500	60,500	9,600	(50,900)
Motor vehicle fees	6,500	6,500	6,465	(35)
Total intergovernmental	<u>75,000</u>	<u>75,000</u>	<u>25,467</u>	<u>(49,533)</u>
Charges for services				
Management fees				
Sewer and Water fund	65,000	65,000	65,000	-
Vehicle maintenance	18,000	18,000	18,000	-
Recreation	155,550	155,550	131,847	(23,703)
Total charges for services	<u>238,550</u>	<u>238,550</u>	<u>214,847</u>	<u>(23,703)</u>
Fines and forfeitures	38,500	38,500	56,624	18,124
Miscellaneous				
Earnings on investments	3,200	3,200	2,150	(1,050)
Rents	40,000	40,000	39,476	(524)
Other	18,000	18,000	69,665	51,665
Contribution from reserves	228,236	156,700	-	(156,700)
Total miscellaneous	<u>289,436</u>	<u>217,900</u>	<u>111,291</u>	<u>(106,609)</u>
Total revenues	<u>3,852,590</u>	<u>4,090,861</u>	<u>4,344,085</u>	<u>253,224</u>

Town of Crested Butte, Colorado

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

Year ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Current				
General government				
General	417,560	392,192	363,514	28,678
Court	7,709	7,709	5,301	2,408
Legislative	59,238	59,238	52,104	7,134
Legal	147,100	147,100	142,741	4,359
Clerk	142,750	142,750	112,700	30,050
Administration	128,465	128,465	126,196	2,269
Finance	300,794	300,794	284,124	16,670
Bozar	357,063	360,900	342,514	18,386
Transportation - other	101,100	81,100	63,496	17,604
Total general government	1,661,779	1,620,248	1,492,690	127,558
Public safety				
Marshal	735,392	751,540	746,262	5,278
Culture and recreation	461,901	461,901	355,955	105,946
Highways and streets	280,447	285,830	274,423	11,407
Auxiliary services				
Community development	107,516	107,516	88,488	19,028
Transportation Mountain Express	582,823	630,000	682,680	(52,680)
Total auxiliary services	690,339	737,516	771,168	(33,652)
Debt service				
Principal	16,208	16,208	16,208	-
Interest	2,989	2,989	2,989	-
Total debt service	19,197	19,197	19,197	-
Total expense	3,849,055	3,876,232	3,659,695	216,537
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,535	214,629	684,390	469,761
Other financing sources				
Transfers in (out)	-	(222,292)	(75,000)	147,292
	-	(222,292)	(75,000)	147,292
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	3,535	(7,663)	609,390	617,053
Fund balance, beginning of year	4,354,016	4,354,016	4,354,016	-
Fund balance, end of year	\$ 4,357,551	\$ 4,346,353	\$ 4,963,406	\$ 617,053

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado

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

Year ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Use tax	\$ 115,000	\$ 115,000	\$ 173,041	\$ 58,041
Transfer tax	850,000	850,000	1,463,681	613,681
Grants	559,172	559,172	691,775	132,603
Earnings on investments	1,300	1,300	1,859	559
Miscellaneous	252,622	252,622	8,525	(244,097)
Total revenues	<u>1,778,094</u>	<u>1,778,094</u>	<u>2,338,881</u>	<u>560,787</u>
Expenditures				
Current				
Administration	64,158	64,158	44,371	19,787
Contribution	9,500	9,500	4,229	5,271
Repairs, maintenance, supplies	55,000	55,000	37,091	17,909
Capital outlay				
Park improvement and maintenance	379,274	379,274	366,130	13,144
Cemetery improvements	5,000	5,000	1,829	3,171
Other	1,015,507	1,015,507	749,208	266,299
Debt service				
Principal	52,185	52,185	32,799	19,386
Interest	5,270	5,270	4,788	482
Total expenditures	<u>1,585,894</u>	<u>1,585,894</u>	<u>1,240,445</u>	<u>345,449</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	192,200	192,200	1,098,436	906,236
Other financing sources				
Transfers in	23,000	23,000	75,000	52,000
Sale of capital assets	3,000	3,000	1,940	(1,060)
Debt proceeds	-	-	131,200	131,200
Total other financing sources	<u>26,000</u>	<u>26,000</u>	<u>208,140</u>	<u>182,140</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	218,200	218,200	1,306,576	1,088,376
Fund balance, beginning of year	<u>3,142,543</u>	<u>3,142,543</u>	<u>3,142,543</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,360,743</u>	<u>\$ 3,360,743</u>	<u>\$ 4,449,119</u>	<u>\$ 1,088,376</u>

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado

STATEMENT OF NET POSITION
ENTERPRISE FUND

December 31, 2014

		Business-type Activities <u>Sewer and Water Fund</u>
ASSETS		
Current assets		
Cash		\$ 3,529,304
Accounts receivable		144,524
Due from other governments		26,407
Inventory		26,170
	Total current assets	<u>3,726,405</u>
Noncurrent assets		
Capital assets		
Land		27,610
Buildings		29,519
Improvements other than buildings		40,714
Water plant and system		4,347,074
Sewer plant and system		6,271,244
Equipment		854,919
Vehicles		182,117
Less accumulated depreciation		(6,306,995)
	Total noncurrent assets	<u>5,446,202</u>
	Total assets	<u>9,172,607</u>
LIABILITIES		
Current liabilities		
Accounts payable		74,411
Accrued liabilities		10,160
Due to other funds		12,125
Accrued interest payable		15,577
Compensated absences payable		13,207
Current portion of long-term debt		254,811
	Total current liabilities	<u>380,291</u>
Noncurrent liabilities		
Loans payable, net of current portion		1,705,054
	Total noncurrent liabilities	<u>1,705,054</u>
	Total liabilities	<u>2,085,345</u>
NET POSITION		
Net investment in capital assets		3,486,337
Unrestricted		3,600,925
	Total net position	<u>\$ 7,087,262</u>

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado

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

Year ended December 31, 2014

	Business-type Activities <u>Sewer and Water Fund</u>
Charges for services	\$ 1,522,397
Operating expenses	
Operations and maintenance	776,555
Management fee - General fund	65,000
Contractor payments	253,340
Depreciation	337,316
	<u>Total operating expenses</u> 1,432,211
	Operating income (loss) 90,186
Nonoperating revenues (expenses)	
Investment income	3,204
Interest expense	(60,331)
	<u>Total nonoperating revenues (expenses)</u> (57,127)
	Income (loss) before capital contributions 33,059
Capital contributions - tap fees	<u>280,346</u>
	Change in net position 313,405
Net position, beginning of year	<u>6,773,857</u>
Net position, end of year	<u>\$ 7,087,262</u>

The accompanying notes are an integral part of this statement.

STATEMENT OF
ENTERPRISE

Year ended

	<u>Sewer and Water Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 1,517,591
Cash paid to suppliers	(448,713)
Cash paid to and for employees	(555,096)
Cash payments for internal services	(65,000)
	<u>448,782</u>
	Net cash provided (used) by operating activities
Cash flows from noncapital financing activities	
Specific purpose contributions and grants	(8,395)
Change in due from/to other funds	32,236
	<u>23,841</u>
	Net cash provided (used) by noncapital financing activities
Cash flows from capital and related financing activities	
Acquisition of capital assets	(108,777)
Proceeds from tap fees	280,346
Principal payments on long-term debt	(242,479)
Interest paid on long-term debt	(62,550)
	<u>(133,460)</u>
	Net cash provided (used) by capital and related financing activities
Cash flows from investing activities	
Interest received	3,204
	<u>3,204</u>
	Net cash provided (used) by investing activities
Net increase (decrease) in cash and cash equivalents	<u>342,367</u>
Cash and cash equivalents, beginning of year	<u>3,186,964</u>
Cash and cash equivalents, end of year	<u>\$ 3,529,331</u>

The accompanying notes are an integral part of this statement.

Butte, Colorado

CASH FLOWS
FUND

December 31, 2014

	<u>Sewer and Water Fund</u>
<u>Reconciliation of operating income (loss)</u> <u>to net cash provided (used) by operating activities</u>	
Operating income (loss)	\$ 90,186
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	337,315
(Increase) decrease in accounts receivable	(4,806)
(Increase) decrease in inventory	(2,737)
Increase (decrease) in accounts payable	25,691
Increase (decrease) in accrued liabilities	3,133
Total adjustments	<u>358,596</u>
Net cash provided (used) by operating activities	<u>\$ 448,782</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the Town of Crested Butte include the organizations that are controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, scope of public service, ability to influence operation, designation of management and appointment of respective governing board.

Based upon the foregoing criteria, the financial statements of the following organizations are excluded from the accompanying financial statements.

Crested Butte Fire Protection District – The District’s board has total autonomy to incur debt, establish budgets and levy property taxes to support the District’s operations.

Mt. Crested Butte Water and Sanitation District – The District, located in Mt. Crested Butte, Colorado, has total autonomy to incur debt and funds its operations from user fees.

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation

Governmental Fund Types

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

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

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

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

Proprietary Fund Types

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

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

Government-wide Financial Statements

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or segment. Program revenues include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

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

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

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

The Town reports the following major governmental funds:

- The General Fund is the Town’s primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.
- The General Capital Fund accounts for general government capital projects, outlays and maintenance as well as open space acquisitions. It is financed primarily by real estate transfer taxes and sales and use tax revenues.
- The Street and Alley Fund accounts for all expenditures for streets, alleys and sidewalks. Its revenue stream is mostly property taxes.

The Sales Tax Fund is reported as a sub-fund of the General Fund to comply with GASB 54.

The remaining governmental funds are aggregated and presented as non-major funds in the Other column. Currently this column includes the Conservation Trust Fund which accounts for State of Colorado lottery funds to be used for parks and recreation services and capital and the Affordable Housing Fund which is used to finance the development and preservation of affordable housing.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Basis of Accounting

Government-Wide and Proprietary Fund Financial Statements

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

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

Governmental Fund Financial Statements

The modified accrual basis of accounting is followed by the Governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when they become available and measurable. Available means collectible within the current period or soon enough thereafter to pay current liabilities. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Major revenues that are determined to be susceptible to accrual include sales and use taxes, real estate transfer taxes, property taxes, and charges for services.

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

Budget

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

Property Tax Calendar

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

Recognition of Grant Revenue

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capitalized Tap Fees

Sewer and water tap fees substantially represent a contribution from developers or individuals for existing or contemplated new facilities to serve new customers, therefore such amounts are treated as systems development fees and are recorded as capital contributions in the Statement of Revenues, Expenses and Changes in Net Position.

Capital Assets

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Long-Term Liabilities

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

Accrued Liabilities for Compensated Absences

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

Net Position

Net position represents the difference of assets, liabilities, and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition or construction of improvements on those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town of Crested Butte or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Capitalization of Enterprise Fund Interest Expense

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

Sales Tax Revenues

In accordance with the Town's Ordinance, the Town's four (4) percent sales tax revenue is allocated as follows:

General Fund – maximum	75%
Transportation	25%

If the General Fund does not need the full 75% of the sales tax, the remainder is distributed to the General Capital Fund. The amount needed for the General Fund is determined during the budget process. During 2014, the General Fund received 75% of sales tax revenue.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Joint Venture

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

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

Seizure Funds

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

Inventories and Prepaid Items

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

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

Cash and Cash Equivalent

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance

Beginning with fiscal year 2011 the Town implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraint.

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

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

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

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

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

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

Use of Estimates

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

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE B – INTERFUND TRANSACTIONS

Interfund receivable and payable balances at December 31, 2014, which represent collections not yet distributed, are as follows:

	Interfund <u>Receivables</u>	Interfund <u>Payable</u>
General Fund	\$ –	\$ 22,672
Affordable Housing Fund	–	40,203
Conservation Fund	–	25,000
General Capital Fund	100,000	–
Sewer and Water Fund	–	12,125
	<u>\$ 100,000</u>	<u>\$ 100,000</u>

Interfund administrative fees of \$65,000 were charged by the General Fund to the Sewer and Water Fund for the year ended December 31, 2014.

NOTE C – CAPITAL ASSETS

	<u>Balance</u> <u>12/31/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/14</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 9,737,235	\$ –	\$ –	\$ 9,737,235
Construction in progress	–	299,743	–	299,743
Total capital assets not being depreciated	<u>9,737,235</u>	<u>299,743</u>	<u>–</u>	<u>10,036,978</u>
Capital assets being depreciated:				
Buildings	3,590,658	67,634	–	3,658,292
Improvements other than buildings	3,992,466	–	(961)	3,991,505
Infrastructure	4,200,761	96,312	–	4,297,073
Equipment	2,797,162	201,536	(74,843)	2,923,855
	<u>14,581,047</u>	<u>365,482</u>	<u>(75,804)</u>	<u>14,870,725</u>
Less accumulated depreciation:				
Buildings	(1,087,893)	(82,213)	–	(1,170,106)
Improvements other than buildings	(1,062,425)	(127,945)	961	(1,189,409)
Infrastructure	(1,188,816)	(200,470)	–	(1,389,286)
Equipment	(1,944,733)	(157,557)	74,843	(2,027,447)
	<u>(5,283,867)</u>	<u>(568,185)</u>	<u>75,804</u>	<u>(5,776,248)</u>
Capital assets being depreciated, net	<u>9,297,180</u>	<u>(202,703)</u>	<u>–</u>	<u>9,094,477</u>
Total Governmental Activities				
Capital assets	<u>\$ 19,034,415</u>	<u>\$ 97,040</u>	<u>\$ –</u>	<u>\$ 19,131,455</u>

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE C – CAPITAL ASSETS – CONTINUED

Business-type Activities

Capital assets not being depreciated:

Land	\$	27,610	\$	–	\$	–	\$	27,610
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Capital assets being depreciated:

Buildings		29,519		–		–		29,519
Improvements other than buildings		40,714		–		–		40,714
Water plant and distribution system		4,338,158		8,916		–		4,347,074
Sewer plant and collection system		6,265,833		5,411		–		6,271,244
Equipment		813,219		41,700		–		854,919
Vehicles		172,827		52,750		(43,460)		182,117
		<u>11,660,270</u>		<u>108,777</u>		<u>(43,460)</u>		<u>11,725,587</u>

Less accumulated depreciation:

Buildings		(20,634)		(761)		–		(21,395)
Improvements other than buildings		(40,714)		–		–		(40,714)
Water plant and distribution system		(2,139,292)		(134,566)		–		(2,273,858)
Sewer plant and distribution system		(2,867,436)		(190,178)		–		(3,057,614)
Equipment		(772,237)		(8,733)		–		(780,970)
Vehicles		(172,827)		(3,077)		43,460		(132,444)
		<u>(6,013,140)</u>		<u>(337,315)</u>		<u>43,460</u>		<u>(6,306,995)</u>

Capital assets being depreciated, net

		<u>5,647,130</u>		<u>(228,538)</u>		<u>–</u>		<u>5,418,592</u>
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Total Business-type Activities

Capital assets	\$	<u>5,674,740</u>	\$	<u>(228,538)</u>	\$	<u>–</u>	\$	<u>5,446,202</u>
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Depreciation was charged to governmental functions as follows:

General Government	\$	420,981
Public Safety		20,179
Culture and Recreation		25,324
Streets and Highways		101,701

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE D – LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended December 31, 2014 were as follows:

	<u>Balance</u> <u>12/31/13</u>	<u>Additions</u>	<u>Reduction</u>	<u>Balance</u> <u>12/31/14</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Capitalized lease agreements	\$ 85,457	\$ 131,200	\$ (49,007)	\$ 167,650	\$ 65,681
Compensated absences	<u>55,077</u>	<u>7,510</u>	<u>–</u>	<u>62,587</u>	<u>62,587</u>
	<u>\$ 140,534</u>	<u>\$ 138,710</u>	<u>\$ (49,007)</u>	<u>\$ 230,237</u>	<u>\$ 128,268</u>
Business-type Activities					
General Obligation					
Sewer Plant Loan	\$ 517,980	\$ –	\$ (160,200)	\$ 357,780	\$ 170,880
Revolving Fund					
Sewer Plant Loan	1,302,627	–	(65,038)	1,237,589	66,345
CWPDA Water Tank					
Loan	381,736	–	(17,240)	364,496	17,586
Compensated absences	<u>11,670</u>	<u>1,537</u>	<u>–</u>	<u>13,207</u>	<u>13,207</u>
	<u>\$2,214,013</u>	<u>\$ 1,537</u>	<u>\$ (242,477)</u>	<u>\$ 1,973,073</u>	<u>\$ 268,018</u>

Capitalized Leases:

The Town has entered into capital lease agreements for equipment, vehicles and real estate with a cost of \$595,139. Future minimum payments for the leases are as follows:

	<u>Year</u>	<u>Amount</u>
	2015	\$ 65,681
	2016	54,785
	2017	49,987
	2018	<u>8,898</u>
		179,351
Less amounts representing interest:		<u>(11,701)</u>
Present value of net minimum lease payments		<u>\$ 167,650</u>

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE D – LONG-TERM LIABILITIES – CONTINUED

General Obligation, Sewer Plant Loan:

Colorado Water Resources & Power Development Authority (CWRPDA) general obligation loan, amount of original issue \$2,499,120 with interest thereon at the average rate of 4.727%, dated June 1, 1996. Principal and interest payable February 1 and August 1 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 170,880	\$ 33,197	\$ 204,077
2016	186,900	17,013	203,913
	<u>\$ 357,780</u>	<u>\$ 50,210</u>	<u>\$ 407,990</u>

The Town has the option to prepay the loan, in whole or in part (minimum of \$100,000 increments), upon prior written notice. Prepayments shall be subjected to prepayment of certain administrative fees and a redemption premium as determined by the Authority.

The Town has pledged the wastewater treatment system and irrevocable covenants to levy the necessary limited ad valorem taxes in the amount of \$289,144 per annum, without limitation as to rate, on all taxable property within its boundaries, if necessary, for the repayment of the loan.

The loan agreement requires the Town to maintain an operations and maintenance reserve in an amount equal to three months of operation and maintenance expenses as set forth in the annual budget. At December 31, 2014, the Town was in compliance with this covenant.

Water Pollution Control Revolving Fund – Direct Loan

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 66,345	\$ 24,422	\$ 90,767
2016	67,679	23,088	90,767
2017	69,039	21,728	90,767
2018	70,427	20,340	90,767
2019	71,842	18,925	90,767
2020-2024	381,462	72,373	453,835
2025-2029	421,371	32,464	453,835
2030	89,424	1,344	90,768
	<u>\$ 1,237,589</u>	<u>\$ 214,684</u>	<u>\$ 1,452,273</u>

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE D – LONG-TERM LIABILITIES – CONTINUED

Drinking Water Revolving Fund – Direct Loan

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 17,586	\$ 7,202	\$ 24,788
2016	17,940	6,848	24,788
2017	18,300	6,488	24,788
2018	18,668	6,120	24,788
2019	19,043	5,745	24,788
2020-2024	101,114	22,826	123,940
2025-2029	111,692	12,248	123,940
2030-2032	<u>60,153</u>	<u>1,695</u>	<u>61,848</u>
	<u>\$ 364,496</u>	<u>\$ 69,172</u>	<u>\$ 433,668</u>

NOTE E – RETIREMENT PLAN

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

The medium of funding is by means of the accumulation of contributions in a trust fund. Each participant’s contribution to the plan varies from 6% to 12% of their monthly compensation depending on longevity. The Town matches the participant’s contribution each month on a dollar for dollar basis. Benefits payable upon retirement, resignation, death or disability were equal to the amounts accumulated for that participant. The Town’s contributions to the retirement plan in 2014 were \$151,684. The Town’s total payroll for 2014 was \$2,249,209 and contributions were calculated using the covered payroll amount of \$1,693,827.

The liability for prior service benefits is fully funded.

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE F – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Town’s Enterprise Fund provides sewer, water and sanitation services. Segment information for the year ended December 31, 2014, is as follows:

	<u>Sewer</u>	<u>Water</u>	<u>Sanitation</u>	<u>Total</u>
Operating revenue	\$ 695,480	\$ 587,068	\$ 239,849	\$ 1,522,397
Operating expenses				
Depreciation	200,830	136,486	–	337,316
Other	<u>468,385</u>	<u>391,892</u>	<u>234,618</u>	<u>1,094,895</u>
Total operating expenses	<u>669,215</u>	<u>528,378</u>	<u>234,618</u>	<u>1,432,211</u>
Operating income (loss)	<u>26,265</u>	<u>58,690</u>	<u>5,231</u>	<u>90,186</u>
Non-operating income (expenses)				
Interest income	1,589	1,588	–	3,204
Interest expense	<u>(52,840)</u>	<u>(7,491)</u>	<u>–</u>	<u>(60,331)</u>
Total non-operating income (expenses)	<u>(51,251)</u>	<u>(5,903)</u>	<u>–</u>	<u>(57,127)</u>
Income (loss) before capital contribution	<u>(24,986)</u>	<u>52,787</u>	<u>5,231</u>	<u>33,059</u>
Capital contributions tap fees	<u>126,359</u>	<u>153,987</u>	<u>–</u>	<u>280,346</u>
Change in net position	<u>\$ 101,373</u>	<u>\$ 206,774</u>	<u>\$ 5,231</u>	<u>\$ 313,405</u>
Property and equipment				
Additions	\$ 73,486	\$ 35,291	\$ –	\$ 108,777
Disposals	\$ (21,730)	\$ (21,730)	\$ –	\$ 43,460
Loans payable from operations	\$ 1,595,369	\$ 364,496	\$ –	\$ 1,959,865

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE G – JOINT VENTURE

Mountain Express

A condensed statement of net position of Mountain Express as of December 31, 2014, is as follows:

Assets	\$ 2,739,833
Liabilities	<u>47,279</u>
Net position	<u>\$ 2,692,554</u>

A condensed summary of revenues and expenses for the year ended December 31, 2014, is as follows:

Revenues	\$ 1,761,022
Expenses	<u>1,440,056</u>
Net increase (decrease) in net position	<u>\$ 320,966</u>

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

NOTE H – BUDGETS

There was one supplemental budget appropriation during 2014:

	<u>Original Budget</u>	<u>Additional Appropriation</u>	<u>Final Budget</u>
General Fund	\$ 3,165,132	\$ –	\$ 3,165,132
General Capital Fund	1,585,894	–	1,585,894
Sewer and Water Fund	1,659,760	–	1,659,760
Conservation Trust Fund	25,000	–	25,000
Sales Tax Fund	2,693,631	249,469	2,943,100
Affordable Housing Fund	72,600	141,000	213,600
Street and Alley Fund	<u>593,319</u>	<u>–</u>	<u>593,319</u>
	<u>\$ 9,795,336</u>	<u>\$ 390,469</u>	<u>\$ 10,185,805</u>

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE I – CASH AND INVESTMENTS

Cash

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, with eligibility determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. Cash deposits are reported at carrying amount which reasonably estimates fair value. Deposits at December 31, 2014, consisted of the following:

Cash on hand	\$ 475
Insured by FDIC	663,994
Collateralized as noted above	<u>14,332,676</u>
	14,997,145
Less reconciling items	<u>(32,200)</u>
Cash, money markets, and certificates of deposit	<u>\$ 14,964,945</u>

Investments

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

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

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE I – CASH AND INVESTMENT – CONTINUED

Local Government Investment Pool – At December 31, 2014, the Town had \$421,725 invested in the Colorado Local Government Liquid Asset Trust (“Colotrust”), an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pool. The Pool operates similarly to a money market fund and each share is equal in value to \$1.00. The Pool is rated AAAM by Standard and Poor’s. Investments of the Pool are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by the participating governments. These investments are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Cash and investment balances at December 31, 2014, consisted of the following:

Cash	\$ 14,964,945
Colotrust	<u>421,725</u>
	15,386,670
Less cash and investments, restricted	<u>(670,230)</u>
Cash and investments, unrestricted	<u>\$ 14,716,440</u>

Cash and investments are restricted for the unspent Marshal’s seizure funds of \$4,458; open space purchases of \$416,253; and parking reserves of \$249,519.

NOTE J – PUBLIC ENTITY RISK POOL

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

CIRSA has entered into various excess insurance contracts to limit large losses and minimize exposure on large risks. Excess of loss contracts in effect during 2014 limit CIRSA’s per occurrence exposure to \$500,000 for property coverage, \$1,000,000 for casualty coverage and provide coverage to specified upper limits.

The Town’s 2014 contribution was \$125,501 and its share of surplus at December 31, 2014 amounted to approximately \$163,536 for the property and casualty pool and \$57,767 for the workers compensation pool.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE K – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment. However, the Town has made certain interpretations of the Amendment's language in order to determine its compliance. The Town includes its share of Mountain Express when calculating the above requirements.

NOTE L – CONTINGENCIES

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

The Town participates in federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Town expects such amounts, if any to be immaterial.

SUPPLEMENTARY INFORMATION

Town of Crested Butte, Colorado

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2014

	Special Revenue		Total Nonmajor Governmental Funds
	Conservation Trust	Affordable Housing	
ASSETS			
Cash	\$ 31,949	\$ 330,374	\$ 362,323
Accounts receivable	-	2,589	2,589
Total assets	<u>31,949</u>	<u>332,963</u>	<u>364,912</u>
LIABILITIES			
Accounts payable	-	3,915	3,915
Due to other funds	25,000	40,203	65,203
Total liabilities	<u>25,000</u>	<u>44,118</u>	<u>69,118</u>
FUND BALANCE			
Restricted to conservation	6,949	-	6,949
Committed to affordable housing	-	288,845	288,845
Total fund balance	<u>\$ 6,949</u>	<u>\$ 288,845</u>	<u>\$ 295,794</u>

Town of Crested Butte, Colorado

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

Year ended December 31, 2014

	Special Revenue		Total Nonmajor Governmental Funds
	Conservation Trust	Affordable Housing	
Revenues			
Rents	\$ -	\$ 178,288	\$ 178,288
Housing payment in lieu	-	119,867	119,867
Intergovernmental	11,305	-	11,305
Earnings on investments	14	80	94
Total revenues	11,319	298,235	309,554
Expenditures			
Current			
General government	-	177,655	177,655
Culture and recreation	25,000	-	25,000
Auxiliary services	-	30,769	30,769
Total expenditures	25,000	208,424	233,424
	EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		
	(13,681)	89,811	76,130
Fund balance at beginning of year	20,630	199,034	219,664
Fund balance at end of year	\$ 6,949	\$ 288,845	\$ 295,794

Town of Crested Butte, Colorado

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

Year ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Lottery proceeds	\$ 8,000	\$ 8,000	\$ 7,282	\$ (718)
Earnings on investments	15	15	14	(1)
Miscellaneous	4,000	4,000	4,023	23
Total revenues	12,015	12,015	11,319	(696)
Expenditures				
Culture and recreation	25,000	25,000	25,000	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(12,985)	(12,985)	(13,681)	(696)
Fund balance, beginning of year	20,630	20,630	20,630	-
Fund balance, end of year	\$ 7,645	\$ 7,645	\$ 6,949	\$ (696)

Town of Crested Butte, Colorado

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

Year ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Housing payment in lieu	\$ 40,000	\$ 110,195	\$ 119,867	\$ 9,672
Duplex rent/sales	35,280	35,280	33,188	(2,092)
Red Lady Estate rent/sales	6,960	6,960	145,100	138,140
Earnings on investments	100	100	80	(20)
Contribution from reserves	-	61,065	-	(61,065)
Total revenues	<u>82,340</u>	<u>213,600</u>	<u>298,235</u>	<u>84,635</u>
Expenditures				
Administration	11,100	12,600	9,376	3,224
Affordable housing tap fees	24,000	24,000	22,665	1,335
Housing Authority fees	30,000	30,000	30,769	(769)
Other	7,500	147,000	145,614	1,386
Total expenditures	<u>72,600</u>	<u>213,600</u>	<u>208,424</u>	<u>5,176</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,740	-	89,811	89,811
Fund balance, beginning of year	<u>199,034</u>	<u>199,034</u>	<u>199,034</u>	<u>-</u>
Fund balance, end of year	<u>\$ 208,774</u>	<u>\$ 199,034</u>	<u>\$ 288,845</u>	<u>\$ 89,811</u>

Town of Crested Butte, Colorado

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

Year ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
General property taxes	\$ 642,639	\$ 642,639	\$ 640,890	\$ (1,749)
Highway users tax	46,500	46,500	48,403	1,903
Parking in lieu	27,000	27,000	27,024	24
Earnings on investments	1,000	1,000	840	(160)
Miscellaneous	5,500	5,500	8,932	3,432
Total revenues	722,639	722,639	726,089	3,450
Expenditures				
Administration	23,400	23,400	19,708	3,692
Highways and streets	442,919	442,919	405,525	37,394
Capital outlay	127,000	127,000	99,523	27,477
	593,319	593,319	524,756	68,563
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	129,320	129,320	201,333	72,013
Fund balance, beginning of year	1,897,891	1,897,891	1,897,891	-
Fund balance, end of year	\$ 2,027,211	\$ 2,027,211	\$ 2,099,224	\$ 72,013

Town of Crested Butte, Colorado

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

Year ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for services	\$ 1,535,460	\$ 1,535,460	\$ 1,522,397	\$ (13,063)
Tap fees	221,500	221,500	280,346	58,846
Earnings on investments	2,800	2,800	3,204	404
Total revenues	1,759,760	1,759,760	1,805,947	46,187
Expenses				
Operations and maintenance	1,059,479	1,059,479	1,029,895	29,584
Management fees	65,000	65,000	65,000	-
Debt service principal	242,478	242,478	242,477	1
Debt service interest	73,828	73,828	60,331	13,497
Capital outlay	218,975	218,975	108,777	110,198
Total expenses	1,659,760	1,659,760	1,506,480	153,280
EXCESS OF REVENUES OVER (UNDER) EXPENSES	\$ 100,000	\$ 100,000	299,467	\$ 199,467
Adjustments to budgetary basis				
Add debt service principal			242,477	
Add capital outlay			108,777	
Less depreciation			(337,316)	
Change in net position			\$ 313,405	

Town of Crested Butte, Colorado

COMBINING BALANCE SHEET
GENERAL FUND AND RELATED SUB-FUND

December 31, 2014

	General Fund	Sales Tax Fund	Total General Fund
ASSETS			
Cash and investments	\$ 4,461,699	\$ 697,785	\$ 5,159,484
Cash and investments, restricted	4,458	-	4,458
Receivables			
Taxes	226,923	286,112	513,035
Intergovernmental	8,949	18,081	27,030
Other	41,425	-	41,425
Due from other funds	(255,400)	255,400	-
Inventory	5,913	-	5,913
Total assets	<u>4,493,967</u>	<u>1,257,378</u>	<u>5,751,345</u>
LIABILITIES			
Accounts payable	72,593	27,515	100,108
Accrued liabilities	44,490	-	44,490
Due to other governments		101,720	101,720
Funds held for others	292,026	-	292,026
Due to other funds	(52,328)	75,000	22,672
Total liabilities	<u>356,781</u>	<u>204,235</u>	<u>561,016</u>
DEFERRED INFLOWS			
Property taxes	226,923	-	226,923
Total deferred inflows	<u>226,923</u>	<u>-</u>	<u>226,923</u>
FUND BALANCE			
Nonspendable			
Prepaid expenses and inventory	5,913	-	5,913
Restricted			
TABOR Emergency Reserve	-	238,930	238,930
Marshal's seizure fund	4,458	-	4,458
Committed			
Transportation	-	85,360	85,360
Assigned			
Next year's expenditures	424,874	-	424,874
Unassigned	3,475,018	728,853	4,203,871
Total fund balance	<u>\$ 3,910,263</u>	<u>\$ 1,053,143</u>	<u>\$ 4,963,406</u>

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

Year ended December 31, 2014

	General Fund				Sales Tax Fund			Total of Funds	
	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)	Budgeted Amounts		Actual		Variance with Final Budget Favorable (Unfavorable)
	Original	Final			Original	Final			
Revenues									
Taxes									
General property taxes	\$ 219,059	\$ 219,059	\$ 218,429	\$ (630)	\$ -	\$ -	\$ -	\$ 218,429	
Specific ownership taxes	40,000	40,000	51,859	11,859	-	-	-	51,859	
Use tax	55,000	55,000	112,000	57,000	-	-	-	112,000	
Sales tax	65,000	65,000	77,664	12,664	2,613,995	2,923,802	3,200,547	3,278,211	
Franchise tax	43,500	43,500	44,250	750	-	-	-	44,250	
Interest on delinquent taxes	500	500	752	252	-	-	-	752	
Total taxes	423,059	423,059	504,954	81,895	2,613,995	2,923,802	3,200,547	3,705,501	
Licenses and permits									
Liquor licenses	8,000	8,000	9,641	1,641	-	-	-	9,641	
Business licenses	22,900	22,900	25,077	2,177	-	-	-	25,077	
Building permits	82,000	82,000	121,715	39,715	-	-	-	121,715	
Occupation licenses	44,000	44,000	49,406	5,406	-	-	-	49,406	
Non-business licenses/permits	17,150	17,150	17,150	7,366	-	-	-	24,516	
Total licenses and permits	174,050	174,050	230,355	56,305	-	-	-	230,355	
Intergovernmental									
Tobacco tax	8,000	8,000	9,402	1,402	-	-	-	9,402	
Grants and fees	60,500	60,500	9,600	(50,900)	-	-	-	9,600	
Motor vehicle fees	6,500	6,500	6,465	(35)	-	-	-	6,465	
Total intergovernmental	75,000	75,000	25,467	(49,533)	-	-	-	25,467	
Charges for services									
Management fees									
Sewer and Water fund	65,000	65,000	65,000	-	-	-	-	65,000	
Vehicle maintenance	18,000	18,000	18,000	-	-	-	-	18,000	
Recreation	155,550	155,550	131,847	(23,703)	-	-	-	131,847	
Total charges for services	238,550	238,550	214,847	(23,703)	-	-	-	214,847	
Fines and forfeitures									
	38,500	38,500	56,624	18,124	-	-	-	56,624	
Miscellaneous									
Earnings on investments	2,000	2,000	1,159	(841)	1,200	1,200	991	2,150	
Rents	40,000	40,000	39,476	(524)	-	-	-	39,476	
Other	10,000	10,000	51,773	41,773	8,000	8,000	17,892	69,665	
Contribution from reserves	156,700	156,700	-	(156,700)	71,536	-	-	-	
Total miscellaneous	208,700	208,700	92,408	(116,292)	80,736	9,200	18,883	111,291	
Total revenues	1,157,859	1,157,859	1,124,655	(33,204)	2,694,731	2,933,002	3,219,430	4,344,085	

Town of Crested Butte, Colorado

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

Year ended December 31, 2014

	General Fund				Sales Tax Fund				Total of Funds	
	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)	Total	Actual
	Original	Final			Original	Final				
Expenditures										
Current										
General government										
General	417,560	392,192	363,514	28,678	-	-	-	-	363,514	-
Court	7,709	7,709	5,301	2,408	-	-	-	-	5,301	-
Legislative	59,238	59,238	52,104	7,134	-	-	-	-	52,104	-
Legal	147,100	147,100	142,741	4,359	-	-	-	-	142,741	-
Clerk	142,750	142,750	112,700	30,050	-	-	-	-	112,700	-
Administration	128,465	128,465	126,196	2,269	-	-	-	-	126,196	-
Finance	300,794	300,794	284,124	16,670	-	-	-	-	284,124	-
Bozart	357,063	360,900	342,514	18,386	-	-	-	-	342,514	-
Transportation - other	-	-	-	-	101,100	81,100	63,496	17,604	63,496	17,604
Total general government	1,560,679	1,539,148	1,429,194	109,954	101,100	81,100	63,496	17,604	63,496	17,604
Public safety										
Marshal	735,392	751,540	746,262	5,278	-	-	-	-	746,262	-
Culture and recreation	461,901	461,901	355,955	105,946	-	-	-	-	355,955	-
Highways and streets	280,447	285,830	274,423	11,407	-	-	-	-	274,423	-
Auxiliary services										
Community development	107,516	107,516	88,488	19,028	-	-	-	-	88,488	-
Transportation - Mountain Express	-	-	-	-	582,823	630,000	682,680	(52,680)	682,680	(52,680)
Total auxiliary services	107,516	107,516	88,488	19,028	582,823	630,000	682,680	(52,680)	682,680	(52,680)
Debt service										
Principal	16,208	16,208	16,208	-	-	-	-	-	16,208	-
Interest	2,989	2,989	2,989	-	-	-	-	-	2,989	-
Total debt service	19,197	19,197	19,197	-	-	-	-	-	19,197	-
Total expenses	3,165,132	3,165,132	2,913,519	251,613	683,923	711,100	746,176	(35,076)	3,659,695	(35,076)
EXCESS OF REVENUES OVER	(2,007,273)	(2,007,273)	(1,788,864)	218,409	2,010,808	2,221,902	2,473,254	251,352	684,390	251,352
(UNDER) EXPENDITURES										
Other financing sources and (uses)	2,009,708	2,009,708	2,121,926	112,218	(2,009,708)	(2,232,000)	(2,196,926)	35,074	(75,000)	35,074
Transfers in (out)	2,009,708	2,009,708	2,121,926	112,218	(2,009,708)	(2,232,000)	(2,196,926)	35,074	(75,000)	35,074
EXCESS OF REVENUES AND										
OTHER FINANCING SOURCES	2,435	2,435	333,062	330,627	1,100	(10,098)	276,328	286,426	609,390	286,426
OVER (UNDER) EXPENDITURES	3,577,201	3,577,201	3,577,201	-	776,815	776,815	776,815	-	4,354,016	-
AND OTHER FINANCING USES	\$ 3,579,636	\$ 3,579,636	\$ 3,910,263	\$ 330,627	\$ 777,915	\$ 766,717	\$ 1,053,143	\$ 286,426	\$ 4,963,406	\$ 286,426
Fund balance, beginning of year										
Fund balance, end of year										

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

LOCAL HIGHWAY FINANCE REPORT	City or County:
	YEAR ENDING : December 2014
This Information From The Records Of (example - City of _ or County of _) Town of Crested Butte	Prepared By: Lois Rozman Phone: 970-349-5338

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	87,199
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	153,033
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	51,385
2. General fund appropriations	119,556	b. Snow and ice removal	243,436
3. Other local imposts (from page 2)	623,819	c. Other	62,523
4. Miscellaneous local receipts (from page 2)	7,550	d. Total (a. through c.)	357,344
5. Transfers from toll facilities		4. General administration & miscellaneous	31,926
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	629,502
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	750,925	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	54,867	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	805,792	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	629,502

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,673,416	805,792	629,502	1,849,706	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2014

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	623,819	a. Interest on investments	840
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	0	h. Other	6,710
c. Total (a. + b.)	623,819	i. Total (a. through h.)	7,550
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	48,402	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	6,465	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	6,465	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	54,867	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation		87,199	87,199
(5). Total Construction (1) + (2) + (3) + (4)	0	87,199	87,199
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	87,199	87,199
			(Carry forward to page 1)

Notes and Comments: