



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

December 31, 2013

CONTENTS

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION.....	8
STATEMENT OF ACTIVITIES.....	9
GOVERNMENTAL FUNDS BALANCE SHEET	10
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE STATEMENT OF NET POSITION	11
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	12
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	13
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	14
GENERAL CAPITAL FUND – STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL.....	16
STATEMENT OF NET POSITION – ENTERPRISE FUND	17
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – ENTERPRISE FUND	18
STATEMENT OF CASH FLOWS – ENTERPRISE FUND	19
NOTES TO FINANCIAL STATEMENTS.....	21
SUPPLEMENTARY INFORMATION	
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	40
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS.....	41
CONSERVATION TRUST FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL.....	42
AFFORDABLE HOUSING FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL.....	43
STREET AND ALLEY FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	44
SEWER AND WATER FUND – SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL (NON-GAAP BASIS)	45
GENERAL FUND AND RELATED SUB-FUND – COMBINING BALANCE SHEET.....	46
GENERAL FUND AND RELATED SUB-FUND – COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	47
LOCAL HIGHWAY FINANCE REPORT	49



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

May 13, 2014

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, 2013, 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, 2013, 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
May 13, 2014
Page Two

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, 2013

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, 2013. 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 \$36,551,401 (i.e. net position) at the end of the year, an increase of \$1,627,610 from the prior year.
- Governmental funds reported combined ending fund balances of \$9,614,113, an increase of \$619,971 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 \$3,888,666, an increase of \$241,670 in comparison to prior year.
- The Town of Crested Butte's total long-term liabilities decreased by \$247,634 during 2013 due to the payoff of capital leases and scheduled debt 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, 2013

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, 2013, total net position was \$36,551,401, an increase of \$1,627,610 from prior year. This increase was largely due to the purchase of capital assets and decrease in long term debt during the year.

The largest portion of net position is the investment in capital assets (net of related debt) which accounts for 61% 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 31% of total net position.

The following table summarizes the Town's governmental and business type net position for 2013 and 2012.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Current and other assets	\$11,524,946	\$12,370,035	\$3,187,892	\$3,388,238	\$14,712,838	\$15,758,273
Capital assets	<u>18,373,681</u>	<u>19,034,415</u>	<u>5,935,767</u>	<u>5,674,740</u>	<u>24,309,448</u>	<u>24,709,155</u>
Total Assets	<u>\$29,898,627</u>	<u>\$31,404,450</u>	<u>\$9,123,659</u>	<u>\$9,062,978</u>	<u>\$39,022,286</u>	<u>\$40,467,428</u>
Current liabilities	\$ 455,852	\$681,673	\$ 224,535	\$ 86,778	\$ 680,387	\$ 768,451
Non-current liabilities:						
Due within one year	19,064	30,094	235,516	242,477	254,580	272,571
Due in more than one year	<u>72,214</u>	<u>55,363</u>	<u>2,202,343</u>	<u>1,959,866</u>	<u>2,274,557</u>	<u>2,015,229</u>
Total Liabilities	<u>\$ 547,130</u>	<u>\$767,130</u>	<u>\$2,662,394</u>	<u>\$2,289,121</u>	<u>\$3,209,524</u>	<u>\$3,056,251</u>
Deferred Inflows: Property tax	\$ 888,970	\$ 859,776				\$ 859,776
Net Position:						
Invested in capital assets, net of related debt	\$18,282,403	\$18,948,958	\$3,497,908	\$3,472,397	\$21,780,311	\$22,421,355
Invested in joint venture	1,244,919	1,269,548			1,244,919	1,269,548
Restricted	1,056,898	834,584			1,056,898	834,584
Unrestricted	<u>7,878,307</u>	<u>8,724,454</u>	<u>2,963,357</u>	<u>3,301,460</u>	<u>10,841,664</u>	<u>12,025,914</u>
Total Net Position	<u>\$28,462,527</u>	<u>\$29,777,544</u>	<u>\$6,461,265</u>	<u>\$6,773,857</u>	<u>\$34,923,792</u>	<u>\$36,551,401</u>

TOWN OF CRESTED BUTTE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2013

The following table summarizes the changes in net position for the Town of Crested Butte for 2012 and 2013.

	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>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
REVENUES						
Program Revenues						
Charges for services	\$ 550,780	\$ 599,372	\$1,464,487	\$1,464,236	\$ 2,015,267	\$ 2,063,608
Operating grants and contributions	143,095	222,418			143,095	222,418
Capital grants and contributions	103,818	172,952	140,141	257,640	243,959	430,592
General Revenues						
Property taxes	893,365	887,909			893,365	887,909
Real estate transfer tax	858,564	1,020,991			858,564	1,020,991
Sales and use tax	2,763,684	2,968,126			2,763,684	2,968,126
Other taxes	113,159	172,997			113,159	172,997
Other	<u>15,818</u>	<u>18,859</u>	<u>2,010</u>	<u>3,063</u>	<u>17,828</u>	<u>21,922</u>
Total Revenues	<u>5,442,283</u>	<u>6,063,624</u>	<u>1,606,638</u>	<u>1,724,939</u>	<u>7,048,921</u>	<u>7,788,563</u>
EXPENSES						
General Government	1,903,465	1,952,277			1,903,465	1,952,277
Public Safety	709,207	711,774			709,207	711,774
Highways and Streets	1,128,611	680,625			1,128,611	680,625
Culture and Recreation	710,273	739,729			710,273	739,729
Auxiliary Services	713,128	660,171			713,128	660,171
Interest on long-term debt	6,450	4,030			6,450	4,030
Sewer and Water			<u>1,420,763</u>	<u>1,412,357</u>	<u>1,420,763</u>	<u>1,412,347</u>
Total Expenses	<u>5,171,134</u>	<u>4,748,606</u>	<u>1,420,763</u>	<u>1,412,347</u>	<u>6,591,897</u>	<u>6,160,953</u>
Increase in net position	271,149	1,315,018	185,875	312,592	457,024	1,627,610
Beginning net position	<u>28,191,377</u>	<u>28,462,526</u>	<u>6,275,390</u>	<u>6,461,265</u>	<u>34,466,767</u>	<u>34,923,791</u>
Ending 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>\$36,551,401</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, 2013

As of December 31, 2013, the Town's governmental funds reported combined ending fund balance of \$9,614,113, an increase of \$619,971 over prior year. Of the combined ending fund balance for all governmental funds 40% of this amount or \$3,888,666, 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 2013, unassigned fund balance for the general fund was \$3,888,666. This unassigned fund balance is approximately 117% of the total 2013 expenditures of the combined General fund. The unassigned fund balance increased by \$241,670 during 2013.

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 2013, the General Capital fund balance available for capital projects was \$2,726,290, an increase of \$232,500.

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 \$1,897,891 at the end of 2013, an increase of \$299,053. 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 \$3,301,460 in 2013, an increase of \$338,103 mostly due to the water storage tank project. Year-end total net position amounted to \$6,773,857 in 2013, an increase of \$312,592.

E. BUDGETARY HIGHLIGHTS

There were budget amendments made to the Sales Tax fund and the Affordable Housing fund during 2013. Affordable Housing fund increase was due to the contribution to the Gunnison Valley Regional Housing Authority for preliminary plans for a 30 unit housing project to be located in Crested Butte and an addition to the single family residence used to house the town manager. 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 \$1,297,870 in capital assets for its governmental and business type activities in 2013. 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 2013, the total outstanding long-term debt of the Town was \$2,287,800, a decrease of \$241,337 from 2012. Of this amount, \$517,980 is general obligation debt backed by the full faith and credit of the Town, \$1,684,363 is revenue backed debt and \$85,457 is lease obligations. The amount attributable to governmental activities is \$85,457 and the amount attributable to business-type activities is \$2,202,343.

TOWN OF CRESTED BUTTE, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2013

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 2012 levels with the majority of sales being residential. We anticipate 2014 real estate transfer tax to be at the same level as 2013.
- Sales tax revenues increased by 6.5% during 2013. We estimate collections for 2014 to be up slightly from 2013.
- The construction market, which generates building fees, use and sales tax revenues, sewer/water tap-in fees and affordable housing fees, increase significantly in 2013. The type of construction activity changed from remodels in 2012 to new home construction in 2013. The total valuation of construction projects increased by 57%. We anticipate construction in 2014 to be similar to 2013.
- The 2014 budget has appropriations for \$814,402 in capital asset acquisitions including \$332,902 renovation to the historic train depot, \$331,000 for tennis court and skate park renovations and \$150,500 for equipment purchases.
- The 2014 budget anticipates using \$156,700 out of fund reserves for general fund projects including \$98,700 for community and event grants, \$25,000 for park planning and \$33,000 for computer capital

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, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 9,156,818	\$ 3,186,964	\$ 12,343,782
Cash and investments, restricted	645,184	-	645,184
Property taxes receivable	859,776	-	859,776
Other receivables, net of allowance for uncollectible	23,764	139,718	163,482
Intergovernmental receivable	427,505	18,012	445,517
Internal balances	(20,111)	20,111	-
Prepaid expenses	3,228	-	3,228
Inventory	4,323	23,433	27,756
Investment in joint venture	1,269,548	-	1,269,548
Capital assets			
Land	9,737,235	27,610	9,764,845
Buildings, net	2,502,765	8,885	2,511,650
Improvements other than buildings, net	2,930,041	-	2,930,041
Equipment, net	852,429	40,982	893,411
Infrastructure, net	3,011,945	5,597,263	8,609,208
Total assets	<u>31,404,450</u>	<u>9,062,978</u>	<u>40,467,428</u>
LIABILITIES			
Accounts payable	328,459	48,721	377,180
Accrued liabilities	47,986	26,387	74,373
Compensated absences payable	55,075	11,670	66,745
Unearned revenue	48,152	-	48,152
Funds held for others	202,001	-	202,001
Long-term liabilities			
Portion due or payable within one year			
Capital leases payable	30,094	-	30,094
Loans payable	-	242,477	242,477
Portion due or payable after one year			
Capital leases payable	55,363	-	55,363
Loans payable	-	1,959,866	1,959,866
Total liabilities	<u>767,130</u>	<u>2,289,121</u>	<u>3,056,251</u>
DEFERRED INFLOWS			
Property taxes	859,776	-	859,776
Total deferred inflows	<u>859,776</u>	<u>-</u>	<u>859,776</u>
NET POSITION			
Net investment in capital assets	18,948,958	3,472,397	22,421,355
Invested in joint venture	1,269,548	-	1,269,548
Restricted for:			
Open space	416,253	-	416,253
Parking	224,475	-	224,475
Law enforcement	4,456	-	4,456
Emergencies	189,400	-	189,400
Unrestricted	8,724,454	3,301,460	12,025,914
Total net position	<u>\$ 29,777,544</u>	<u>\$ 6,773,857</u>	<u>\$ 36,551,401</u>

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado

STATEMENT OF ACTIVITIES

Year ended December 31, 2013

Functions/Programs Activities:	Charges for				Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
	Expenses	Services	Operating Grants and Contributions					
Governmental:								
General government	\$ 1,952,277	\$ 346,294	\$ 48,159	\$ -	\$ (1,557,824)	\$ (1,557,824)	\$ (1,557,824)	
Public safety	711,774	-	418	-	(711,356)	(711,356)	(711,356)	
Highways and streets	680,625	11,487	48,509	-	(620,629)	(620,629)	(620,629)	
Culture and recreation	739,729	201,886	8,982	172,952	(355,909)	(355,909)	(355,909)	
Auxiliary services	660,171	39,705	116,350	-	(504,116)	(504,116)	(504,116)	
Interest on long-term debt	4,030	-	-	-	(4,030)	(4,030)	(4,030)	
Total governmental activities	4,748,606	599,372	222,418	172,952	(3,753,864)	(3,753,864)	(3,753,864)	
Business-type								
Sewer and water	1,412,347	1,464,236	-	257,640			\$ 309,529	309,529
Total business-type activities	1,412,347	1,464,236	-	257,640			309,529	309,529
Total	\$ 6,160,953	\$ 2,063,608	\$ 222,418	\$ 430,592			\$ (3,444,335)	(3,444,335)
General revenues								
Property taxes					887,909			887,909
Specific ownership taxes					46,978			46,978
Sales and use taxes					2,968,126			2,968,126
Franchise taxes					28,773			28,773
Real estate transfer taxes					1,020,991			1,020,991
Other taxes and miscellaneous revenue					97,246			97,246
Investment earnings					18,859		3,063	21,922
Total general revenues					5,068,882		3,063	5,071,945
Change in net position					1,315,018		312,592	1,627,610
Net position, beginning					28,462,526		6,461,265	34,923,791
Net position, ending					\$ 29,777,544		\$ 6,773,857	\$ 36,551,401

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado
BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2013

	General Fund	General Capital Fund	Street and Alley Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 4,509,913	\$ 2,611,760	\$ 1,803,639	\$ 231,506	\$ 9,156,818
Cash and investments, restricted	4,456	416,253	224,475	-	645,184
Receivables					
Taxes	465,390	164,409	641,212	-	1,271,011
Intergovernmental	16,270	-	-	-	16,270
Other	16,241	2,295	3,827	1,401	23,764
Prepaid expenses	3,228	-	-	-	3,228
Due from other funds	-	1,336	-	-	1,336
Inventory	4,323	-	-	-	4,323
Total assets	5,019,821	3,196,053	2,673,153	232,907	11,121,934
LIABILITIES					
Accounts payable	197,791	-	130,094	574	328,459
Accrued liabilities	39,272	4,758	3,956	-	47,986
Unearned revenues	-	48,152	-	-	48,152
Funds held for others	201,401	600	-	-	202,001
Due to other funds	8,778	-	-	12,669	21,447
Total liabilities	447,242	53,510	134,050	13,243	648,045
DEFERRED INFLOWS					
Property taxes	218,564	-	641,212	-	859,776
Total deferred inflows	218,564	-	641,212	-	859,776
FUND BALANCE					
Nonspendable	7,551	-	-	-	7,551
Prepaid expenses and inventory					
Restricted					
TABOR emergency reserve	189,400	-	-	-	189,400
Marshall's seizure fund	4,456	-	-	-	4,456
Conservation	-	-	-	20,630	20,630
Committed					
Affordable housing	-	-	-	199,034	199,034
Open space	-	416,253	-	-	416,253
Parking	-	-	224,475	-	224,475
Streets	-	-	1,673,416	-	1,673,416
Transportation	112,905	-	-	-	112,905
Assigned					
Capital projects	-	2,482,668	-	-	2,482,668
Depot renovation	-	125,930	-	-	125,930
Next year's expenditures	154,265	117,692	-	-	271,957
Unassigned	3,885,438	-	-	-	3,885,438
Total fund balance	\$ 4,354,015	\$ 3,142,543	\$ 1,897,891	\$ 219,664	\$ 9,614,113

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, 2013

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

Total fund balance - governmental funds	\$ 9,614,113
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	19,034,415
Investment in joint venture is reported in the statement of net position, not reported in the governmental funds.	1,269,548
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>(140,532)</u>
Net position - governmental activities	<u>\$ 29,777,544</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, 2013

	General Fund	General Capital Fund	Street and Alley Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 3,103,538	\$ 1,174,178	\$ 676,020	\$ -	\$ 4,953,736
Licenses and permits	213,943	-	-	-	213,943
Intergovernmental	16,895	221,111	48,509	8,982	295,497
Charges for services	281,427	-	-	-	281,427
Fines and forfeitures	33,242	-	-	-	33,242
Investment earnings	2,097	1,752	822	105	4,776
Miscellaneous	67,616	7,801	34,442	156,055	265,914
Total revenues	3,718,758	1,404,842	759,793	165,142	6,048,535
Expenditures					
Current					
General government	1,318,396	93,847	20,641	102,735	1,535,619
Public safety	699,932	-	-	-	699,932
Highways and streets	254,935	-	315,870	-	570,805
Culture and recreation	350,075	345,064	-	15,000	710,139
Auxiliary services	654,548	-	-	30,252	684,800
Capital outlay	-	1,116,491	124,229	-	1,240,720
Debt service					
Principal	15,415	21,324	-	-	36,739
Interest	3,783	247	-	-	4,030
Total expenditures	3,297,084	1,576,973	460,740	147,987	5,482,784
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	421,674	(172,131)	299,053	17,155	565,751
Other financing sources (uses)					
Transfer in (out)	(85,000)	85,000	-	-	-
Sale of capital assets	-	23,302	-	-	23,302
Debt proceeds	-	30,918	-	-	30,918
Total other financing sources (uses)	(85,000)	139,220	-	-	54,220
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	336,674	(32,911)	299,053	17,155	619,971
Fund balance at beginning of year	4,017,341	3,175,454	1,598,838	202,509	8,994,142
Fund balance at end of year	\$ 4,354,015	\$ 3,142,543	\$ 1,897,891	\$ 219,664	\$ 9,614,113

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, 2013

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

Net change in fund balances - total governmental funds	\$ 619,971
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 (\$1,220,834 - \$551,883.)	668,951
Proceeds from the sale of capital assets is recognized as revenues in the governmental funds but are recognized net of the book value of the capital assets as a gain in the statement of activities	(8,217)
Change in investment in joint venture	24,629
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	(30,918)
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.	3,863
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>36,739</u>
Change in net position of governmental activities	<u>\$ 1,315,018</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
General property taxes	\$ 212,143	\$ 212,143	\$ 211,889	\$ (254)
Specific ownership taxes	40,000	40,000	46,978	6,978
Use tax	50,000	50,000	94,956	44,956
Sales tax	2,516,819	2,664,300	2,719,984	55,684
Franchise tax	38,500	38,500	28,773	(9,727)
Interest on delinquent taxes	500	500	958	458
Total taxes	<u>2,857,962</u>	<u>3,005,443</u>	<u>3,103,538</u>	<u>98,095</u>
Licenses and permits				
Liquor licenses	7,000	7,000	9,633	2,633
Business licenses	21,200	21,200	24,256	3,056
Building permits	76,500	76,500	116,810	40,310
Occupation licenses	44,000	44,000	45,788	1,788
Non-business licenses/permits	20,400	20,400	17,456	(2,944)
Total licenses and permits	<u>169,100</u>	<u>169,100</u>	<u>213,943</u>	<u>44,843</u>
Intergovernmental				
Tobacco tax	10,000	10,000	10,373	373
Grants and fees	1,000	1,000	418	(582)
Motor vehicle fees	6,500	6,500	6,104	(396)
Total intergovernmental	<u>17,500</u>	<u>17,500</u>	<u>16,895</u>	<u>(605)</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	137,550	137,550	198,427	60,877
Total charges for services	<u>220,550</u>	<u>220,550</u>	<u>281,427</u>	<u>60,877</u>
Fines and forfeitures	44,000	44,000	33,242	(10,758)
Miscellaneous				
Earnings on investments	3,400	3,400	2,097	(1,303)
Rents	40,000	40,000	39,973	(27)
Other	20,400	20,400	27,643	7,243
Contribution from reserves	164,971	93,265	-	(93,265)
Total miscellaneous	<u>228,771</u>	<u>157,065</u>	<u>69,713</u>	<u>(87,352)</u>
Total revenues	<u>3,537,883</u>	<u>3,613,658</u>	<u>3,718,758</u>	<u>105,100</u>

Town of Crested Butte, Colorado

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

Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Current				
General government				
General	304,962	304,962	275,206	29,756
Court	7,345	7,345	4,665	2,680
Legislative	76,360	76,360	50,276	26,084
Legal	137,100	137,100	155,452	(18,352)
Clerk	129,746	129,746	100,335	29,411
Administration	130,378	130,378	97,932	32,446
Finance	291,523	291,523	277,782	13,741
Bozar	341,953	341,953	325,648	16,305
Transportation - other	108,500	33,500	31,100	2,400
Total general government	1,527,867	1,452,867	1,318,396	134,471
Public safety				
Marshal	719,740	719,740	699,932	19,808
Culture and recreation	331,783	331,783	350,075	(18,292)
Highways and streets	270,825	270,825	254,935	15,890
Auxiliary services				
Community development	132,454	132,454	82,274	50,180
Transportation Mountain Express	524,288	570,000	572,274	(2,274)
Total auxiliary services	656,742	702,454	654,548	47,906
Debt service				
Principal	15,415	15,415	15,415	-
Interest	3,783	3,783	3,783	-
Total debt service	19,198	19,198	19,198	-
Total expense	3,526,155	3,496,867	3,297,084	199,783
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,728	116,791	421,674	304,883
Other financing sources				
Transfers in (out)	-	(105,063)	(85,000)	20,063
	-	(105,063)	(85,000)	20,063
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	11,728	11,728	336,674	324,946
Fund balance, beginning of year	4,017,341	4,017,341	4,017,341	-
Fund balance, end of year	\$ 4,029,069	\$ 4,029,069	\$ 4,354,015	\$ 324,946

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Use tax	\$ 115,000	\$ 115,000	\$ 153,187	\$ 38,187
Transfer tax	850,000	850,000	1,020,991	170,991
Grants	560,613	560,613	221,111	(339,502)
Earnings on investments	1,300	1,300	1,752	452
Miscellaneous	9,000	9,000	7,801	(1,199)
Contribution from reserve	669,824	669,824	-	(669,824)
Total revenues	<u>2,205,737</u>	<u>2,205,737</u>	<u>1,404,842</u>	<u>(800,895)</u>
Expenditures				
Current				
Administration	66,325	66,325	42,226	24,099
Contribution	11,500	11,500	1,934	9,566
Repairs, maintenance, supplies	55,000	55,000	40,076	14,924
Capital outlay				
Park improvement and maintenance	356,915	356,915	343,130	13,785
Cemetery improvements	15,000	15,000	11,545	3,455
Other	1,826,900	1,826,900	1,116,491	710,409
Debt service				
Principal	53,253	53,253	21,324	31,929
Interest	6,844	6,844	247	6,597
Total expenditures	<u>2,391,737</u>	<u>2,391,737</u>	<u>1,576,973</u>	<u>814,764</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(186,000)</u>	<u>(186,000)</u>	<u>(172,131)</u>	<u>13,869</u>
Other financing sources				
Transfers in	-	-	85,000	85,000
Sale of capital assets	4,000	4,000	23,302	19,302
Debt proceeds	182,000	182,000	30,918	(151,082)
Total other financing sources	<u>186,000</u>	<u>186,000</u>	<u>139,220</u>	<u>(46,780)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>-</u>	<u>-</u>	<u>(32,911)</u>	<u>(32,911)</u>
Fund balance, beginning of year	<u>3,175,454</u>	<u>3,175,454</u>	<u>3,175,454</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,175,454</u>	<u>\$ 3,175,454</u>	<u>\$ 3,142,543</u>	<u>\$ (32,911)</u>

The accompanying notes are an integral part of this statement.

Town of Crested Butte, Colorado

STATEMENT OF NET POSITION
ENTERPRISE FUND

December 31, 2013

		Business-type Activities
		Sewer and Water Fund
ASSETS		
Current assets		
Cash		\$ 3,186,964
Accounts receivable		139,718
Due from other governments		18,012
Due from other funds		20,111
Inventory		23,433
	Total current assets	<u>3,388,238</u>
Noncurrent assets		
Capital assets		
Land		27,610
Buildings		29,519
Improvements other than buildings		40,714
Water plant and system		4,338,158
Sewer plant and system		6,265,833
Equipment		813,219
Vehicles		172,827
Less accumulated depreciation		<u>(6,013,140)</u>
	Total noncurrent assets	<u>5,674,740</u>
	Total assets	<u>9,062,978</u>
LIABILITIES		
Current liabilities		
Accounts payable		48,721
Accrued liabilities		8,564
Accrued interest payable		17,823
Compensated absences payable		11,670
Current portion of long-term debt		242,477
	Total current liabilities	<u>329,255</u>
Noncurrent liabilities		
Loans payable, net of current portion		1,959,866
	Total noncurrent liabilities	<u>1,959,866</u>
	Total liabilities	<u>2,289,121</u>
NET POSITION		
Net investment in capital assets		3,472,397
Unrestricted		3,301,460
	Total net position	<u>\$ 6,773,857</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, 2013

	Business-type Activities Sewer and Water Fund
Charges for services	\$ 1,464,236
Operating expenses	
Operations and maintenance	703,171
Management fee - General fund	65,000
Contractor payments	239,645
Depreciation	338,064
Total operating expenses	1,345,880
Operating income (loss)	118,356
Nonoperating revenues (expenses)	
Investment income	3,063
Interest expense	(66,467)
Total nonoperating revenues (expenses)	(63,404)
Income (loss) before capital contributions	54,952
Capital contributions - tap fees	257,640
Change in net position	312,592
Net position, beginning of year	6,461,265
Net position, end of year	\$ 6,773,857

The accompanying notes are an integral part of this statement.

Town of Crested
STATEMENT OF
ENTERPRISE

	Year ended
	<u>Sewer and Water Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 1,467,965
Cash paid to suppliers	(536,435)
Cash paid to and for employees	(565,492)
Cash payments for internal services	<u>(65,000)</u>
Net cash provided (used) by operating activities	301,038
Cash flows from noncapital financing activities	
Specific purpose contributions and grants	2,308
Change in due from/to other funds	<u>9,570</u>
Net cash provided (used) by noncapital financing activities	11,878
Cash flows from capital and related financing activities	
Acquisition of capital assets	(77,036)
Proceeds from tap fees	257,640
Principal payments on long-term debt	(235,516)
Interest paid on long-term debt	<u>(68,548)</u>
Net cash provided (used) by capital and related financing activities	(123,460)
Cash flows from investing activities	
Interest received	<u>3,064</u>
Net cash provided (used) by investing activities	3,064
Net increase (decrease) in cash and cash equivalents	<u>192,520</u>
Cash and cash equivalents, beginning of year	<u>2,994,444</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,186,964</u></u>

The accompanying notes are an integral part of this statement.

Butte, Colorado

CASH FLOWS
FUND

December 31, 2013

	<u>Sewer and Water Fund</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>	
Operating income (loss)	\$ 118,356
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	338,063
(Increase) decrease in accounts receivable	3,729
(Increase) decrease in inventory	(23,433)
Increase (decrease) in accounts payable	(106,887)
Increase (decrease) in accrued liabilities	(28,790)
Total adjustments	<u>182,682</u>
Net cash provided (used) by operating activities	<u>\$ 301,038</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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, 2013

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.

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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.

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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.

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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.

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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.

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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 2013, the General Fund received 75% of sales tax revenue.

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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, 2013

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, 2013

NOTE B – INTERFUND TRANSACTIONS

Interfund receivable and payable balances at December 31, 2013, which represent collections not yet distributed, are as follows:

	Interfund <u>Receivables</u>	Interfund <u>Payable</u>
General Fund	\$ —	\$ 8,778
Affordable Housing Fund	—	12,669
General Capital Fund	1,336	—
Sewer and Water Fund	<u>20,111</u>	<u>—</u>
	<u>\$ 21,447</u>	<u>\$ 21,447</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, 2013.

NOTE C – CAPITAL ASSETS

	Balance <u>12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/13</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 8,987,205	\$ 750,030	\$ —	\$ 9,737,235
Capital assets being depreciated:				
Buildings	3,484,404	106,254	—	3,590,658
Improvements other than buildings	3,841,476	150,990	—	3,992,466
Infrastructure	4,200,761	—	—	4,200,761
Equipment	<u>2,660,972</u>	<u>213,560</u>	<u>(77,370)</u>	<u>2,797,162</u>
	<u>14,187,613</u>	<u>470,804</u>	<u>(77,370)</u>	<u>14,581,047</u>
Less accumulated depreciation:				
Buildings	(1,010,966)	(76,927)	—	(1,087,893)
Improvements other than buildings	(938,722)	(123,703)	—	(1,062,425)
Infrastructure	(991,555)	(197,261)	—	(1,188,816)
Equipment	<u>(1,859,894)</u>	<u>(153,992)</u>	<u>69,153</u>	<u>(1,944,733)</u>
	<u>(4,801,137)</u>	<u>(551,883)</u>	<u>69,153</u>	<u>(5,283,867)</u>
Capital assets being depreciated, net	<u>9,386,476</u>	<u>(81,079)</u>	<u>(8,217)</u>	<u>9,297,180</u>
Total Governmental Activities				
Capital assets	<u>\$ 18,373,681</u>	<u>\$ 668,951</u>	<u>\$ (8,217)</u>	<u>\$ 19,034,415</u>

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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	–	–	4,338,158
Sewer plant and collection system	6,193,111	72,722	–	6,265,833
Equipment	808,905	4,314	–	813,219
Vehicles	172,827	–	–	172,827
	<u>11,583,234</u>	<u>77,036</u>	<u>–</u>	<u>11,660,270</u>

Less accumulated depreciation:

Buildings	(19,874)	(760)	–	(20,634)
Improvements other than buildings	(40,714)	–	–	(40,714)
Water plant and distribution system	(2,004,820)	(134,472)	–	(2,139,292)
Sewer plant and distribution system	(2,680,313)	(187,123)	–	(2,867,436)
Equipment	(763,472)	(8,765)	–	(772,237)
Vehicles	(165,884)	(6,943)	–	(172,827)
	<u>(5,675,077)</u>	<u>(338,063)</u>	<u>–</u>	<u>(6,013,140)</u>

Capital assets being depreciated, net

Total Business-type Activities

Capital assets	<u>\$ 5,935,767</u>	<u>\$ (261,027)</u>	<u>\$ –</u>	<u>\$ 5,674,740</u>
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Depreciation was charged to governmental functions as follows:

General Government	\$ 420,518
Public Safety	11,842
Culture and Recreation	29,590
Streets and Highways	89,933

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE D – LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended December 31, 2013 were as follows:

	<u>Balance 12/31/12</u>	<u>Additions</u>	<u>Reduction</u>	<u>Balance 12/31/13</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capitalized lease agreements	\$ 91,278	\$ 30,918	\$ (36,739)	\$ 85,457	\$ 30,094
Compensated absences	58,938	–	(3,863)	55,075	55,075
	<u>\$ 150,216</u>	<u>\$ 30,918</u>	<u>\$ (40,602)</u>	<u>\$ 140,532</u>	<u>\$ 85,169</u>
Business-type Activities					
General Obligation					
Sewer Plant Loan	\$ 672,840	\$ –	\$ (154,860)	\$ 517,980	\$ 160,200
Revolving Fund					
Sewer Plant Loan	1,366,383	–	(63,756)	1,302,627	65,037
CWPDA Water Tank					
Loan	398,636	–	(16,900)	381,736	17,240
Compensated absences	14,104	–	(2,434)	11,670	11,670
	<u>\$2,451,963</u>	<u>\$ –</u>	<u>\$ (237,950)</u>	<u>\$ 2,214,013</u>	<u>\$ 254,147</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>
	2014	\$ 30,094
	2015	30,094
	2016	19,197
	2017	14,622
		<u>94,007</u>
Less amounts representing interest:		<u>(8,550)</u>
Present value of net minimum lease payments		<u>\$ 85,457</u>

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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>
2014	\$ 160,200	\$ 39,440	\$ 199,640
2015	170,880	33,197	204,077
2016	<u>186,900</u>	<u>17,013</u>	<u>203,913</u>
	<u>\$ 517,980</u>	<u>\$ 89,650</u>	<u>\$ 607,630</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, 2013, 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>
2014	\$ 65,037	\$ 25,730	\$ 90,767
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
2019-2023	373,946	79,890	453,836
2024-2028	413,068	40,767	453,835
2029-2030	<u>177,086</u>	<u>4,448</u>	<u>181,534</u>
	<u>\$ 1,302,627</u>	<u>\$ 240,413</u>	<u>\$ 1,543,040</u>

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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>
2014	\$ 17,240	\$ 7,548	\$ 24,788
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
2019-2023	99,120	24,819	123,939
2024-2028	109,491	14,449	123,940
2029-2032	83,391	3,246	86,637
	<u>\$ 381,736</u>	<u>\$ 76,720</u>	<u>\$ 458,456</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 2013 were \$147,101. The Town’s total payroll for 2013 was \$2,116,991 and contributions were calculated using the covered payroll amount of \$1,783,760.

The liability for prior service benefits is fully funded.

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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, 2013, is as follows:

	<u>Sewer</u>	<u>Water</u>	<u>Sanitation</u>	<u>Total</u>
Operating revenue	\$ 640,216	\$ 590,627	\$ 233,393	\$ 1,464,236
Operating expenses				
Depreciation	199,712	138,353	–	338,064
Other	425,049	353,832	228,934	1,007,816
Total operating expenses	<u>624,761</u>	<u>492,185</u>	<u>228,934</u>	<u>1,345,880</u>
Operating income (loss)	<u>15,455</u>	<u>98,442</u>	<u>4,459</u>	<u>118,356</u>
Non-operating income (expenses)				
Interest income	1,531	1,532	–	3,063
Interest expense	(58,634)	(7,833)	–	(66,467)
Total non-operating income (expenses)	<u>(57,103)</u>	<u>(6,301)</u>	<u>–</u>	<u>(63,404)</u>
Income (loss) before capital contribution	(41,648)	92,141	4,459	54,952
Capital contributions tap fees	<u>128,820</u>	<u>128,820</u>	<u>–</u>	<u>257,640</u>
Change in net position	<u>\$ 87,172</u>	<u>\$ 220,961</u>	<u>\$ 4,459</u>	<u>\$ 312,592</u>
Property and equipment				
Additions	\$ 77,036	\$ –	\$ –	\$ 77,036
Loans payable from operations	\$ 1,820,607	\$ 381,736	\$ –	\$ 2,202,343

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE G – JOINT VENTURE

Mountain Express

A condensed statement of net assets of Mountain Express as of December 31, 2013, is as follows:

Assets	\$ 2,455,099
Liabilities	<u>83,511</u>
Net position	<u>\$ 2,371,588</u>

A condensed summary of revenues and expenses for the year ended December 31, 2013, is as follows:

Revenues	\$ 1,285,566
Expenses	<u>1,325,155</u>
Net increase (decrease) in net assets	<u>\$ (39,589)</u>

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

NOTE H – BUDGETS

There was one supplemental budget appropriation during 2013:

	<u>Original Budget</u>	<u>Additional Appropriation</u>	<u>Final Budget</u>
General Fund	\$ 2,893,367	\$ –	\$ 2,893,367
General Capital Fund	2,391,737	–	2,391,737
Sewer and Water Fund	1,592,883	–	1,592,883
Conservation Trust Fund	15,000	–	15,000
Sales Tax Fund	2,532,725	75,775	2,608,500
Affordable Housing Fund	72,600	82,000	154,600
Street and Alley Fund	<u>630,123</u>	<u>–</u>	<u>630,123</u>
	<u>\$ 10,128,435</u>	<u>\$ 157,775</u>	<u>\$ 10,286,210</u>

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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, 2013, consisted of the following:

Cash on hand	\$	475
Insured by FDIC		663,667
Collateralized as noted above		<u>11,983,473</u>
		12,647,615
Less reconciling items		<u>(79,887)</u>
Cash, money markets, and certificates of deposit		<u>\$ 12,567,728</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, 2013

NOTE I – CASH AND INVESTMENT – CONTINUED

Local Government Investment Pool – At December 31, 2013, the Town had \$421,238 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, 2013, consisted of the following:

Cash	\$ 12,567,728
Colotrust	<u>421,238</u>
	12,988,966
Less cash and investments, restricted	<u>(645,184)</u>
Cash and investments, unrestricted	<u>\$ 12,343,782</u>

Cash and investments are restricted for the unspent Marshal’s seizure funds of \$4,456; open space purchases of \$416,253; and parking reserves of \$224,475.

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 2013 limit CIRSA’s per occurrence exposure to \$250,000 for property coverage, \$600,000 for casualty coverage and provide coverage to specified upper limits.

The Town’s 2013 contribution was \$120,753 and its share of surplus at December 31, 2013 amounted to approximately \$148,675 for the property and casualty pool and \$56,234 for the workers compensation pool.

Town of Crested Butte, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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, 2013

	<u>Special Revenue</u>		Total Nonmajor Governmental Funds
	<u>Conservation Trust</u>	<u>Affordable Housing</u>	
ASSETS			
Cash	\$ 20,630	\$ 210,876	\$ 231,506
Accounts receivable	-	1,401	1,401
Total assets	<u>20,630</u>	<u>212,277</u>	<u>232,907</u>
LIABILITIES			
Accounts payable	-	574	574
Due to other funds	-	12,669	12,669
Total liabilities	<u>-</u>	<u>13,243</u>	<u>13,243</u>
FUND BALANCE			
Restricted to conservation	20,630	-	20,630
Committed to affordable housing	-	199,034	199,034
Total fund balance	<u>\$ 20,630</u>	<u>\$ 199,034</u>	<u>\$ 219,664</u>

Town of Crested Butte, Colorado

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

Year ended December 31, 2013

	Special Revenue		Total Nonmajor Governmental Funds
	Conservation Trust	Affordable Housing	
Revenues			
Rents	\$ -	\$ 39,705	\$ 39,705
Housing payment in lieu	-	116,350	116,350
Intergovernmental	8,982	-	8,982
Earnings on investments	15	90	105
Total revenues	8,997	156,145	165,142
Expenditures			
Current			
General government	-	102,735	102,735
Culture and recreation	15,000	-	15,000
Auxiliary services	-	30,252	30,252
Total expenditures	15,000	132,987	147,987
	EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		
	(6,003)	23,158	17,155
Fund balance at beginning of year	26,633	175,876	202,509
Fund balance at end of year	\$ 20,630	\$ 199,034	\$ 219,664

Town of Crested Butte, Colorado

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

Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Lottery proceeds	\$ 8,000	\$ 8,000	\$ 8,982	\$ 982
Earnings on investments	15	15	15	-
Miscellaneous	6,985	6,985	-	(6,985)
Total revenues	15,000	15,000	8,997	(6,003)
Expenditures				
Culture and recreation	15,000	15,000	15,000	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(6,003)	(6,003)
Fund balance, beginning of year	26,633	26,633	26,633	-
Fund balance, end of year	\$ 26,633	\$ 26,633	\$ 20,630	\$ (6,003)

Town of Crested Butte, Colorado

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

Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Housing payment in lieu	\$ 23,000	\$ 89,260	\$ 116,350	\$ 27,090
Duplex rent/sales	35,280	35,280	33,165	(2,115)
Red Lady Estate rent/sales	6,960	6,960	6,540	(420)
Earnings on investments	100	100	90	(10)
Contribution from reserves	7,260	23,000	-	(23,000)
Total revenues	<u>72,600</u>	<u>154,600</u>	<u>156,145</u>	<u>1,545</u>
Expenditures				
Administration	11,100	11,100	5,609	5,491
Affordable housing tap fees	24,000	24,000	11,333	12,667
Housing Authority fees	30,000	30,000	30,252	(252)
Other	7,500	89,500	85,793	3,707
Total expenditures	<u>72,600</u>	<u>154,600</u>	<u>132,987</u>	<u>21,613</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	-	-	23,158	23,158
Fund balance, beginning of year	<u>175,876</u>	<u>175,876</u>	<u>175,876</u>	<u>-</u>
Fund balance, end of year	<u>\$ 175,876</u>	<u>\$ 175,876</u>	<u>\$ 199,034</u>	<u>\$ 23,158</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
General property taxes	\$ 676,826	\$ 676,826	\$ 676,020	\$ (806)
Highway users tax	48,850	48,850	48,509	(341)
Parking in lieu	-	-	26,000	26,000
Earnings on investments	1,000	1,000	822	(178)
Miscellaneous	21,500	21,500	8,442	(13,058)
Total revenues	<u>748,176</u>	<u>748,176</u>	<u>759,793</u>	<u>11,617</u>
Expenditures				
Administration	22,400	22,400	20,641	1,759
Highways and streets	425,723	425,723	315,870	109,853
Capital outlay	182,000	182,000	124,229	57,771
	<u>630,123</u>	<u>630,123</u>	<u>460,740</u>	<u>169,383</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	118,053	118,053	299,053	181,000
Fund balance, beginning of year	<u>1,598,838</u>	<u>1,598,838</u>	<u>1,598,838</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,716,891</u>	<u>\$ 1,716,891</u>	<u>\$ 1,897,891</u>	<u>\$ 181,000</u>

Town of Crested Butte, Colorado

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

Year ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for services	\$ 1,478,324	\$ 1,478,324	\$ 1,464,236	\$ (14,088)
Tap fees	221,000	221,000	257,640	36,640
Earnings on investments	2,800	2,800	3,063	263
Total revenues	1,702,124	1,702,124	1,724,939	22,815
Expenses				
Operations and maintenance	1,047,795	1,047,795	942,816	104,979
Management fees	65,000	65,000	65,000	-
Debt service principal	243,406	243,406	235,516	7,890
Debt service interest	68,548	68,548	66,467	2,081
Capital outlay	168,134	168,134	77,035	91,099
Total expenses	1,592,883	1,592,883	1,386,834	206,049
EXCESS OF REVENUES OVER (UNDER) EXPENSES	<u>\$ 109,241</u>	<u>\$ 109,241</u>	338,105	<u>\$ 228,864</u>
Adjustments to bugetary basis				
Add debt service principal			235,516	
Add capital outlay			77,035	
Less depreciation			(338,064)	
Change in net position			<u>\$ 312,592</u>	

Town of Crested Butte, Colorado

COMBINING BALANCE SHEET
GENERAL FUND AND RELATED SUB-FUND

December 31, 2013

	General Fund	Sales Tax Fund	Total General Fund
ASSETS			
Cash and investments	\$ 3,793,200	\$ 716,713	\$ 4,509,913
Cash and investments, restricted	4,456	-	4,456
Receivables			
Taxes	218,564	246,826	465,390
Intergovernmental	4,314	11,956	16,270
Other	16,241	-	16,241
Prepaid deposits	3,228	-	3,228
Due from other funds	114,514	-	114,514
Inventory	4,323	-	4,323
Total assets	<u>4,158,840</u>	<u>975,495</u>	<u>5,134,335</u>
LIABILITIES			
Accounts payable	113,926	83,865	197,791
Accrued liabilities	39,272	-	39,272
Funds held for others	201,101	300	201,401
Due to other funds	8,778	114,514	123,292
Total liabilities	<u>363,077</u>	<u>198,679</u>	<u>561,756</u>
DEFERRED INFLOWS			
Property taxes	218,564	-	218,564
Total deferred inflows	<u>218,564</u>	<u>-</u>	<u>218,564</u>
FUND BALANCE			
Nonspendable			
Prepaid expenses and inventory	7,551	-	7,551
Restricted			
TABOR Emergency Reserve	-	189,400	189,400
Marshal's seizure fund	4,456	-	4,456
Committed			
Transportation	-	112,905	112,905
Assigned			
Next year's expenditures	154,265	-	154,265
Unassigned	3,410,927	474,511	3,885,438
Total fund balance	<u>\$ 3,577,199</u>	<u>\$ 776,816</u>	<u>\$ 4,354,015</u>

Town of Crested Butte, Colorado

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

Year ended December 31, 2013

	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	Total Actual
	Original	Final			Original	Final				
Revenues										
Taxes										
General property taxes	\$ 212,143	\$ 212,143	\$ 211,889	\$ (254)	\$ -	\$ -	\$ -	\$ -	\$ 211,889	
Specific ownership taxes	40,000	40,000	46,978	6,978	-	-	-	-	46,978	
Use tax	50,000	50,000	94,956	44,956	-	-	-	-	94,956	
Sales tax	65,000	65,000	41,297	(23,703)	2,451,819	2,599,300	2,678,687	79,387	2,719,984	
Franchise tax	38,500	38,500	28,773	(9,727)	-	-	-	-	28,773	
Interest on delinquent taxes	500	500	958	458	-	-	-	-	958	
Total taxes	406,143	406,143	424,851	18,708	2,451,819	2,599,300	2,678,687	79,387	3,103,538	
Licenses and permits										
Liquor licenses	7,000	7,000	9,633	2,633	-	-	-	-	9,633	
Business licenses	21,200	21,200	24,256	3,056	-	-	-	-	24,256	
Building permits	76,500	76,500	116,810	40,310	-	-	-	-	116,810	
Occupation licenses	44,000	44,000	45,788	1,788	-	-	-	-	45,788	
Non-business licenses/permits	20,400	20,400	17,456	(2,944)	-	-	-	-	17,456	
Total licenses and permits	169,100	169,100	213,943	44,843	-	-	-	-	213,943	
Intergovernmental										
Tobacco tax	10,000	10,000	10,373	373	-	-	-	-	10,373	
Grants and fees	1,000	1,000	418	(582)	-	-	-	-	418	
Motor vehicle fees	6,500	6,500	6,104	(396)	-	-	-	-	6,104	
Total intergovernmental	17,500	17,500	16,895	(605)	-	-	-	-	16,895	
Charges for services										
Management fees	65,000	65,000	65,000	-	-	-	-	-	65,000	
Sewer and Water fund	18,000	18,000	18,000	-	-	-	-	-	18,000	
Vehicle maintenance	137,550	137,550	198,427	60,877	-	-	-	-	198,427	
Recreation	220,550	220,550	281,427	60,877	-	-	-	-	281,427	
Total charges for services	44,000	44,000	33,242	(10,758)	-	-	-	-	33,242	
Fines and forfeitures										
Miscellaneous	2,200	2,200	1,166	(1,034)	1,200	1,200	981	(269)	2,097	
Earnings on investments	40,000	40,000	39,973	(27)	-	-	-	-	39,973	
Rents	12,400	12,400	17,578	5,178	8,000	8,000	10,065	2,065	27,643	
Other	93,265	93,265	58,717	(34,548)	71,706	71,706	10,996	1,796	69,713	
Contribution from reserves	147,865	147,865	1,029,075	881,210	80,906	9,200	2,689,683	1,796	3,718,758	
Total miscellaneous	1,005,158	1,005,158	1,029,075	23,917	2,532,725	2,608,500	2,689,683	81,183	3,718,758	

Town of Crested Butte, Colorado

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

Year ended December 31, 2013

	General Fund			Sales Tax Fund			Total of Funds	
	Budgeted Amounts		Actual	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)	Total
	Original	Final		Original	Final		Actual	
Expenditures								
Current								
General government								
General	304,962	304,962	275,206	-	-	-	-	275,206
Court	7,345	7,345	4,665	-	-	-	-	4,665
Legislative	76,360	76,360	50,276	-	-	-	-	50,276
Legal	137,100	137,100	155,452	-	-	-	-	155,452
Clerk	129,746	129,746	100,335	-	-	-	-	100,335
Administration	130,378	130,378	97,932	-	-	-	-	97,932
Finance	291,523	291,523	277,782	-	-	-	-	277,782
Bozar	341,953	341,953	325,648	-	-	-	-	325,648
Transportation - other	-	-	-	108,500	33,500	-	2,400	31,100
Total general government	1,419,367	1,419,367	1,287,296	108,500	33,500	-	2,400	1,318,396
Public safety								
Marshal	719,740	719,740	699,932	-	-	-	-	699,932
Culture and recreation	331,783	331,783	350,075	-	-	-	-	350,075
Highways and streets	270,825	270,825	254,935	-	-	-	-	254,935
Auxiliary services								
Community development	132,454	132,454	82,274	-	-	-	-	82,274
Transportation - Mountain Express	-	-	-	524,288	570,000	-	(2,274)	572,274
Total auxiliary services	132,454	132,454	82,274	524,288	570,000	-	(2,274)	654,548
Debt service								
Principal	15,415	15,415	15,415	-	-	-	-	15,415
Interest	3,783	3,783	3,783	-	-	-	-	3,783
Total debt service	19,198	19,198	19,198	-	-	-	-	19,198
Total expenses	2,893,367	2,893,367	2,693,710	632,788	603,500	-	126	3,297,084
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,888,209)	(1,888,209)	(1,664,635)	1,899,937	2,005,000	-	81,309	421,674
Other financing sources and (uses)								
Transfers in (out)	1,899,937	1,899,937	1,920,000	(1,899,937)	(2,005,000)	-	-	(85,000)
Total transfers	1,899,937	1,899,937	1,920,000	(1,899,937)	(2,005,000)	-	-	(85,000)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	11,728	11,728	255,365	-	-	-	81,309	336,674
Fund balance, beginning of year	3,321,834	3,321,834	3,321,834	695,507	695,507	-	-	4,017,341
Fund balance, end of year	\$ 3,333,562	\$ 3,333,562	\$ 3,577,199	\$ 243,637	\$ 695,507	\$ 81,309	\$ 81,309	\$ 4,354,015

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Crested Butte
	YEAR ENDING : December 2013
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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	98,056
3. Other local imposts (from page 2)	658,704
4. Miscellaneous local receipts (from page 2)	6,206
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	762,966
B. Private Contributions	
C. Receipts from State government (from page 2)	54,612
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	817,578

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	155,833
3. Road and street services:	
a. Traffic control operations	44,627
b. Snow and ice removal	299,591
c. Other	11,417
d. Total (a. through c.)	355,635
4. General administration & miscellaneous	31,019
5. Highway law enforcement and safety	
6. Total (1 through 5)	542,487
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
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)	542,487

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
	1,398,325	817,578	542,487	1,673,416	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2013

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	658,704	a. Interest on investments	822
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	5,384
c. Total (a. + b.)	658,704	i. Total (a. through h.)	6,206
	(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	48,509	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	6,103	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.)	6,103	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	54,612	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			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines I.a. + I.b. + I.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: