

Town of Telluride, Colorado

Financial Statements

December 31, 2023



Town of Telluride, Colorado
Financial Statements
For the Year Ended December 31, 2023

Table of Contents

	Page(s)
INDEPENDENT AUDITOR’S REPORT	A1 – A3
Management’s Discussion and Analysis	B1 – B10
Government-wide Financial Statements:	
Statement of Net Position	C1
Statement of Activities	C2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	C3
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position	C4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	C5
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures And Changes in Fund Balances to the Statement of Activities	C6
Statement of Net Position – Proprietary Funds	C7
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	C8
Combining Statement of Cash Flows – Proprietary Funds	C9
Notes to the Financial Statements	D1 – D32
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund (including Transportation Sub-Fund)	E1 – E2
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Special Revenue Fund – Open Space Fund	E3
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Special Revenue Fund – Affordable Housing	E4

Town of Telluride, Colorado
Financial Statements
For the Year Ended December 31, 2023

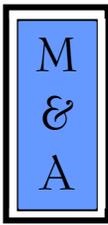
Table of Contents
(Continued)

	Page(s)
Supplementary Information:	
Combining Balance Sheet – General Fund and Related Sub-Fund	F1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund and Related Sub-Fund	F2 – F3
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Capital Projects Fund – Capital Improvement Fund	F4
Combining Balance Sheet – Non-major Governmental Funds	F5
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds	F6
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual:	
Debt Service Fund	F7
Capital Projects Fund – Reserve Capital Improvement Fund	F8
Special Revenue Fund – Restricted Fund	F9
Special Revenue Fund – Energy Mitigation Fund	F10
Special Revenue Fund – Street Alley and Bridge Fund	F11
Special Revenue Fund – Conservation Trust Fund	F12
Special Revenue Fund – Airline Guarantee Fund	F13
Special Revenue Fund – Town Lodgers’ Tax Fund	F14
Special Revenue Fund – Block 23 Housing Corporation	F15
Combining Balance Sheets – Telluride Housing Authority	F16
Combining Statement of Revenues, Expenses, and Changes in Net Position – Telluride Housing Authority	F17
Combining Statement of Cash Flows – Telluride Housing Authority	F18
Schedule of Revenues, Expenses and Changes in Net Position – Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis:	
Water Fund	F19
Wastewater Fund	F20
Parking Fund	F21
Telluride Housing Authority – Shandoka Fund	F22
Telluride Housing Authority – Virginia Placer Fund	F23
Telluride Housing Authority – Sunnyside Fund	F24
Telluride Housing Authority – Voo Doo Fund	F25
Health Reserve Fund	F26
Local Highway Finance Report	F27 – F28

Town of Telluride, Colorado
Financial Statements
For the Year Ended December 31, 2023

Table of Contents
(Continued)

	Page(s)
Single Audit Reports and Schedules:	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Auditor of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	G1 – G2
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	G3 – G5
Schedule of Findings and Questioned Costs	G6 – G7
Schedule of Prior Audit Findings and Questioned Costs	G8
Schedule of Expenditures of Federal Awards	G9



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INDEPENDENT AUDITOR'S REPORT

**To the Mayor and Town Council
Town of Telluride, Colorado**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Telluride, Colorado (the "Town"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The Town's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for one year after the date that the financial statements are issued.

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INDEPENDENT AUDITOR'S REPORT
To the Mayor and Town Council
Town of Telluride, Colorado

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS, we:

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

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

Required Supplementary Information

U.S. GAAP require that the Management's Discussion and Analysis in section B be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in section B in accordance with U.S. GAAS, 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.

INDEPENDENT AUDITOR'S REPORT
To the Mayor and Town Council
Town of Telluride, Colorado

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information in section E is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining non-major fund financial statements, individual fund budgetary comparison information, the *Local Highway Finance Report* in Section F, and the Schedule of Expenditures of Federal Awards as required by Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* included in Section G, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund financial statements, individual fund budgetary comparison information, the *Local Highway Finance Report* in Section F, and the Schedule of Expenditures of Federal Awards in Section G is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and on compliance.



McMahan and Associates, L.L.C.
Avon, Colorado
June 11, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS



Town of Telluride, Colorado

Management's Discussion and Analysis

As management of the Town of Telluride (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2023.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$191,406,025 (net position). The unrestricted net position, which represents the amounts available to meet the Town's ongoing obligations to citizens and creditors, was \$35,564,022.
- The Town's total net position increased \$12,513,286 due to strong sales and use and real estate transfer taxes and conservative spending.
- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of \$29,532,786, a decrease of \$2,447,353 in comparison with the prior year. Of this amount, \$9,825,318 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$10,036,360, or approximately 66.9% of total General Fund expenditures. \$211,042 of unrestricted fund balance in the General Fund is for the Transportation sub-fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised 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.

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the Town's assets and liabilities, 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 the financial position of the Town 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, community and economic development, culture and recreation, and transportation. The business-type activities of the Town include water, wastewater, parking, and housing operations.

The government-wide financial statements can be found in Section C of this report.

Overview of the Financial Statements (continued)

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 15 individual governmental funds. Information is presented separately in the governmental fund balance sheets and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Improvement Fund, Affordable Housing Fund, and Open Space Fund, which are considered to be major funds. Data from the other 10 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The Town adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for all governmental funds to demonstrate compliance with these budgets.

The basic major governmental fund financial statements can be found in Section C.

Proprietary Funds: The Town maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water, wastewater, parking, and housing operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for the management of its health insurance plan. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the Town, each of which is considered to be a major fund of the Town.

The basic proprietary fund financial statements can be found in Section C of this report.

Notes to the Financial Statements: The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Section D of this report.

Government-wide Financial Analysis:

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$191,406,025, at the close of the most recent fiscal year.

Town of Telluride's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022 (as restated)	2023	2022 (as restated)	2023	2022 (as restated)
Assets:						
Current and other assets	36,593,424	38,120,661	20,620,513	19,189,225	57,213,937	57,309,886
Capital assets, net	109,319,028	111,224,954	82,844,962	68,545,994	192,163,990	179,770,948
Total Assets	145,912,452	149,345,615	103,465,475	87,735,219	249,377,927	237,080,834
Liabilities:						
Other liabilities	5,104,712	4,401,603	1,711,974	2,281,446	6,816,686	6,683,049
Long-term liabilities	2,063,674	8,269,168	46,519,371	41,418,609	48,583,045	49,687,777
Total Liabilities	7,168,386	12,670,771	48,231,345	43,700,055	55,399,731	56,370,826
Deferred Inflows:	2,024,683	1,817,269	547,488	-	2,572,171	1,817,269
Net Position:						
Net investment in capital assets	107,670,306	109,699,584	39,013,989	32,726,958	146,684,295	142,426,542
Restricted	7,212,869	10,567,520	1,944,839	-	9,157,708	10,567,520
Unrestricted	21,836,208	14,590,471	13,727,814	11,308,206	35,564,022	25,898,677
Total Net Position	136,719,383	134,857,575	54,686,642	44,035,164	191,406,025	178,892,739

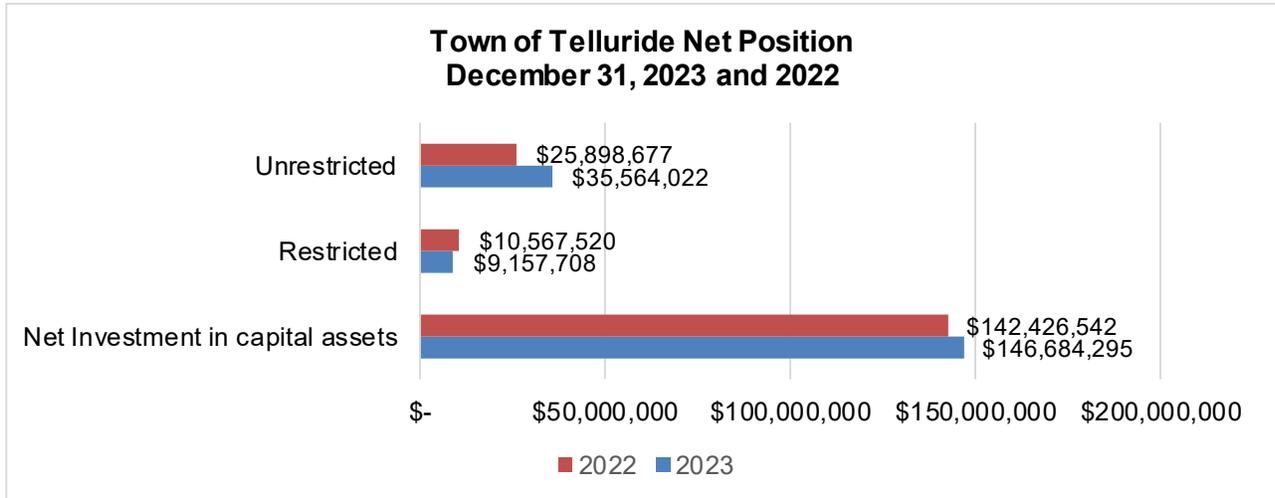
Long-term liabilities, which consist of bonds, notes, and compensated absences decreased \$1,104,732 from the previous year. This was attributed due to a combination of the receipt of advances of principal on the Series 2022A, Series 2022B, and Series 2023A tax exempt revenue bonds of \$7,314,667, increases in compensated absences of \$140,625, less principal payments on long-term debt of \$2,521,571. In addition, in 2023 the Town also paid the remaining principal of the 2020 Valley Floor Certificates of Participation in the amount of \$5,755,000.

By far, the largest portion of the Town's net position, \$146,684,295, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The Town's net investment in capital assets accounted for 77% of its total net position. Accordingly, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the remaining \$44,721,730 in net position, \$1,171,000 is restricted for TABOR reserve, \$1,783,952 is restricted for debt service, \$4,035,886 is restricted for parks and open space, \$117,348 is restricted for energy mitigation, \$1,040,911 is restricted for marketing, \$679,933 is restricted for culture and recreation, and \$35,564,022 is unrestricted.

At the end of the 2023 fiscal year, the Town is able to report positive balances in all three categories of net position, first for the government as a whole, and then as separate governmental and business-type activities.

Government-wide Financial Analysis (continued):



The Town's overall net position increased \$12,513,286 from the prior fiscal year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.



Government-wide Financial Analysis (continued):

Town of Telluride's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022 (as restated)	2023	2022 (as restated)	2023	2022 (as restated)
Revenues:						
Program revenues:						
Charges for services	3,778,486	4,146,762	8,936,868	7,748,965	12,715,354	11,895,727
Operating grants/cont.	322,625	623,511	1,010,129	1,053,846	1,332,754	1,677,357
Capital grants/cont.	51,393	97,325	1,255,259	1,119,970	1,306,652	1,217,295
General revenue:						
Property taxes	1,577,268	1,535,805	557,757	557,676	2,135,025	2,093,481
Sales and use taxes	11,920,707	12,487,314	-	-	11,920,707	12,487,314
Real estate transfer taxes	6,790,357	9,152,119	-	-	6,790,357	9,152,119
Other taxes	6,445,974	6,321,496	25,600	24,979	6,471,574	6,346,475
Miscellaneous	22,045	9,984	-	-	22,045	9,984
Investment earnings	977,345	496,188	1,134,693	96,254	2,112,038	592,442
Gain on sale of assets	202,971	79,534	-	-	202,971	79,534
Total Revenues	32,089,171	34,950,038	12,920,306	10,601,690	45,009,477	45,551,728
Expenses:						
General government	7,331,218	6,581,407	-	-	7,331,218	6,581,407
Public safety	2,294,983	2,195,581	-	-	2,294,983	2,195,581
Public works	4,194,490	3,422,257	-	-	4,194,490	3,422,257
Community development	4,104,743	4,149,391	-	-	4,104,743	4,149,391
Culture and recreation	5,014,678	5,027,397	-	-	5,014,678	5,027,397
Transportation	890,244	996,756	-	-	890,244	996,756
Interest on long-term debt	71,326	311,578	-	-	71,326	311,578
Water operations	-	-	2,351,320	2,185,219	2,351,320	2,185,219
Wastewater operations	-	-	2,216,368	1,957,704	2,216,368	1,957,704
Parking	-	-	899,346	901,680	899,346	901,680
Housing	-	-	3,127,475	2,603,768	3,127,475	2,603,768
Total Expenses	23,901,682	22,684,367	8,594,509	7,648,371	32,496,191	30,332,738
Change in Net Position						
Before Transfers	8,187,489	12,265,671	4,325,797	2,953,319	12,513,286	15,218,990
Transfers	(6,325,681)	(4,876,384)	6,325,681	4,876,384	-	-
Change in Net Position	1,861,808	7,389,287	10,651,478	7,829,703	12,513,286	15,218,990
Net Position - Beginning	134,857,575	127,468,288	44,035,164	36,205,461	178,892,739	163,673,749
Net Position - Ending	136,719,383	134,857,575	54,686,642	44,035,164	191,406,025	178,892,739

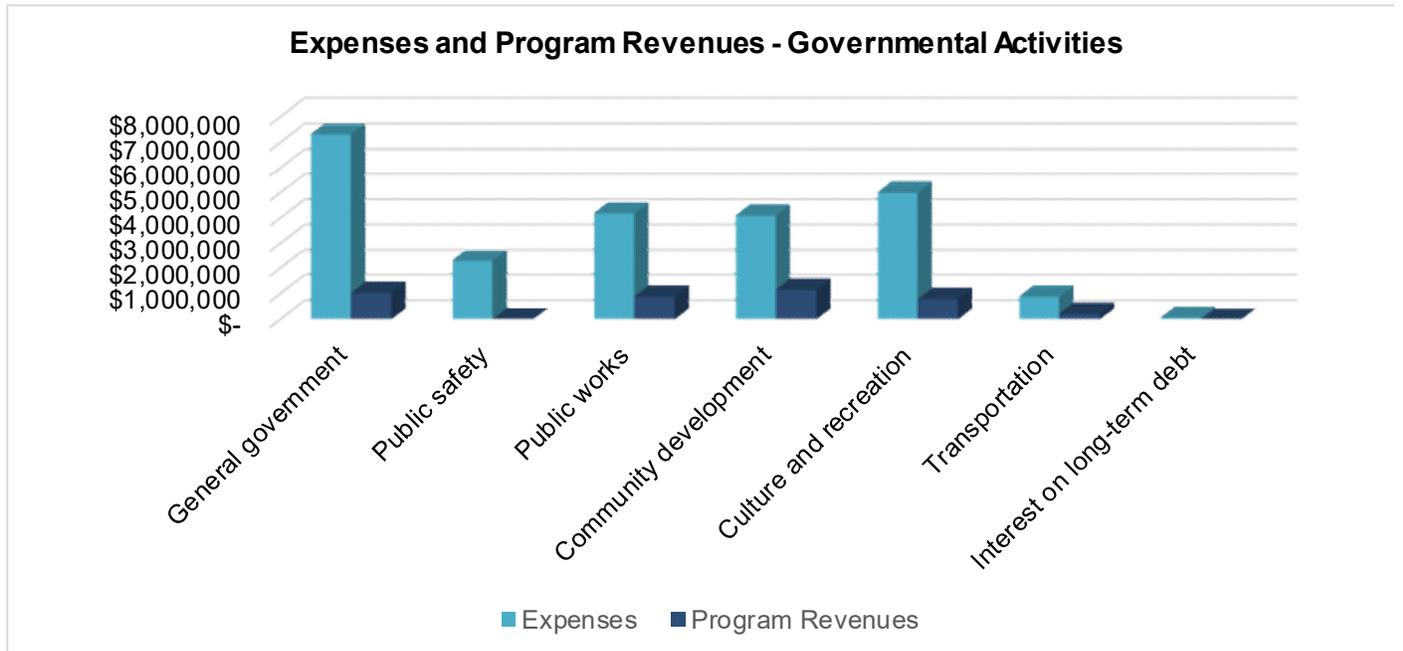
Governmental Activities. During 2023, net position for governmental activities increased \$1,861,808 from 2022 for an ending balance of \$136,719,383. The decrease in the overall net position of governmental activities was primarily due to the strong performance of certain taxes, offset by planned transfers to proprietary funds for expenditures of capital projects relating to affordable housing.

Revenues decreased \$2,860,867 largely due to a decline in real estate transfer taxes attributed to limited housing inventory. In prior years, the COVID-19 pandemic triggered buying frenzies among many similar mountain communities, leading to record high revenues as a result of quantity of sales and high sales prices. Sales and use taxes remain the largest sources of revenue, accounting for 37.1% of 2023's governmental activities total revenues, compared to 35.7% in 2022.

Government-wide Financial Analysis (continued):

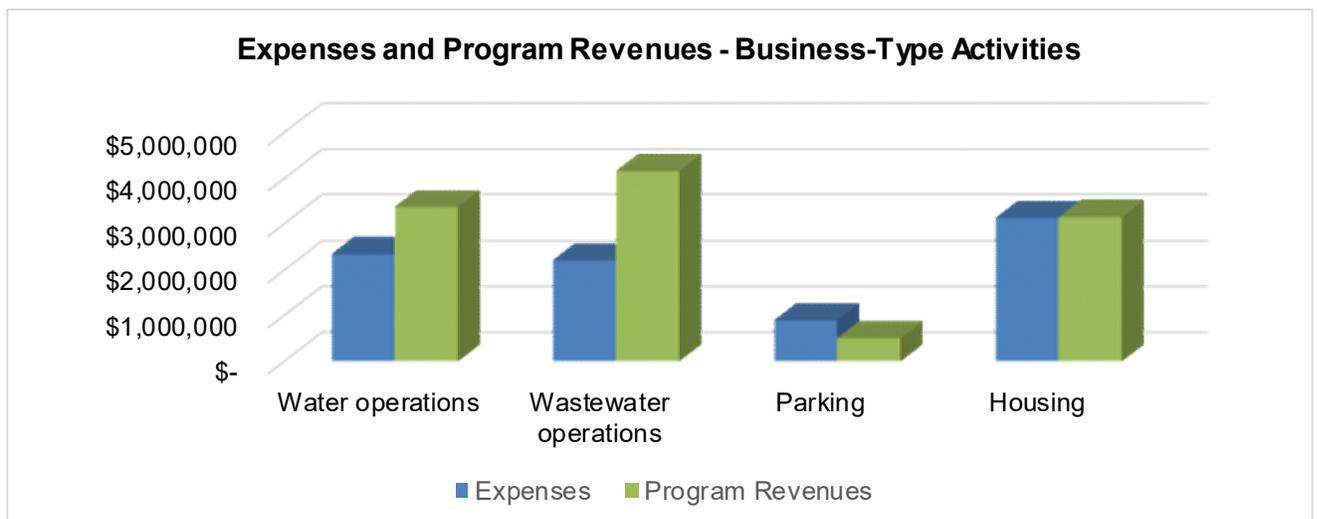
Expenses, before transfers, grew slightly during the current year, increasing from \$22,684,367 in 2022 to \$23,901,682 in 2023. The most significant increase was in the public works function which was attributed to a planned increase in street, parking lot, and sidewalk maintenance. Savings in interest on long-term debt were achieved partially due to the early pay off the Valley Floor 2020 Certificates of Participation.

As shown in the chart below, revenues generated by the Town's programs are not sufficient to cover the costs. The Town relies on property taxes, sales taxes, real estate transfer taxes, other taxes, investment income, and other general revenues to cover the costs associated with the various programs.



Business-type Activities. For the Town's business-type activities, overall net position increased to reach an ending balance of \$54,686,642. The total increase in net position for business-type activities (water, wastewater, parking, and housing operations) was \$10,651,478, or 24.2% from 2022. The total increase in net position also includes net transfers of \$6,325,681. The growth in large part is due to the net capital contributions from governmental activities relating to affordable housing project and an increase in interest income attributed to long-term debt issuance proceeds and an increase in yield rates.

The following chart excludes non-operating expenses and revenues which are also available and critical to these programs; but indicates the relationship of specific operating revenues, to the operating costs of these programs:



Financial Analysis of Governmental Funds

Governmental Funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Town's Council.

At December 31, 2023, the Town's governmental funds reported combined fund balances of \$29,532,786, a decrease of \$2,447,353 from December 31, 2022. Of this amount, \$9,825,318, or 33.3%, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is (1) not in spendable form, \$0; (2) not spendable because it is legally required to be maintained intact, \$1,010,113; (3) restricted for particular purposes, \$6,202,756; (4) committed for particular purposes, \$0; or (5) assigned for particular purposes, \$12,494,599.

Analysis of Individual Funds

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,825,318, while total fund balance decreased to \$11,026,360. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 65.5% of total General Fund expenditures, while total fund balance represents 66.9% of that same amount.

The Capital Improvement Fund, a major fund, had an increase in fund balance during the current year of \$413,415 to bring the year end fund balance to \$11,300,653. The Capital Improvement Fund transferred \$3,692,973 to other funds to assist with Water Fund plant upgrades, Street Alley and Bridge Fund capital expenditures and maintenance, and the transportation function of the Town.

The Affordable Housing Fund, another major fund, had a decrease of \$1,447,865 in fund balance during 2023 which put the overall fund balance in a positive position for the amount of \$328,678. The large decrease in fund balance was caused by the spending of unassigned fund balance on affordable housing projects relating to the Voo Doo and Sunnyside funds.

The Open Space Fund, the last major fund of the Town, had a decrease in fund balance during 2023 of \$3,625,217, which put the overall fund balance in a positive position for the amount of \$3,860,346. In 2023, the Town paid off the 2020 Valley Floor Certificates of Participation with a remaining principal balance of \$5,755,000.

Proprietary Funds: The Town's proprietary funds provide the same type of information found in the business-type activities portion of the government-wide financial statements, but in more detail.

The Town's proprietary funds ending net position at December 31, 2023 was \$54,686,642, which is an increase of \$10,651,478 from 2022, which is broken down by fund as follows: Water – \$19,365,987, Wastewater – \$16,119,151, Parking – \$3,408,457, and Telluride Housing Authority – \$15,793,047. The net position includes each fund's net investment of capital assets.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations.

General Fund Budgetary Highlights

Final budget compared to actual results. The following significant variances were noted in the General Fund:

Account	Variance Positive (Negative)	Reason
Revenues:		
Taxes:		
Property tax	(143,302)	The budgeted figure is for the entire property tax contribution. It does not account for the allocations to the Open Space and Capital Reserve funds.
Sales tax	(2,027,594)	The budget anticipated a 20% increase from 2022 revenue, while actual 2023 revenue was comparable with 2022.
Use tax	(147,280)	Difficult to budget and driven by permits issued, which are difficult to budget, as discussed below.
Expenses:		
General Government:		
General services	168,889	Repairs and maintenance conservatively budgeted.
Miscellaneous operations and maintenance	233,730	Conservatively budgeted
Salary, bonus, and benefit reserve	165,000	Conservatively budgeted
Public Safety:		
Law enforcement	356,128	Budget estimates department will be fully staffed. Savings in salaries and wages and related benefits.
Public Works:		
Road and utility	224,930	Conservative budgeting relating to salaries and wages and related benefits.
Administration and engineering	128,714	Conservative budgeting relating to salaries and wages and related benefits.

Capital Assets and Debt Administration

Capital assets. Telluride's capital assets for its governmental and business-type activities as of December 31, 2023, amount to \$192,163,990 (net of accumulated depreciation), an increase of \$12,393,042 from December 31, 2022. The total increase in capital assets for the current fiscal year was 6.9%. Capital assets include land, buildings and improvements, machinery, construction in progress, equipment and vehicles, treatment plants and systems, and infrastructure.

Town of Telluride's Capital Assets (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2023	2022 (as restated)	2023	2022 (as restated)	2023	2022 (as restated)
Land	80,556,438	80,556,438	4,721,011	4,721,011	85,277,449	85,277,449
Construction in progress	360,747	74,604	17,973,475	16,775,998	18,334,222	16,850,602
Buildings	5,240,272	5,519,551	33,515,391	19,344,403	38,755,663	24,863,954
Infrastructure	13,625,637	14,345,443	132,387	146,205	13,758,024	14,491,648
Equipment and vehicles	702,306	1,014,345	375,387	148,896	1,077,693	1,163,241
Improvements	8,833,628	9,714,573	-	-	8,833,628	9,714,573
Treatment plants	-	-	26,127,311	27,409,481	26,127,311	27,409,481
Total	109,319,028	111,224,954	82,844,962	68,545,994	192,163,990	179,770,948

Capital Assets and Debt Administration (continued)

Major capital assets events during the current fiscal year included the following:

- Completed a pilot mini roundabout at the Davis and Colorado intersection for \$295,000.
- Various projects related to streets and sidewalks at a cost of \$309,222.
- Mill Creek water treatment plant upgrades: Filters/membrane replacement project, and remaining ceiling/roof insulation for build efficiency at a cost of \$1,643,888.
- Began Lawson Hill pump station upgrades at a cost of \$465,161.
- Continued wastewater treatment plant upgrades at a cost of \$765,960
- Purchase of parking meters for \$122,198
- Started improvements and renovations to Shandoka units Building F at a cost of \$712,352.
- Completion of the Sunnyside affordable housing units at a cost of \$1,719,471
- Continued construction of the Voo Doo Affordable Housing Project and ground level commercial space for 2023 expenditures of \$12,011,428

Additional information on the Town's capital assets can be found in Note IV.F. of the accompanying notes to the financial statements, as listed in the table of contents.

Long-term debt. At the end of 2023, the Town had total bonded debt outstanding of \$44,468,029. Of this amount, \$4,260,077 is debt backed by the full faith and credit of the government. The \$3,525,942 remainder of the Town's long-term obligations is comprised of notes payable and certificates of participation.

Town of Telluride's Outstanding Long-term Liabilities

	Governmental Activities		Business-type Activities		Total	
	2023	2022 (as restated)	2023	2022 (as restated)	2023	2022 (as restated)
Certificates of participation	220,370	5,994,267	3,305,572	3,589,022	3,525,942	9,583,289
General obligation bonds	-	-	3,671,000	4,170,000	3,671,000	4,170,000
Revenue bonds, net	1,305,000	1,505,000	39,492,029	33,615,836	40,797,029	35,120,836
Notes payable	-	365,200	-	-	-	365,200
Compensated absences	538,307	404,701	50,770	43,751	589,077	448,452
Total	2,063,677	8,269,168	46,519,371	41,418,609	48,583,048	49,687,777

The Town's total debt decreased by a net \$1,104,729 (2.2%) during 2023. The following are the reasons for the overall change:

- Received \$3,032,935 of advances of principal on the Series 2022A tax exempt revenue bonds relating to the Voo Doo affordable housing project.
- Received \$1,003,173 of advances of principal on the Series 2022B tax exempt revenue bonds relating to the Voo Doo affordable housing project.
- Received \$3,278,559 of advances of principal on the Series 2023A tax exempt revenue bonds relating to the Voo Doo affordable housing project.
- Paid off the remaining principal balance of the 2020 Valley Floor Certifications of Participation in the amount of \$5,755,000.

Additional information on the Town's long-term debt can be found in Note IV.G. of the accompanying notes to the financial statements, as listed in the table of contents.

Economic Factors and Next Year's Budgets and Rates

- The Town Council voted to enact a regulatory fee per bedrooms on all short-term rentals as well as an annual administrative fee.

Economic Factors and Next Year's Budgets and Rates (continued)

- In March 2020, an emergency was declared for the COVID-19 pandemic. The State of Colorado subsequently declared a statewide emergency and enacted shutdown orders for significant portions of the economy, including ski resorts beginning March 15, 2020. The economic impact of the event is a factor in the 2024 budget. Although the Town has had higher sales tax and real estate transfer tax revenues than ever, these revenues seem to be leveling off.
- State regulations on wastewater are causing major capital improvements to occur to the regional treatment plant.
- The Town is staying the course with its conservative approach to budgeting for expenses. Increased sales tax revenues have enabled a revision of the Town's fiscal policy in 2017 to once again raise budgeted reserves from 30% to 35% within the General Fund (representing a 5% increase – the fifth such increase in recent years). Staff recommends a goal of 50%.

Next Year's Budget and Rates: The Town's General Fund balance at the end of fiscal year 2023 totaled \$11,026,360. The original 2024 budget anticipates decreasing this balance by approximately \$757,785.

Request for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, P.O. Box 397, Town of Telluride, Colorado, 81435.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



Town of Telluride, Colorado
Statement of Net Position
December 31, 2023

	Governmental Activities	Business- Type Activities	Total
Assets:			
Cash and investments - Unrestricted	28,267,589	13,892,536	42,160,125
Cash and investments - Restricted	2,009,483	5,849,285	7,858,768
Accounts receivable, net:			
Taxes	1,975,755	547,488	2,523,243
Trade accounts	128,752	846,464	975,216
Intergovernmental	1,510,411	253,042	1,763,453
Notes	650,000	-	650,000
Other	259,999	1,023,133	1,283,132
Internal balances	1,791,435	(1,791,435)	-
Capital assets, not being depreciated	80,917,185	22,694,486	103,611,671
Capital assets, net of accumulated depreciation	28,401,843	60,150,476	88,552,319
Total Assets	145,912,452	103,465,475	249,377,927
Liabilities:			
Accounts payable and accrued expenses	3,923,732	1,147,878	5,071,610
Accrued payroll and taxes	208,321	-	208,321
Accrued interest payable	2,732	233,131	235,863
Unearned revenue	232,059	9,461	241,520
Deposits	737,868	321,504	1,059,372
Long-term liabilities:			
Portion due or payable within one year:			
Certificates of participation	19,320	289,802	309,122
Bonds and notes payable	205,000	1,975,726	2,180,726
Portion due or payable after one year:			
Accrued compensated absences	538,304	50,770	589,074
Certificates of participation	201,050	3,015,770	3,216,820
Bonds and notes payable	1,100,000	41,187,303	42,287,303
Total Liabilities	7,168,386	48,231,345	55,399,731
Deferred Inflows of Resources:			
Property taxes	1,975,755	547,488	2,523,243
Other	48,928	-	48,928
Total Deferred Inflows of Resources	2,024,683	547,488	2,572,171
Net Position:			
Net investment in capital assets	107,670,306	39,013,989	146,684,295
Restricted for:			
Emergencies	990,000	181,000	1,171,000
Parks and open space	4,035,886	-	4,035,886
Energy mitigation	117,348	-	117,348
Marketing	1,040,911	-	1,040,911
Debt service	20,113	1,763,839	1,783,952
Culture and recreation	679,933	-	679,933
Unrestricted	21,836,208	13,727,814	35,564,022
Total Net Position	136,719,383	54,686,642	191,406,025

The notes to the financial statements are an integral part of this statement.

Town of Telluride, Colorado
Statement of Activities
For the Year Ended December 31, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental Activities:							
General government	7,331,218	962,583	68,924	5,536	(6,294,175)	-	(6,294,175)
Public safety	2,294,983	14,610	8,044	-	(2,272,329)	-	(2,272,329)
Public works	4,194,490	882,839	-	9,186	(3,302,465)	-	(3,302,465)
Community and economic development	4,104,743	1,168,718	-	-	(2,936,025)	-	(2,936,025)
Culture and recreation	5,014,678	749,736	15,332	36,671	(4,212,939)	-	(4,212,939)
Transportation	890,244	-	230,325	-	(659,919)	-	(659,919)
Interest on long-term debt	71,326	-	-	-	(71,326)	-	(71,326)
Total Governmental Activities	23,901,682	3,778,486	322,625	51,393	(19,749,178)	-	(19,749,178)
Business-type Activities:							
Water operations	2,351,320	2,303,449	45,947	1,022,532	-	1,020,608	1,020,608
Wastewater operations	2,216,368	3,015,162	920,585	232,727	-	1,952,106	1,952,106
Parking	899,346	512,420	-	-	-	(386,926)	(386,926)
Housing	3,127,475	3,105,837	43,597	-	-	21,959	21,959
Total Business-type Activities	8,594,509	8,936,868	1,010,129	1,255,259	-	2,607,747	2,607,747
Total	32,496,191	12,715,354	1,332,754	1,306,652	(19,749,178)	2,607,747	(17,141,431)
General Revenues:							
Taxes:							
Property tax, levied for general purposes					1,577,268	557,757	2,135,025
Specific ownership tax					72,051	25,600	97,651
Sales and use tax					11,920,707	-	11,920,707
Franchise tax					277,633	-	277,633
Road and bridge taxes					332,318	-	332,318
Lodging taxes					1,236,711	-	1,236,711
Excise tax					3,905,245	-	3,905,245
Real estate transfer taxes					6,790,357	-	6,790,357
Highway users tax					77,835	-	77,835
Other taxes					544,181	-	544,181
Miscellaneous					22,045	-	22,045
Unrestricted investment earnings					977,345	1,134,693	2,112,038
Gain on sale of capital assets					202,971	-	202,971
Transfers					(6,325,681)	6,325,681	-
Total General Revenues and Transfers					21,610,986	8,043,731	29,654,717
Change in Net Position					1,861,808	10,651,478	12,513,286
Net Position - Beginning (as restated)					134,857,575	44,035,164	178,892,739
Net Position - Ending					136,719,383	54,686,642	191,406,025

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS



Town of Telluride, Colorado
Balance Sheet
Governmental Funds
December 31, 2023

	Capital Projects Fund		Special Revenue Funds		Non-major Governmental Funds	Total Governmental Funds
	General Fund	Capital Improvement Fund	Affordable Housing Fund	Open Space Fund		
Assets:						
Cash and investments - Unrestricted	10,743,061	10,657,718	7,866	3,983,666	2,875,278	28,267,589
Cash and investments - Restricted	-	1,067,436	942,041	6	-	2,009,483
Accounts receivable, net:						
Taxes	960,950	-	1,014,805	-	-	1,975,755
Trade accounts	128,752	-	-	-	-	128,752
Intergovernmental	1,510,411	-	-	-	-	1,510,411
Notes	-	-	-	-	650,000	650,000
Other	200	9,186	1,345	-	729	11,460
Due from other funds	119,832	-	1,791,435	-	-	1,911,267
Total Assets	<u>13,463,206</u>	<u>11,734,340</u>	<u>3,757,492</u>	<u>3,983,672</u>	<u>3,526,007</u>	<u>36,464,717</u>
Liabilities:						
Accounts payable	301,148	433,687	2,361,581	123,326	505,257	3,724,999
Accrued payroll and taxes	208,321	-	-	-	-	208,321
Unearned revenue	232,059	-	-	-	-	232,059
Deposits payable	734,368	-	3,500	-	-	737,868
Due to other funds	-	-	-	-	4,001	4,001
Total Liabilities	<u>1,475,896</u>	<u>433,687</u>	<u>2,365,081</u>	<u>123,326</u>	<u>509,258</u>	<u>4,907,248</u>
Deferred Inflows of Resources:						
Unavailable property taxes	960,950	-	1,014,805	-	-	1,975,755
Other	-	-	48,928	-	-	48,928
Total Deferred Inflows of Resources	<u>960,950</u>	<u>-</u>	<u>1,063,733</u>	<u>-</u>	<u>-</u>	<u>2,024,683</u>
Fund Balances:						
Restricted for:						
Emergencies	990,000	-	-	-	-	990,000
Affordable housing	-	-	328,678	-	-	328,678
Parks and open space	-	-	-	3,860,346	175,540	4,035,886
Energy mitigation	-	-	-	-	117,348	117,348
Marketing	-	-	-	-	1,040,911	1,040,911
Debt service	-	-	-	-	20,113	20,113
Culture and recreation	-	-	-	-	679,933	679,933
Assigned for:						
Transportation	211,042	-	-	-	-	211,042
Capital projects	-	11,300,653	-	-	771,318	12,071,971
Affordable housing	-	-	-	-	211,586	211,586
Unassigned	9,825,318	-	-	-	-	9,825,318
Total Fund Balances	<u>11,026,360</u>	<u>11,300,653</u>	<u>328,678</u>	<u>3,860,346</u>	<u>3,016,749</u>	<u>29,532,786</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>13,463,206</u>	<u>11,734,340</u>	<u>3,757,492</u>	<u>3,983,672</u>	<u>3,526,007</u>	<u>36,464,717</u>

Town of Telluride, Colorado
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2023

Total fund balance - Governmental funds		29,532,786
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds.		109,319,028
The internal service fund is used by management to charge the costs of self-insurance activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		(66,025)
Long-term liabilities and related deferred items are not due and payable in the current period and, therefore, are not reported in the funds. Long term liabilities and related items include:		
Certificates of participation payable	(220,370)	
Bonds payable	(1,305,000)	
Accrued interest payable	(2,732)	
Accrued compensated absences	(538,304)	
	(2,066,406)	(2,066,406)
Total net position - Governmental activities		136,719,383

The notes to the financial statements are an integral part of this statement.

Town of Telluride, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	General Fund	Capital Projects Fund	Special Revenue Funds		Non-major Governmental Funds	Total Governmental Funds
		Capital Improvement Fund	Affordable Housing Fund	Open Space Fund		
Revenues:						
Taxes	9,911,220	5,432,285	3,201,714	2,708,682	4,963,634	26,217,535
Licenses and permits	882,796	-	174,565	100,753	3,241	1,161,355
Intergovernmental	343,239	9,186	-	-	446,824	799,249
Charges for services and fees	1,449,778	-	951,215	-	212,945	2,613,938
Investment earnings	831,673	1,148	136,872	7,516	136	977,345
Miscellaneous	79,342	-	300	2,018	16,118	97,778
Total Revenues	13,498,048	5,442,619	4,464,666	2,818,969	5,642,898	31,867,200
Expenditures:						
General government	6,975,264	-	-	-	338,394	7,313,658
Public safety	2,154,378	-	-	-	4,160	2,158,538
Public works	2,158,626	-	-	-	1,144,891	3,303,517
Transportation	912,215	-	-	-	-	912,215
Culture and recreation	2,807,404	-	-	463,448	36,423	3,307,275
Economic development	-	-	5,138,315	-	3,079,435	8,217,750
Capital outlay	-	1,508,827	-	-	-	1,508,827
Debt service:						
Principal	-	-	565,200	5,755,000	18,897	6,339,097
Interest	-	-	111,139	28,991	6,818	146,948
Total Expenditures	15,007,887	1,508,827	5,814,654	6,247,439	4,629,018	33,207,825
Excess (Deficiency) of Revenues over Expenditures	(1,509,839)	3,933,792	(1,349,988)	(3,428,470)	1,013,880	(1,340,625)
Other Financing Sources (Uses):						
Sale of assets	-	172,596	50,886	-	-	223,482
Insurance proceeds	19,004	-	-	-	-	19,004
Transfers in	2,547,034	-	-	-	1,385,320	3,932,354
Transfers (out)	(188,306)	(3,692,973)	(148,763)	(196,747)	(1,054,779)	(5,281,568)
Total Other Financing Sources (Uses)	2,377,732	(3,520,377)	(97,877)	(196,747)	330,541	(1,106,728)
Net Change in Fund Balance	867,893	413,415	(1,447,865)	(3,625,217)	1,344,421	(2,447,353)
Fund Balances - Beginning of Year (as restated)	10,158,467	10,887,238	1,776,543	7,485,563	1,672,328	31,980,139
Fund Balances - End of Year	11,026,360	11,300,653	328,678	3,860,346	3,016,749	29,532,786

Town of Telluride, Colorado
Reconciliation of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2023

Net Change in Fund Balances of Governmental Funds (2,447,353)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay expenses for the current year:

Capital outlays	1,119,955	
Depreciation expense	<u>(3,005,372)</u>	(1,885,417)

The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is a decrease to net position. (20,511)

The issuance of long-term debt (e.g., certificates of participation, leases and notes payable, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net position. This is the effect of the difference in the treatment of the repayment of principal of long-term debt in the current year:

Principal repayments		6,339,097
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Internal service funds are used by management to charge the costs of self-insurance activities to individual funds. The net income or loss of the internal service fund is reported with governmental activities. (66,025)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Details of these items are as follows:

Change in accrued compensated absences	(133,606)	
Change in accrued interest	<u>75,623</u>	<u>(57,983)</u>

Governmental Activities Change in Net Position 1,861,808

Town of Telluride, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water Fund	Wastewater Fund	Parking Fund	Telluride Housing Authority	Total	
Assets:						
Current assets:						
Cash and investments - Unrestricted	2,495,931	9,228,611	747,137	1,420,857	13,892,536	-
Accounts receivable, net:						
Taxes	547,488	-	-	-	547,488	-
Trade accounts	323,804	505,497	-	17,163	846,464	-
Intergovernmental	-	253,042	-	-	253,042	-
Other	194,241	828,892	-	-	1,023,133	248,539
Total - Current assets	<u>3,561,464</u>	<u>10,816,042</u>	<u>747,137</u>	<u>1,438,020</u>	<u>16,562,663</u>	<u>248,539</u>
Noncurrent assets:						
Cash and investments - Restricted	-	5,496,827	-	352,458	5,849,285	-
Capital assets, not being depreciated	2,109,050	1,659,941	-	18,925,495	22,694,486	-
Capital assets, net of depreciation	22,090,236	5,259,546	5,681,176	27,119,518	60,150,476	-
Total - Noncurrent assets	<u>24,199,286</u>	<u>12,416,314</u>	<u>5,681,176</u>	<u>46,397,471</u>	<u>88,694,247</u>	<u>-</u>
Total Assets	<u>27,760,750</u>	<u>23,232,356</u>	<u>6,428,313</u>	<u>47,835,491</u>	<u>105,256,910</u>	<u>248,539</u>
Liabilities:						
Current liabilities:						
Accounts payable	841,976	162,771	31,844	111,287	1,147,878	198,733
Accrued interest payable	12,195	37,283	11,012	172,641	233,131	-
Unearned revenue	-	-	-	9,461	9,461	-
Deposits	-	-	-	321,504	321,504	-
Due to other funds	-	-	-	1,791,435	1,791,435	115,831
Current portion of long-term debt	793,802	327,726	276,000	868,000	2,265,528	-
Total - Current liabilities	<u>1,647,973</u>	<u>527,780</u>	<u>318,856</u>	<u>3,274,328</u>	<u>5,768,937</u>	<u>314,564</u>
Noncurrent liabilities:						
Accrued compensated absences	16,532	13,430	-	20,808	50,770	-
Bonds and notes payable	6,182,770	6,571,995	2,701,000	28,747,308	44,203,073	-
Total - Noncurrent liabilities	<u>6,199,302</u>	<u>6,585,425</u>	<u>2,701,000</u>	<u>28,768,116</u>	<u>44,253,843</u>	<u>-</u>
Total Liabilities	<u>7,847,275</u>	<u>7,113,205</u>	<u>3,019,856</u>	<u>32,042,444</u>	<u>50,022,780</u>	<u>314,564</u>
Deferred Inflows of Resources:						
Unavailable property taxes	547,488	-	-	-	547,488	-
Net Position:						
Net investment in capital assets	17,473,063	4,512,581	2,704,177	14,324,168	39,013,989	-
Restricted for emergencies	181,000	-	-	-	181,000	-
Restricted for debt service	1,088,209	675,630	-	-	1,763,839	-
Unrestricted	623,715	10,930,940	704,280	1,468,879	13,727,814	(66,025)
Total Net Position	<u>19,365,987</u>	<u>16,119,151</u>	<u>3,408,457</u>	<u>15,793,047</u>	<u>54,686,642</u>	<u>(66,025)</u>

The notes to the financial statements are an integral part of this statement.

Town of Telluride, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water Fund	Wastewater Fund	Parking Fund	Telluride Housing Authority	Total	
Operating Revenues:						
Charges for services	2,303,449	3,015,162	512,420	3,105,837	8,936,868	1,490,372
Reinsurance	-	-	-	-	-	1,190,492
Miscellaneous	45,947	35,485	-	8,597	90,029	7,226
Total Operating Revenues	2,349,396	3,050,647	512,420	3,114,434	9,026,897	2,688,090
Operating Expenses:						
Personnel	339,793	429,229	-	499,407	1,268,429	-
Operating supplies and equipment	181,897	543,750	-	115,035	840,682	-
Purchased services	130,687	382,286	160,624	286,861	960,458	-
Utilities	70,069	180,490	15,342	526,445	792,346	-
Claims	-	-	-	-	-	2,371,590
Premiums	-	-	-	-	-	315,667
Administrative costs	-	-	-	-	-	66,858
Depreciation	1,471,234	477,590	568,065	789,898	3,306,787	-
Other	-	2,448	-	60,329	62,777	-
Total Operating Expenses	2,193,680	2,015,793	744,031	2,277,975	7,231,479	2,754,115
Operating Income (Loss)	155,716	1,034,854	(231,611)	836,459	1,795,418	(66,025)
Non-Operating Revenues (Expenses):						
Property taxes	556,551	-	-	-	556,551	-
Specific ownership taxes	25,600	-	-	-	25,600	-
Penalties and interest on property taxes	1,206	-	-	-	1,206	-
Treasurer's fees	(11,155)	-	-	-	(11,155)	-
Gain (loss) on disposition of assets, net	(181)	(14,415)	-	-	(14,596)	-
Investment income (loss)	-	484,484	-	650,209	1,134,693	-
Grants and contributions awarded	789,596	885,100	-	35,000	1,709,696	-
Interest expense	(127,529)	(186,160)	(155,315)	(744,400)	(1,213,404)	-
Paying agent fees	(275)	-	-	-	(275)	-
Issuance costs	(18,500)	-	-	(105,100)	(123,600)	-
Total Non-Operating Revenues (Expenses)	1,215,313	1,169,009	(155,315)	(164,291)	2,064,716	-
Income (Loss) Before Contributions and Transfers	1,371,029	2,203,863	(386,926)	672,168	3,860,134	(66,025)
Capital contributions	232,936	232,727	-	4,915,980	5,381,643	-
Capital asset transfers (to) from other funds	69,239	(8,752)	-	-	60,487	-
Transfers in	2,000,000	500,000	-	-	2,500,000	-
Transfers (out)	(509,529)	(509,529)	-	(131,728)	(1,150,786)	-
Change in Net Position	3,163,675	2,418,309	(386,926)	5,456,420	10,651,478	(66,025)
Net Position - Beginning of Year (as restated)	16,202,312	13,700,842	3,795,383	10,336,627	44,035,164	-
Net Position (Deficit) - End of Year	19,365,987	16,119,151	3,408,457	15,793,047	54,686,642	(66,025)

The notes to the financial statements are an integral part of this statement.

Town of Telluride, Colorado
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities - Internal Service Fund
	Water Fund	Wastewater Fund	Parking Fund	Telluride Housing Authority		
Cash Flows From Operating Activities:						
Cash received from customers	2,289,886	2,922,332	512,420	3,114,208	8,838,846	-
Cash payments to suppliers	(412,095)	(1,199,830)	(151,423)	(962,499)	(2,725,847)	(2,555,382)
Cash payments to employees	(337,661)	(423,327)	-	(500,422)	(1,261,410)	-
Net receipt (return) of customer deposits	-	-	-	21,104	21,104	-
Cash received from interfund services provided	-	-	-	-	-	1,490,372
Other cash receipts	45,947	35,485	-	8,597	90,029	1,065,010
Net Cash Provided (Used) by Operating Activities	<u>1,586,077</u>	<u>1,334,660</u>	<u>360,997</u>	<u>1,680,988</u>	<u>4,962,722</u>	<u>-</u>
Cash Flows From Non-Capital Financing Activities:						
Property taxes received, net of Treasurer's fees	546,602	-	-	-	546,602	-
Specific ownership taxes received	25,600	-	-	-	25,600	-
Transfers (to) from other funds	1,490,471	(9,529)	-	(131,728)	1,349,214	-
Operating grants	-	959,333	-	35,000	994,333	-
Net Cash (Used) by Non-Capital Financing Activities	<u>2,062,673</u>	<u>949,804</u>	<u>-</u>	<u>(96,728)</u>	<u>2,915,749</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:						
Capital grants	617,671	-	-	-	617,671	-
Connection fees	232,936	-	-	-	232,936	-
Loan proceeds	-	-	-	7,314,667	7,314,667	-
Debt issue costs	(18,775)	-	-	(105,100)	(123,875)	-
Repayments (to) from other funds	-	-	-	(47,047)	(47,047)	-
Interest paid on bonds	(161,501)	(226,593)	(144,303)	(692,721)	(1,225,118)	-
Principal repaid on bonds	(782,450)	(285,000)	(265,000)	(849,000)	(2,181,450)	-
Acquisition and construction of capital assets	(2,511,948)	(1,318,319)	(122,198)	(8,961,044)	(12,913,509)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,624,067)</u>	<u>(1,829,912)</u>	<u>(531,501)</u>	<u>(1,597,738)</u>	<u>(6,583,218)</u>	<u>-</u>
Cash Flows From Investing Activities:						
Interest income received	-	484,484	-	650,209	1,134,693	-
Net Cash Provided by Investing Activities	<u>-</u>	<u>484,484</u>	<u>-</u>	<u>650,209</u>	<u>1,134,693</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	<u>1,024,683</u>	<u>939,036</u>	<u>(170,504)</u>	<u>636,731</u>	<u>2,429,946</u>	<u>-</u>
Cash and Cash Equivalents - Beginning of Year	<u>1,471,248</u>	<u>13,786,402</u>	<u>917,641</u>	<u>1,136,584</u>	<u>17,311,875</u>	<u>-</u>
Cash and Cash Equivalents - End of Year	<u>2,495,931</u>	<u>14,725,438</u>	<u>747,137</u>	<u>1,773,315</u>	<u>19,741,821</u>	<u>-</u>
Cash and Cash Equivalents - End of Year comprises:						
Cash and investments - Unrestricted	2,495,931	9,228,611	747,137	1,420,857	13,892,536	-
Cash and investments - Restricted	-	5,496,827	-	352,458	5,849,285	-
Total	<u>2,495,931</u>	<u>14,725,438</u>	<u>747,137</u>	<u>1,773,315</u>	<u>19,741,821</u>	<u>-</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	<u>155,716</u>	<u>1,034,854</u>	<u>(231,611)</u>	<u>836,459</u>	<u>1,795,418</u>	<u>(66,025)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	1,471,234	477,590	568,065	789,898	3,306,787	-
(Increase) decrease in accounts receivable	(13,563)	(92,830)	-	(1,090)	(107,483)	(248,538)
(Increase) decrease in interfund	-	-	-	-	-	115,831
Increase (decrease) in unearned revenue	-	-	-	9,461	9,461	-
Increase (decrease) in customer deposits	-	-	-	21,104	21,104	-
Total Adjustments	<u>1,430,361</u>	<u>299,806</u>	<u>592,608</u>	<u>844,529</u>	<u>3,167,304</u>	<u>66,025</u>
Net Cash Provided (Used) by Operating Activities	<u>1,586,077</u>	<u>1,334,660</u>	<u>360,997</u>	<u>1,680,988</u>	<u>4,962,722</u>	<u>-</u>
Noncash capital and related financing activities						
Assets contributed from others	-	232,727	-	4,915,980	5,148,707	-
Capital asset transfers (to) from other funds	69,239	(8,752)	-	-	60,487	-
Total	<u>69,239</u>	<u>223,975</u>	<u>-</u>	<u>4,915,980</u>	<u>5,209,194</u>	<u>-</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS



Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

I. Summary of Significant Accounting Policies

The Town of Telluride, Colorado (the “Town”) was founded in 1878 and, pursuant to the Article XX of the Colorado Constitution and the *Municipal Home Rule Act of 1971*, adopted its Home Rule Charter in 1977. The governing body of the Town is an elected seven-member Board of Town Council, including an elected Mayor. The Town provides the following services directly: general administration, Marshal, street construction and maintenance, affordable housing, community development, parks and open space, parking, recreation programs, and water and wastewater services. The Town is located in San Miguel County, Colorado.

The Town’s financial statements are prepared in accordance with generally accepted accounting principles (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the Town are discussed below.

A. Financial Reporting Entity

The reporting entity consists of (a) the primary government (i.e., the Town), and (b) organizations for which the Town is financially accountable. The Town is considered to be financially accountable for a legally separate organization if it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town. Consideration is also given to other organizations that are fiscally dependent on the Town; that is, unable to adopt a budget, levy tax, or issue debt without approval by the Town. Organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete are also included in the reporting entity.

The accompanying financial statements present the primary government and its component units; entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town’s operations. Each component unit has a fiscal year end of December 31.

Blended Component Units

Block 23 Housing Corporation

Block 23 Housing Corporation, a Colorado nonprofit corporation, was incorporated in March 2000 to facilitate the construction of affordable housing for residents residing in San Miguel County that meet income limitations set by the Town’s affordable housing guidelines. The financial data of Block 23 Housing Corporation is reported as part of the primary government because it is fiscally dependent upon the Town, and Town exercises effective operational and financial control over Block 23 Housing Corporation. Block 23 Housing Corporation is reported as a special revenue fund of the Town. Block 23 Housing Corporation is exempt from Colorado’s Local Government Budget Law.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

I. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Blended Component Units (continued)

Telluride Housing Authority

The Telluride Housing Authority (“THA”) provides housing for employees who work within the boundaries of the Telluride R-1 School District. THA is comprised of 134 apartments at Shandoka; 18 apartments and 3 tiny homes at Virginia Placer; 8 townhomes, 3 tiny homes, and 18 apartments at Sunnyside; and single and double occupancy rooms that accommodate 46 at the Telluride Boarding House. The construction of Voo Doo is expected to be completed in 2024 and will consist of 27 units ranging from 1-4 bedrooms, and a 3,700 square foot commercial space. The financial data of THA is reported as part of the primary government because members of the Town Council sit as the THA Board of Directors and the Town manages the properties on behalf of THA.

Other Related Entities

The Town and the Town of Mountain Village, Colorado (“Mountain Village”) entered into an agreement for the joint construction and operation of a regional wastewater treatment facility. Each entity obtains its own financing for construction and improvements to the joint facility. The reserved capacity rights are 65% for the Town and 35% for Mountain Village. The Town owns and operates the joint facility. The Town reports its percentage interest in the joint facility as a capital asset and the entire joint facilities operating costs as an operating expense.

The Town has entered into an agreement with San Miguel County, Colorado to jointly fund the costs of transit services in the Telluride region.

Marketing Telluride, Inc. (“MTI”) – a Colorado nonprofit corporation – was formed primarily to provide the community of Telluride with services necessary to maintain, promote and manage tourism. MTI receives funding from the Town, the Telluride Ski and Golf Company, Mountain Village, and San Miguel County.

B. Government-wide and Fund Financial Statements

The Town’s basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major funds).

Government-wide financial statements report information on all the activities of the Town and its component units. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town’s public safety, public works, transportation, culture and recreation, community and economic development, and general government functions are classified as governmental activities. The Town’s water and wastewater operations, parking, and THA are classified as business-type activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town’s governmental functions and business-type activities. The governmental functions are also supported by general government revenues (property taxes, specific ownership taxes, sales taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

Program revenues must be directly associated with the governmental function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's operations.

C. Fund Financial Statements

The financial transactions of the Town are reported in individual fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise assets, liabilities, fund equity, revenues, and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

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. Operations of the Transportation Fund are included in the General Fund as a sub-fund.

The *Capital Improvement Fund* accounts for general capital projects and outlays, economic and cultural development, public works and government facility maintenance, and transportation subsidies. It is financed primarily by real estate transfer taxes, which are assessed at a flat rate of 3%.

The *Affordable Housing Fund* accounts for the Town's 0.5% sales and use tax, a 2.5% Affordable Housing short-term rental excise tax, and a 2 mil property tax levy to finance the development and preservation of affordable housing.

The *Open Space Fund* accounts for the acquisition and maintenance of open space financed by 5% (20% until August 1, 2023) of unencumbered revenues generated from property, sales, and real estate transfer taxes and business licenses. Reserves are developed over time and are then utilized to acquire real properties to be dedicated as open spaces.

The Town reports the following major enterprise funds:

The *Water Fund* accounts for the charges to constituents for water provided by the Town and the expense to provide those services.

The *Wastewater Fund* accounts for revenues earned from providing sewer services to Town residents as well as residents of several nearby communities and the expenses to provide those services.

The *Parking Fund* accounts for all Town parking meter fees and parking permit fees and related activity.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

I. Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements (continued)

THA accounts for the activity in the Shandoka, Sunnyside, Virginia Placer, and Voo Doo affordable housing projects, including rental income from the units and the costs to hold, manage and maintain the affordable housing units, together with related long-term debt financing.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* accounts for self-insurance health insurance plan.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source, and expenditures or expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both the governmental and business-type activities in the government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred.

The exception to this general rule is that principal and interest on general long-term debt and compensated absences are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental revenues, charges for services, licenses, other taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when qualified expenditures have been incurred and all other grant requirements have been met. All other revenues items are considered to be measurable and available only when cash is received by the Town.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

I. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

3. Financial Statement Presentation

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent to the value of the interfund services provided and other charges between the Town's water and wastewater operations and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the water and wastewater functions.

Amounts reported as program revenues include 1) fees, fines, and charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are from water and wastewater utility services provided, parking meters, and housing activities. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Financial Statement Accounts

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less. Investments are stated at fair value or net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

For the purposes of the Statement of Cash Flows, the Town defines cash and cash equivalents as amounts in demand deposits as well as short-term, highly liquid investments with original maturities of three months or less.

Certain proceeds of debt issuances, as well as certain resources set aside for their repayment, have been classified as restricted assets on the balance sheet because their use is limited by the applicable covenants. Restricted assets also include certain deposits that have been limited as to usage pursuant to escrow and similar agreements.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

II. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

1. Cash, Cash Equivalents and Investments (continued)

The Town is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, custodial and concentration risk criteria in which local governments may invest, which include (with applicable minimum NRSRO credit rating restrictions):

- Obligations of the United States and certain U.S. agency securities
- General obligation and revenue bonds of U.S. local government entities (AA)
- Bankers' acceptance of certain banks (AA)
- Commercial paper and corporate bonds (A-1)
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds (AAAm)
- Certificates of deposit – non-negotiable
- Local government investment pools (AAAm)

2. Receivables

All property tax and other receivables are shown net of an allowance for uncollectible accounts.

3. Capital Assets

Capital assets, which include land, construction in progress, treatment plants and systems, infrastructure, buildings and improvements, and equipment and vehicles are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of one or more years, and for which the initial, individual value equals or exceeds the following dollar amounts:

<u>Asset Class</u>	<u>Minimum dollar value</u>
Land	no minimum
Buildings	no minimum
Building and other improvements	\$ 20,000
Furniture, equipment, and vehicles	5,000
Infrastructure	25,000

Such assets are recorded at cost where historical records are available and at an estimated historical cost where no historical record exists. Donated capital assets are recorded at acquisition value.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

II. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

3. Capital Assets (continued)

Capital outlay for projects is capitalized as projects are constructed. Costs related to the construction of assets including interest, engineering, legal, surveying, and landscaping that were incurred from the beginning of construction until the assets were substantially complete are capitalized.

Capital assets (excluding land, water rights, easements, certain intangibles, and construction in progress) of the primary government and its component units are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	27 - 40 years
Building and other improvements	15 years
Water and wastewater systems	25 to 35 years
Furniture, equipment, and vehicles	5 to 10 years
Infrastructure	15 to 40 years

4. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the obligated governmental fund only if they have matured (e.g., unused reimbursable leave still outstanding following an employee's resignation or retirement). Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities column in the government-wide financial statements. Vested or accumulated vacation leave of the proprietary fund types are recorded as an expense and liability of that fund as the benefits accrue to employees. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

5. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Town has no items that qualify for reporting under this category.

Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualify for reporting in this category: revenue from property taxes, and revenue on the sale of Lot E to Shandoka Housing reported in the governmental balance sheet and on the Statement of Net Position. These amounts are deferred and recognized as an inflow from resources in the period that the amounts become available.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

II. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

6. Fund Equity

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Nonspendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity to the level of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned fund balance is limited to negative residual fund balance. Further details on the various fund balance classifications are provided in Note IV.H.

7. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as “due from other funds” or “due to other funds” on the balance sheet when they are expected to be liquidated within a reasonable amount of time. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

8. Tap Fees

Water and wastewater 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

F. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Town’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Credit Risk

Receivables in the Town’s funds are primarily due from other governments. Management believes that the credit risk related to these receivables is minimal.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

II. Summary of Significant Accounting Policies (continued)

F. Significant Accounting Policies (continued)

3. Restricted and Unrestricted Resources

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

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual appropriated expenditure budgets are adopted for all governmental funds on a basis consistent with GAAP. Annual appropriation budgets are also adopted for certain proprietary funds on a non-GAAP budget basis and are reconciled to GAAP below:

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Parking Fund</u>	<u>Shandoka Fund</u>
Change in net position - Budget basis	\$ 1,340,510	\$ 1,562,206	\$ (206,059)	\$ 502,066
Add(less):				
Bond principal payments	782,450	285,000	265,000	377,047
Depreciation and amortization	(1,471,234)	(477,590)	(568,065)	(329,826)
Capitalized assets	2,511,949	1,048,693	122,198	741,428
Change in net position - GAAP basis	<u>\$ 3,163,675</u>	<u>\$ 2,418,309</u>	<u>\$ (386,926)</u>	<u>\$ 1,290,715</u>

	<u>Virginia Placer Fund</u>	<u>Sunnyside Fund</u>	<u>Voo Doo Fund</u>	<u>Health Reserve</u>
Change in net position - Budget basis	\$ (145,588)	\$ 236,458	\$ (9,119,689)	\$ (66,025)
Add(less):				
Bond principal payments	279,000	240,000	-	-
Depreciation and amortization	(287,567)	(172,505)	-	-
Capitalized assets	-	1,719,471	11,416,125	-
Change in net position - GAAP basis	<u>\$ (154,155)</u>	<u>\$ 2,023,424</u>	<u>\$ 2,296,436</u>	<u>\$ (66,025)</u>

The Town followed these procedures in preparing, approving, and enacting its budget for 2023:

- (1) For the 2023 budget year, prior to December 10, 2022, the San Miguel County Assessor sent to the Town the final recertified assessed valuation of all taxable property within the Town's boundaries.
- (2) The Town Manager, or other qualified persons appointed by the Council, submitted to the Council, on or before the first regularly Scheduled meeting in October, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the Town's operating requirements.
- (3) Notice of a public hearing of the budget was announced, the budget was made available in the office of the Finance Director and a public hearing was held more than 10 days after the budget was submitted to Council.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

- (4) After the required public hearing, the Town Council adopted the proposed budget by resolution on or before the first regular meeting in November. The ordinance which legally appropriates expenditures for the upcoming year was passed on or before the first regular Council meeting in December.
- (5) The Town Council may make additional appropriations by ordinance during the fiscal year for unanticipated expenditures required by the Town, but such additional appropriations shall not exceed the amount by which actual and anticipated revenues of the year are exceeding the revenues as estimated in the budget, unless the appropriations are necessary to relieve an emergency endangering the public health, peace or safety. At any time during the year, the Town Council may, by affirmative vote of five or more members, transfer part or all of any unexpended funds from one department, fund, or office to another.
- (6) For the 2023 budget, on or before the first regular meeting in December, or such other date required by law, the Town Council computed and certified to the San Miguel County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
- (7) Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2022 were collected in 2023 and taxes certified in 2023 will be collected in 2024. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16.

Supplemental appropriations for the primary government during 2023 resulted in budget amendments as follows:

Fund	Original Amount	Final Amount
<u>Governmental Activities:</u>		
General	\$ 17,435,971	\$ 18,489,722
Capital Improvement Fund	13,176,638	12,446,869
Affordable Housing Fund	5,366,741	14,006,154
Open Space Fund	10,314,818	10,595,772
Debt Service Fund	25,716	45,824
Reserve Capital Improvement Fund	-	500,000
Restricted Fund	40,900	47,900
Energy Mitigation Fund	290,000	443,220
Street Alley and Bridge Fund	1,800,000	1,875,000
Airline Guarantee Fund	1,932,387	2,382,517
<u>Business-type Activities:</u>		
Water Fund	5,373,726	7,393,700
Wastewater Fund	13,409,628	13,807,627
Parking Fund	825,919	1,004,719
THA: Shandoka Fund	2,042,552	2,061,197
THA: Sunnyside Fund	720,990	772,219

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

Expenditures and other financing uses in the Town's Airline Guarantee Fund, Shandoka Fund, Sunnyside Fund, Voo Doo Fund, and Health Reserve Fund exceeded appropriations, which may be a violation of state statute.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending for fiscal years ending after December 31, 1995. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has restricted \$1,171,000 of December 31, 2023 fund balances for this purpose, which is the approximate required TABOR reserve at December 31, 2023.

In November 1994, Town voters approved a ballot question to exempt the Town from the revenue and expenditure limits of the TABOR amendment.

IV. Detailed Notes on All Funds

A. Deposits and Investments

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts in deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by PDPA. The 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 collateral must be at least equal to the aggregate uninsured deposits.

Local Government Investment Pool – At December 31, 2023, the Town had invested \$19,657,900 in the Colorado Government Liquid Asset Trust ("COLOTRUST"). COLOTRUST is an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds for investment purposes, and is registered with the State Securities Commissioner. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Local Government Investment Pool (continued) – The majority of securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify investments owned by COLOTRUST. COLOTRUST’s investments consist of U.S. Treasury and U.S. agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. agency securities. These investments are not categorized because the underlying securities cannot be determined. Of the investments held in COLOTRUST at December 31, 2023, the Town had invested in COLOTRUST PLUS+, which operates similarly to money market funds and each share is equal in value to \$1.

At December 31, 2023, the Town had the following cash and investments with the following maturities:

	<u>Standard & Poors Rating</u>	<u>Carrying amounts</u>	<u>Maturities</u>	
			<u>Less than one year</u>	<u>One to five years</u>
<u>Deposits:</u>				
Petty cash	Not Rated	\$ 1,065	\$ 1,065	\$ -
Checking	Not Rated	3,218,229	3,218,229	-
Savings	Not Rated	27,141,699	27,141,699	-
Investment pools	AAAm	19,657,900	19,657,900	-
Total Cash and Investments		<u>\$ 50,018,893</u>	<u>\$ 50,018,893</u>	<u>\$ -</u>
<u>Reconciliation to Statement of Net Position:</u>				
Governmental activities - Unrestricted		28,267,589		
Governmental activities - Restricted		2,009,483		
Business-type activities - Unrestricted		13,892,536		
Business-type activities - Restricted		<u>5,849,285</u>		
Total Cash and Investments		<u>\$ 50,018,893</u>		

Restricted cash and investments represent unspent bond proceeds.

The Town measures and records its investments using fair value measurement guidelines established by GAAP. At December 31, 2023, the Town had the following recurring fair value measurements:

<u>Investments Measured at Net Asset Value</u>	<u>Total</u>
COLOTRUST	<u>\$ 19,657,900</u>

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

IV. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of December 31, 2023 for the Town's funds, including applicable allowances for uncollectible accounts, were as follows:

	General Fund	Capital Improvement Fund	Affordable Housing Fund	Open Space Fund	Non-major Governmental Funds
Taxes	\$ 960,950	\$ -	\$ 1,014,805	\$ -	\$ -
Trade accounts	128,752	-	-	-	9,694
Intergovernmental	1,510,411	-	-	-	-
Notes	-	-	-	-	650,000
Other	200	9,186	1,345	-	729
Gross Receivables	<u>2,600,313</u>	<u>9,186</u>	<u>1,016,150</u>	<u>-</u>	<u>660,423</u>
Less: Allowance for uncollectibles	-	-	-	-	(9,694)
Net Receivables	<u>2,600,313</u>	<u>9,186</u>	<u>1,016,150</u>	<u>-</u>	<u>650,729</u>

	Water Fund	Wastewater Fund	Telluride Housing Authority	Internal Service Fund	Total
Taxes	\$ 547,488	\$ -	\$ -	\$ -	\$ 2,523,243
Trade accounts	323,804	505,497	17,163	-	984,910
Intergovernmental	-	253,042	-	-	1,763,453
Notes	-	-	-	-	650,000
Other	194,241	828,892	-	248,539	1,283,132
Gross Receivables	<u>1,065,533</u>	<u>1,587,431</u>	<u>17,163</u>	<u>248,539</u>	<u>7,204,738</u>
Less: Allowance for uncollectibles	-	-	-	-	(9,694)
Net Receivables	<u>1,065,533</u>	<u>1,587,431</u>	<u>17,163</u>	<u>248,539</u>	<u>7,195,044</u>

C. Interfund Payables and Transfers

Interfund balances at December 31, 2023 were as follows:

	Due from	Due to
General Fund	\$ -	\$ 134,460
Affordable Housing Fund	-	48,928
Non-major governmental funds	4,001	-
Telluride Housing Authority:		
Voo Doo Fund	14,628	-
Shandoka Fund	48,928	-
Health Reserve Fund	115,831	-
	<u>\$ 183,388</u>	<u>\$ 183,388</u>

Interfund balances at December 31, 2023 are a result of interfund services provided.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

IV. Detailed Notes on All Funds (continued)

C. Interfund Payables and Transfers (continued)

Interfund transfers during 2023 were as follows:

<u>Transferred From:</u>	<u>Transferred To:</u>		
	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Non-major Governmental Funds</u>
General Fund	\$ -	\$ -	\$ 75,720
Transportation Sub-Fund	112,586	-	-
Capital Improvement Fund	108,373	775,000	1,309,600
Affordable Housing Fund	148,763	-	-
Open Space Fund	196,747	-	-
Non-major governmental funds	54,779	-	-
Water Fund	509,529	-	-
Wastewater Fund	509,529	-	-
Telluride Housing Authority: Shandoka Fund	131,728	-	-
	<u>\$ 1,772,034</u>	<u>\$ 775,000</u>	<u>\$ 1,385,320</u>

<u>Transferred From:</u>	<u>Transferred To:</u>		
	<u>Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Housing Total</u>
General Fund	\$ -	\$ -	\$ 75,720
Transportation Sub-Fund	-	-	112,586
Capital Improvement Fund	1,500,000	-	3,692,973
Affordable Housing Fund	-	-	148,763
Open Space Fund	-	-	196,747
Non-major governmental funds	500,000	500,000	1,054,779
Water Fund	-	-	509,529
Wastewater Fund	-	-	509,529
Telluride Housing Authority: Shandoka Fund	-	-	131,728
	<u>\$ 2,000,000</u>	<u>\$ 500,000</u>	<u>\$ 6,432,354</u>

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

IV. Detailed Notes on All Funds (continued)

C. Interfund Payables and Transfers (continued)

During the year ended December 31, 2023, the Town made the following significant one-time transfers:

1. A transfer of \$1,500,000 from the Capital Improvement Fund to the Water Fund to assist with costs associated with the upgrades at the Mill Creek and Pandora water treatment plants.
2. A transfer of \$1,289,492 from the Capital Improvement Fund to the non-major Street Alley and Bridge Fund to accumulate reserves to fund large street infrastructure projects.
3. A transfer of \$775,000 from the Capital Improvement Fund to the General Fund sub-fund, Transportation, to subsidize transit operations.
4. A transfer of \$500,000 from non-major governmental Reserve Capital Improvement Fund to the Water Fund for water infrastructure improvements.
5. A transfer of \$509,529 from the Water Fund to the General Fund to cover various staffing and operational costs.
6. A transfer of \$509,529 from the Wastewater Fund to the General Fund to cover various staffing and operational costs.

D. Interfund Loans

In 2003, the Affordable Housing Fund loaned \$963,000 to the Shandoka Fund to acquire real property. Terms of the interfund loan are annual principal and interest payments beginning in 2005 and ending in 2024, with interest at 4% per annum. At December 31, 2023, the principal amount outstanding on this loan was \$48,928.

Interest payments made by the Shandoka Fund to the Affordable Housing Fund during 2023 totaled \$3,839.

E. Note Receivable

In October 2023, the Town executed a \$650,000 promissory note with Telluride Hospital District (“THD”), which provided funding for THD to continue its services, due to operating shortfalls. The note, which matures October 31, 2024, is non-interest bearing.

At December 31, 2023, THD owed the Town a principal balance of \$650,000.



Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

IV. Detailed Notes on All Funds (continued)

F. Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance (Restated)	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 80,556,438	\$ -	\$ -	\$ -	\$ 80,556,438
Construction in progress	74,604	286,143	-	-	360,747
Total capital assets, not being depreciated	<u>80,631,042</u>	<u>286,143</u>	<u>-</u>	<u>-</u>	<u>80,917,185</u>
Capital assets, being depreciated:					
Buildings	13,351,839	-	(170,883)	-	13,180,956
Infrastructure	37,333,263	604,222	-	-	37,937,485
Equipment and vehicles	6,206,575	139,832	(236,489)	(247,046)	5,862,872
Improvements	15,518,556	150,246	(33,492)	-	15,635,310
Total capital assets, being depreciated	<u>72,410,233</u>	<u>894,300</u>	<u>(440,864)</u>	<u>(247,046)</u>	<u>72,616,623</u>
Less accumulated depreciation for:					
Buildings	(7,832,288)	(266,610)	158,214	-	(7,940,684)
Infrastructure	(22,987,820)	(1,324,028)	-	-	(24,311,848)
Equipment and vehicles	(5,192,230)	(391,384)	236,489	186,559	(5,160,566)
Improvements	(5,803,983)	(1,023,350)	25,651	-	(6,801,682)
Total accumulated depreciation	<u>(41,816,321)</u>	<u>(3,005,372)</u>	<u>420,354</u>	<u>186,559</u>	<u>(44,214,780)</u>
Total depreciable capital assets, net	<u>30,593,912</u>	<u>(2,111,072)</u>	<u>(20,510)</u>	<u>(60,487)</u>	<u>28,401,843</u>
Capital Assets, Net	<u><u>\$ 111,224,954</u></u>	<u><u>\$ (1,824,929)</u></u>	<u><u>\$ (20,510)</u></u>	<u><u>\$ (60,487)</u></u>	<u><u>\$ 109,319,028</u></u>
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 4,721,011	\$ -	\$ -	\$ -	\$ 4,721,011
Construction in progress	16,775,998	15,003,487	(13,806,010)	-	17,973,475
Total capital assets, not being depreciated	<u>21,497,009</u>	<u>15,003,487</u>	<u>(13,806,010)</u>	<u>-</u>	<u>22,694,486</u>
Capital assets, being depreciated:					
Treatment plants and systems	49,096,745	549,005	(24,955)	-	49,620,795
Infrastructure	207,269	-	-	-	207,269
Buildings and improvements	29,355,451	15,547,557	-	-	44,903,008
Equipment and vehicles	1,087,123	265,825	(92,705)	247,046	1,507,289
Total capital assets, being depreciated	<u>79,746,588</u>	<u>16,362,387</u>	<u>(117,660)</u>	<u>247,046</u>	<u>96,238,361</u>
Less accumulated depreciation for:					
Treatment plants and systems	(21,687,264)	(1,816,760)	10,540	-	(23,493,484)
Infrastructure	(61,064)	(13,818)	-	-	(74,882)
Buildings and improvements	(10,011,048)	(1,376,569)	-	-	(11,387,617)
Equipment and vehicles	(938,227)	(99,640)	92,524	(186,559)	(1,131,902)
Total accumulated depreciation	<u>(32,697,603)</u>	<u>(3,306,787)</u>	<u>103,064</u>	<u>(186,559)</u>	<u>(36,087,885)</u>
Total depreciable capital assets, net	<u>47,048,985</u>	<u>13,055,600</u>	<u>(14,596)</u>	<u>60,487</u>	<u>60,150,476</u>
Capital Assets, Net	<u><u>\$ 68,545,994</u></u>	<u><u>\$ 28,059,087</u></u>	<u><u>\$ (13,820,606)</u></u>	<u><u>\$ 60,487</u></u>	<u><u>\$ 82,844,962</u></u>

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

IV. Detailed Notes on All Funds (continued)

F. Capital Assets (continued)

The Town had capital outlay and depreciation expense for the following functions/programs:

	Capital Outlay	Depreciation Expense
Governmental Activities:		
General government	\$ 100,310	\$ 105,098
Public safety	89,187	88,287
Public works	869,700	1,415,381
Community and economic development	-	7,830
Culture and recreation	121,246	1,317,950
Transportation	-	70,826
Total Governmental Activities	\$ 1,180,443	\$ 3,005,372
Business-type Activities:		
Water	\$ 2,511,949	\$ 1,471,234
Wastewater	1,048,693	477,590
Parking	122,198	568,065
THA:		
Shandoka	741,428	329,826
Virginia Placer	-	287,567
Sunnyside	1,719,471	172,505
Voo Doo	11,416,125	-
Total Business-type Activities	\$ 17,559,864	\$ 3,306,787

G. Long-Term Debt

Governmental Activities:

1. 2020 Sales Tax Revenue Bonds

The Town issued Taxable Sales Tax Revenue Bonds, Series 2020 in the principal amount of \$1,900,000 on December 1, 2020 to refund the Taxable Sales Tax Revenue Bonds, Series 2009. The bonds mature November 1, 2029 and are subject to mandatory sinking fund redemption, payable semi-annually on May 1 and November 1. The bonds bear an interest rate of 2.03% per annum. The bonds are subject to redemption prior to its maturity at the option of the Town, in whole but not in part, on November 1, 2025, and on any May 1 or November 1 thereafter, at a redemption price equal to the principal amount of the bonds then outstanding plus accrued interest to the redemption date without a premium. The refunding reduced total debt service payments over the next 9 years by \$336,657 and resulted in an economic gain of \$315,967.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

IV. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

Governmental Activities (continued):

2. 2020 Certificates of Participation

The Town issued \$6,450,000 in Certificates of Participation, Series 2020 on December 1, 2020. The Certificates were issued to refund the Certificates of Participation, Series 2010. The Certificates mature on December 31, 2036 and bear interest at 2.10% per annum. Interest is payable semi-annually on each June 1 and December 1, beginning June 1, 2021 with final payment on December 1, 2036. The refunding reduced total debt services payments over the next 15 years by approximately \$3,235,000 and resulted in an economic gain of \$1,516,798. The 2020 Certificates of Participation were fully paid in 2023.

3. 2021 Refunding Certificates of Participation

In August 2021, the Town issued \$4,405,000 in Certificates of Participation to advance refund all outstanding Series 2013 Certificates of Participation, which were used to finance a municipal office building and finance the construction and additional other improvements to the Town's water treatment facility. The Certificates bear an effective interest rate not to exceed 2.85% and have a scheduled maturity of December 2033. \$275,312 of the issued 2021 Refunding Certificates of Participation are included as governmental activities, with the remaining \$4,129,688 reflected as business-type activities. The 2021 Refunding Certificates of Participation are serviced by the Town's Debt Service Fund and Water Fund.

4. Seller-Financed Loan

On December 21, 2018, the Town purchased real property to be used for affordable housing in Telluride. The purchase price of the property was \$2,270,000; of which the seller financed \$1,826,000. The loan is structured similar to a year-to-year lease, where each year either party may pull out of the agreement. Principal payments of \$365,000 plus interest are due annually beginning December 1, 2020 with the last payment due December 1, 2023. Interest accrues on the note at 1.95%. As part of the financing contract, the Town agreed to convey the land to Block 23 Housing Corporation to be used for affordable housing. The note was fully paid in 2023.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

IV. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

Governmental Activities (continued):

5. Annual Debt Service Requirements – Governmental Activities

Debt service requirements to maturity at December 31, 2023 for bonds and certificates of participation associated with the Town's governmental activities are as follows:

Years Ending December 31,	Governmental Activities					
	2020 Sales Tax Revenue Bonds		2021 Refunding Certificates of Participation		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 205,000	\$ 26,492	\$ 19,320	\$ 6,281	\$ 224,320	\$ 32,773
2025	210,000	22,330	19,730	5,730	229,730	28,060
2026	215,000	18,067	20,420	5,168	235,420	23,235
2027	220,000	13,703	21,090	4,586	241,090	18,289
2028	225,000	9,237	21,741	3,985	246,741	13,222
2029 -2033	230,000	4,669	118,069	10,277	348,069	14,946
	<u>\$ 1,305,000</u>	<u>\$ 94,498</u>	<u>\$ 220,370</u>	<u>\$ 36,027</u>	<u>\$ 1,525,370</u>	<u>\$ 130,525</u>

Business-Type Activities:

6. 2017 Virginia Placer Revenue Bonds

The Town, when developing the Virginia Placer project (a sub fund of the THA Fund), issued the Series 2017 Housing Revenue Bonds in the principal amount of \$8,602,000 with semi-annual payments of approximately \$258,000 at a rate of 3.24% per annum and a final payment of \$2,875,846 to be paid on November 1, 2036. Pledged revenue comprises the rent revenue on the Virginia Placer housing units. Annual principal and interest payments on the bonds are expected to require approximately 100% of pledged revenues. The Bonds are secured by the land on which the Virginia Placer affordable housing units are constructed.

7. 2018 Parking Revenue Bonds

During 2018, the Town issued the Series 2018 Parking Revenue Bonds as two term bonds with an aggregate principal balance of \$4,200,000 to finance the construction of a parking garage and related facilities in the Town. The Series 2018 Parking Revenue Bonds require annual debt service payments of about \$410,000 including interest with interest rates of 4.21% per annum on \$1,718,000 of bonds maturing December 1, 2025 and 4.53% per annum on bonds maturing on December 1, 2032. Pledged revenue comprises parking fees collected by the Town. Annual principal and interest payments on the bonds are expected to require approximately 100% of pledged revenues.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

IV. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

Business-type Activities (continued):

8. 2020 Wastewater Revenue Loan

On May 1, 2020, the Town executed a loan agreement with the Colorado Water Resources and Power Development Authority ("CWRPDA") for \$7,400,000 to fund the acquisition, construction and completion of certain near-term improvements to the Telluride Regional Wastewater Treatment Plant. Payments of interest and principal are due semiannually and interest rates vary from 2% to 4% per annum. The loan had a premium of \$517,862 that is amortized over the term to maturity of the note. The note is to be paid from fees collected in the Water fund and from any other Town source as necessary.

9. 2021 Telluride Housing Authority – Shandoka Revenue Refunding Bonds

The Town issued the Telluride Housing Authority Revenue Refunding Bonds (Shandoka Housing Project) Taxable (Convertible Tax-Exempt), Series 2021, on August 3, 2021 in the principal amount of \$3,990,000 to refund the Telluride Housing Authority Multifamily Housing Revenue Bonds (Shandoka Apartment Project), Series 2002. The Series 2021 Bonds are initially issued as taxable, convertible to tax-exempt, on or after January 1, 2022. The bonds initially bear interest at the Taxable rate of 2.63% per annum but, upon conversion (if any), the Bonds bear interest at 2.08% per annum if the Bonds have been designated by the Authority as Bank Qualified, or 2.19% per annum if the Bonds have not been so designated as Bank Qualified. Interest is paid semiannually on May 1 and November 1 each year commencing November 1, 2021.

The Series 2021 Bonds mature November 1, 2032 and are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount plus accrued interest to the redemption date, without premium. The Town contributed \$1,056,488 to pay off bonds in the amount of \$4,912,421. The refunding reduced total debt service payments over the next 10 years by \$449,933; the net present value of the savings from the bond refunding was \$160,448.

10. Telluride Housing Authority – 2021 Sunnyside Revenue Bonds Series A and B

On January 21, 2021, the Town issued Telluride Housing Authority Tax-Exempt and Taxable Revenue Bonds, Series 2021A and Series 2021B, in the principal amounts of \$10,000,000 and \$1,965,000, respectively, to finance the Sunnyside Housing Project.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

IV. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

Business-type Activities (continued):

10. Telluride Housing Authority – 2021 Sunnyside Revenue Bonds Series A and B (continued)

The Series 2021A Bonds are issued as a single-term bond in the maximum principal amount of \$10,000,000; with principal amounts advanced as needed for construction of the affordable housing project. The bond proceeds were deposited to a Project Fund. The Series 2021A Bonds mature December 1, 2040 and bear interest at 2.85% per annum on the unpaid balance of the total maximum principal. Interest payments are made semi-annually on June 1 and December 1 each year commencing June 1, 2021. The Series 2021A Bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount plus accrued interest to the redemption date, without premium beginning December 1, 2030.

The Series 2021B bonds are issued as a single-term bond in the maximum principal amount of \$1,965,000; with principal amounts advanced in 2021 and 2022 per the bond documents. The 2021B Bonds mature December 1, 2030 and bear interest at 3.5% per annum on the unpaid balance of the total advanced principal advanced on the 2021B Bonds from the respective Advance Dates to maturity or prior redemption. Interest is payable semi-annually on June 1 and December 1 each year, commencing June 1, 2021. The 2021B Bonds are subject to mandatory sinking fund redemption as a redemption price equal to 100% of the principal amount plus accrued interest to the redemption date, without premium. The 2021B Bonds are to be redeemed on December 1 annually, commencing in 2023, through 2030.

11. 2020 General Obligation Bonds

The Town issued General Obligation Refunding Bonds, Series 2020 for the purpose of refunding the Town's outstanding General Obligation Bonds, Series 2010B. The total principal balance of the Series 2020 Bonds was \$5,146,000 and the total amount paid to escrow, including a contribution from the Town, was \$5,670,000. The interest rate on the bonds is 1.42% per annum, with principal and interest payments due semiannually on June 1 and December 1, commencing June 1, 2021 with final maturity December 1, 2030. This refunding reduced total debt service payments over the next 10 years by approximately \$1,500,000. The net present value of the savings from the bond refunding was \$627,986.

12. Telluride Housing Authority – 2022 Voo Doo Revenue Bonds Series A and B

On December 29, 2022, the Town issued Telluride Housing Authority Tax-Exempt and Taxable Revenue Bonds, Series 2022A and Series 2022B, in the principal amounts of \$6,070,000 and \$2,245,000, respectively, to finance the Voo Doo Housing Project.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

IV. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

Business-Type Activities (continued):

12. Telluride Housing Authority – 2022 Voo Doo Revenue Bonds Series A and B (continued)

The Series 2022A bonds are issued as a single-term bond in the maximum principal amount of \$6,070,000, or such lesser amount equal to the aggregate principal amount advanced to the Town. The bonds will mature December 1, 2032 and bear interest at 4.69% per annum on the unpaid balance of the total principal advanced on the 2022A bonds. Interest is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2023. The 2022A bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount redeemed plus accrued interest. Principal payments are due on December 1 of each year. The initial advance on the 2022A bonds was \$52,361; thereafter, advances are to be made in the principal amount and at the times set forth in the bond purchase agreement.

The Series 2022B bonds are issued as a single-term bond in the maximum principal amount of \$2,245,000 or such lesser amount equal to the aggregate principal amount advanced by the purchaser to the Town in accordance with the bond purchase agreement. The 2022B bonds are to mature December 31, 2032 and bear interest equal to 5.86% per annum on the unpaid balance of the total principal advanced from the advance date to maturity. Interest is due semiannually on June 1 and December 1 each year, commencing June 1, 2023. The 2022B bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount redeemed plus accrued interest. Principal payments are due on December 1 of each year. The initial advance on the 2022B bonds was \$54,280; thereafter, advances are to be made in the principal amount and at the times set forth in the bond purchase agreement.

The advance dates for the Series 2022A and 2022B bonds are as follows:

<u>Advance Date</u>	<u>2022A Bonds</u>	<u>2022B Bonds</u>
Closing date	\$ 52,361	\$ 54,280
March 1, 2023	52,140	107,734
June 1, 2023	310,938	266,392
September 1, 2023	1,236,238	316,214
December 1, 2023	1,433,619	312,833
March 1, 2024	1,221,483	309,523
June 1, 2024	1,214,237	306,282
September 1, 2024	548,984	353,627
November 30, 2023	-	218,115
	<u>\$ 6,070,000</u>	<u>\$ 2,245,000</u>

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

IV. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

Business-Type Activities (continued):

13. Telluride Housing Authority – 2023 Voo Doo Revenue Bonds

On January 19, 2023, the Town issued Telluride Housing Authority Tax-Exempt Revenue Bonds, Series 2023A in the principal amount of \$13,750,000 to finance the Voo Doo Housing Project.

The Series 2023A bonds are issued as a single-term bond in the maximum amount of \$6,070,000, or such lesser amount equal to the aggregate principal amount advanced to the Town. The Series 2023A Bonds bear interest at 5.52% per annum on the unpaid balance of the total principal advanced on the 2023A bonds, mature in annual increments from December 1, 2025 through 2032, and are secured by tenant rental revenues. Interest is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2023. The 2023A Bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount redeemed plus accrued interest.

At closing, the initial advance on the 2023A bonds was \$55,744; thereafter, advances are to be made in the principal amount and at the times set forth in the bond purchase agreement.

The advance dates for the 2023 bonds are as follows:

Advance Date	Amount
Closing date	\$ 55,744
June 1, 2023	1,090,275
September 1, 2023	1,074,114
December 1, 2023	1,058,426
March 1, 2024	1,043,189
June 1, 2024	2,056,767
September 1, 2024	2,245,995
November 30, 2024	5,125,490
	\$ 13,750,000



Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

IV. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

Business-Type Activities (continued):

14. Annual Debt Service Requirements – Business-Type Activities

Debt service requirements to maturity at December 31, 2023 for bonds, loans, and certificates of participation associated with the Town's business-type activities are as follows:

Years Ending December 31,	Business-Type Activities					
	2017 Housing Bonds		2018 Parking Bonds		2020 Wastewater Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 288,000	\$ 231,044	\$ 276,000	\$ 132,143	\$ 290,000	\$ 223,700
2025	298,000	221,659	289,000	120,446	300,000	217,800
2026	307,000	211,955	301,000	108,127	300,000	208,800
2027	316,000	201,960	314,000	94,443	310,000	196,600
2028	326,000	191,668	328,000	80,166	325,000	183,900
2029 -2033	1,798,000	791,834	1,469,000	148,233	1,830,000	709,600
2034 -2038	3,846,000	314,086	-	-	2,210,000	326,575
2039 -2040	-	-	-	-	985,000	29,775
	<u>\$ 7,179,000</u>	<u>\$ 2,164,207</u>	<u>\$ 2,977,000</u>	<u>\$ 683,558</u>	<u>\$ 6,550,000</u>	<u>\$ 2,096,750</u>

Years Ending December 31,	2021 Housing Bonds		2021A Sunnyside Bonds		2021B Sunnyside Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
	2024	\$ 335,000	\$ 85,059	\$ -	\$ 285,000	\$ 245,000
2025	340,000	76,226	-	285,000	255,000	51,056
2026	350,000	67,240	-	285,000	265,000	42,102
2027	355,000	58,013	-	285,000	290,000	32,754
2028	365,000	48,633	-	285,000	300,000	22,575
2029 -2033	1,545,000	95,929	1,335,000	1,368,819	370,000	13,796
2034 -2038	-	-	2,040,000	1,117,485	-	-
2039 -2040	-	-	6,625,000	348,923	-	-
	<u>\$ 3,290,000</u>	<u>\$ 431,101</u>	<u>\$ 10,000,000</u>	<u>\$ 4,260,228</u>	<u>\$ 1,725,000</u>	<u>\$ 221,944</u>

(continued)

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

IV. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

Business-Type Activities (continued):

14. Annual Debt Service Requirements – Business-Type Activities (continued)

Years Ending December 31,	Business-Type Activities (continued)					
	2020 General Obligation Bonds		2021 Certificates of		2022A Voo Doo Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 504,000	\$ 52,128	\$ 289,802	\$ 94,209	\$ -	\$ 156,366
2025	513,000	44,971	295,953	85,949	5,000	284,663
2026	517,000	37,687	306,293	77,515	5,000	284,429
2027	523,000	30,345	316,356	68,785	5,000	284,194
2028	530,000	22,919	326,131	59,769	5,000	283,960
2029 -2032	1,084,000	20,146	1,771,037	154,153	6,050,000	1,104,534
	<u>\$ 3,671,000</u>	<u>\$ 208,197</u>	<u>\$ 3,305,572</u>	<u>\$ 540,380</u>	<u>\$ 6,070,000</u>	<u>\$ 2,398,147</u>

Years Ending December 31,	2022B Voo Doo Bonds		2023A Voo Doo Bonds		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
	2024	\$ -	\$ 67,766	\$ -	\$ 229,145	\$ 2,227,802
2025	5,000	131,533	5,000	758,977	2,305,953	2,278,281
2026	5,000	131,240	5,000	758,701	2,361,293	2,212,796
2027	5,000	130,947	5,000	758,425	2,439,356	2,141,467
2028	5,000	130,654	5,000	758,149	2,515,131	2,067,392
2029 -2033	2,225,000	508,917	13,730,000	2,966,770	33,207,037	7,882,732
2034 -2038	-	-	-	-	8,096,000	1,758,146
2039 -2040	-	-	-	-	7,610,000	378,698
	<u>\$ 2,245,000</u>	<u>\$ 1,101,055</u>	<u>\$ 13,750,000</u>	<u>\$ 6,230,167</u>	<u>\$ 45,471,000</u>	<u>\$ 16,087,954</u>



Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

IV. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

15. Changes in Long-Term Debt

Changes in the Town's long-term obligations for the year ended December 31, 2023 are as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Amounts</u>
Governmental Activities:					
Bonds payable:					
2020 Sales Tax Revenue Bonds	\$ 1,505,000	\$ -	\$ (200,000)	\$ 1,305,000	\$ 205,000
Certificates of participation:					
2020 Certificates of Participation	5,755,000	-	(5,755,000)	-	-
2021 Refunding Certificates of Participation	239,267	-	(18,897)	220,370	19,320
Certificates of participation, net	5,994,267	-	(5,773,897)	220,370	19,320
Seller-financed loan	365,200	-	(365,200)	-	-
Compensated absences	404,701	133,606	-	538,307	-
Total - Governmental Activities	<u>\$ 8,269,168</u>	<u>\$ 133,606</u>	<u>\$ (6,339,097)</u>	<u>\$ 2,063,677</u>	<u>\$ 224,320</u>
Business-type Activities:					
Bonds and notes payable:					
2017 Virginia Placer Housing Revenue Bonds	\$ 7,458,000	\$ -	\$ (279,000)	\$ 7,179,000	\$ 288,000
2018 Parking Revenue Bonds	3,242,000	-	(265,000)	2,977,000	276,000
2020 Wastewater Revenue Loan	6,835,000	-	(285,000)	6,550,000	290,000
2021 Shandoka Housing Revenue Bonds	3,620,000	-	(330,000)	3,290,000	335,000
2021A Sunnyside Tax-Exempt Revenue Bonds	10,000,000	-	-	10,000,000	-
2021B Sunnyside Tax-Exempt Revenue Bonds	1,965,000	-	(240,000)	1,725,000	245,000
2021 General Obligation Bonds	4,170,000	-	(499,000)	3,671,000	504,000
2022A Voo Doo Tax-Exempt Revenue Bonds	52,361	3,032,935	-	3,085,296	-
2022B Voo Doo Tax-Exempt Revenue Bonds	54,280	1,003,173	-	1,057,453	-
2023A Voo Doo Tax-Exempt Revenue Bonds	-	3,278,559	-	3,278,559	-
Deferred amounts:					
2020 Revenue Bonds issuance premium	389,195	-	(39,474)	349,721	37,726
Bonds and notes payable, net	37,785,836	7,314,667	(1,937,474)	43,163,029	1,975,726
2021 Certificates of Participation	3,589,022	-	(283,450)	3,305,572	289,802
Compensated absences	43,751	7,019	-	50,770	-
Total - Business-type Activities	<u>\$ 41,418,609</u>	<u>\$ 7,321,686</u>	<u>\$ (2,220,924)</u>	<u>\$ 46,519,371</u>	<u>\$ 2,265,528</u>

The Town's compensated absences liability will be paid from the funds from which employees' salaries are paid, as follows: General Fund, Open Space Fund, Transportation Fund, Affordable Housing Fund, Water Fund, Wastewater Fund, Sunnyside Fund, and Shandoka Fund.

16. Debt Requirements

The Town is compliant in its ongoing disclosure requirements to the secondary bond market in accordance with the Securities and Exchange Commission's Rule 15c2-12.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

IV. Detailed Notes on All Funds (continued)

G. Long-Term Debt (continued)

17. Advance Refunding

The Town has advance-refunded several general obligation and revenue bonds. Sufficient U.S. government, state and local government securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has not been recorded on the financial statements. The amount of defeased bonds outstanding at December 31, 2023 cannot be readily determined.

H. Fund Balance Disclosures

The Town classifies governmental fund balances as follows:

Non-spendable fund balance – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, and long-term portions of loans receivable.

Spendable fund balances:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, which is the Town Council. The Town's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Town's platform to review and/or make changes to each department's budget. The budget is formally presented to the Town Council via an advertised public process for the review, revisions and final approval by year-end. All subsequent budget requests made during the year, after Town Council approval, must be presented via a public process and again approved by the Town Council. The Town must take formal action through resolution to establish, modify, or rescind committed fund balance amounts.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Town Council or its management designees. The Town Manager has the authority to establish, modify, or rescind assigned fund balance to a specific department or project within a fund, as stated in the Town's adopted financial policies.

Unassigned – includes residual positive fund balance within the General Fund, which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

IV. Detailed Notes on All Funds (continued)

H. Fund Balance Disclosures (continued)

The Town's restricted amounts are to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly unassigned amounts when expenditures are made.

Minimum fund balance policy: Town Council has adopted a financial policy to maintain a minimum of 35% of annual expenditures in the General Fund.

V. Other Information

A. Retirement Plans

The Town's full-time marshals are required to participate in the Town of Telluride Marshal's Plan, created in accordance with Internal Revenue Code section 401. In this defined contribution plan, benefits depend solely on amounts contributed to the plan plus investments earnings.

Both employees and the Town contribute 11% of qualifying annual compensation for the first five years of employment following hire and 12.5% of qualifying annual compensation thereafter. In 2023, the Town contributed \$88,395 to the plan.

For employees other than marshals, the Town has adopted the Town of Telluride Retirement Plan, created in accordance with the Internal Revenue Code section 401. In this defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All full-time employees, excluding elected officials, are required to participate in the plan. The Town and employees each contribute 3% of qualifying annual compensation for the first five years of employment following hire, 5% of qualifying annual compensation for the next five years of employment, and 6% of qualifying annual compensation after the 10-year anniversary. In 2023, the Town contributed \$242,325 to the plan.

The Town has adopted the Town of Telluride Executive Plan for the manager and attorney, in accordance with Internal Revenue Code section 401. In this defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Town contributes 10% of qualifying annual compensation for the manager and the manager contributes 6%. The Town contributes 8% of qualifying annual compensation for the town attorney and the town attorney contributes 6%. During 2023, the Town contributed \$33,793 to the plan.

The Town offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held for the exclusive benefit of the participants or their beneficiaries. The Town has no ownership interest in the plan; nor is the Town liable for any losses under the plan.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

V. Other Information (continued)

B. Risk Management

1. Town Workers' Compensation Pool

The Town is exposed to various risks of loss related to injuries of employees while on the job. Pinnacol Assurance ("Pinnacol") was established as a political subdivision of the State of Colorado under provisions of the Workers' Compensation Act of Colorado (Title 8, Article 45 of the Colorado Revised Statutes, as amended) to operate as a domestic mutual insurance company for the benefit of injured employees and dependents of deceased employees in Colorado. As required under state law, Pinnacol provides an assured source of workers' compensation insurance to Colorado employers. Pinnacol shall not refuse to insure any Colorado employer or cancel any insurance policy due to the risk of loss or amount of premium, except as otherwise provided in Title 8, Article 45, C.R.S., as amended. Pinnacol sets rates annually for the Town based on industry standards and organizational performance.

2. Health Insurance

The Town has established two health insurance plans to provide medical benefits to eligible employees. Both plans are self-funded, and the potential claims liability is determined annually based on the previous year actual expenditures. The Town is responsible for the payment of these premiums as well as the claims submitted for payment to the self-funded plans. A third party stop-loss provider has been contracted to provide coverage of any claims against the self-funded plan in excess of claims incurred individually ranging from \$50,000 to \$200,000, or \$858,525 in the aggregate.

The Health Reserve Fund has been established to account for the health insurance plans provided by the Town to its employees. The premiums charged are allocated to the Town funds that employ those covered by the health insurance plans. Settlements have not exceeded coverage for each of the past three fiscal years.

Incurred but not reported claims are recorded as a liability of the Health Reserve Fund. At December 31, 2023 these claims were estimated by the administrator at \$198,733.

Unpaid claims, beginning	\$ 320,277
Incurred claims, including IBNRs	2,354,836
Claims paid	<u>(2,476,380)</u>
Unpaid claims, ending	<u>\$ 198,733</u>

3. Colorado Intergovernmental Risk Sharing Agency

The Town is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. To address such risks, the Town is a participant in a public entity risk pool administered by Colorado Intergovernmental Risk Sharing Agency ("CIRSA").

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

V. Other Information (continued)

B. Risk Management (continued)

3. Colorado Intergovernmental Risk Sharing Agency (continued)

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of \$250,000 per claim or occurrence for property, \$1,000,000 per claim or occurrence for liability, and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the Town may be liable for any losses in excess of this coverage, the Town does not anticipate such losses at December 31, 2023.

Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

A copy of CIRSA's audit report can be obtained by writing to CIRSA, 3665 Cherry Creek North Drive, Denver, CO 80209, or by calling (800)-228-7136.

C. Restatement of Fund Balances and Net Position

The Town has restated beginning fund balances and net position for 2023 as follows:

	12/31/2022	Restatement:	
	As Previously	Increase /	12/31/2022
	Reported	(Decrease)	As Restated
Government-Wide:			
Governmental activities	\$ 138,194,890	\$ (3,337,315)	\$ 134,857,575
Business-type activities	41,041,558	2,993,606	44,035,164
Total Primary Government	\$ 179,236,448	\$ (343,709)	\$ 178,892,739
Governmental Funds:			
Major funds:			
General Fund	\$ 8,873,713	\$ 1,054,236	\$ 9,927,949
Transportation Fund	246,745	(16,227)	230,518
Affordable Housing Fund	1,527,897	248,646	1,776,543
Non-major funds	1,559,550	112,778	1,672,328
Total Governmental Funds	\$ 12,207,905	\$ 1,399,433	\$ 13,607,338
Proprietary Funds:			
Water Fund	\$ 17,247,048	\$ (1,044,736)	\$ 16,202,312
Wastewater Fund	13,722,040	(21,199)	13,700,841
Telluride Housing Authority:			
Sunnyside Fund	257	1,782,164	1,782,421
Voodoo Fund	-	2,277,377	2,277,377
Total Proprietary Funds	\$ 30,969,345	\$ 2,993,606	\$ 33,962,951

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

V. Other Information (continued)

C. Restatement of Fund Balances and Net Positions (continued)

Governmental Activities – Government-Wide

- The Affordable Housing Fund was established to assist with the development of affordable housing projects, which were previously transferred as capital assets to their respective enterprise funds once completed. During 2023, it was determined that development of such projects would be best reflected in the respective enterprise funds. Consequently, beginning 2023 net position for governmental activities has been decreased \$4,118,388 to reflect the net subsidies provided from governmental resources for affordable housing projects recognized as business-type activities, net of related construction in progress and issued long-term debt at December 31, 2022.
- During 2023, the Town determined that there were errors in the Town's capital asset reporting module and, as a result, the governmental activities beginning net position decreased \$416,059 to correct accumulated depreciation at December 31, 2022.
- An error relating to the recording of long-term grant receivables reflected in the fiscal year 2020 audit was corrected, decreasing beginning net position for governmental activities by \$202,301.

The remaining changes to governmental net position attributable to governmental funds are detailed below.

Governmental Activities – Governmental Funds

- General Fund:
 - Beginning fund balance was decreased by \$151,745 to reflect accrued wages payable at December 31, 2022.
 - A \$131,946 increase to fund balance corrected beginning payroll liabilities improperly recorded at December 31, 2022.
 - The Town previously recognized sales tax revenues in the month received, instead of the month the sales tax payments related to. As a result, a \$1,074,035 increase to fund balance was recorded which represents the December 2022 sales tax receivables.
- The Transportation Fund's beginning fund balance was decreased by \$16,227 to reflect accrued wages payable at December 31, 2022.
- A \$248,646 increase to beginning fund balance for the Affordable Housing Fund recorded the December 2022 sales and lodging tax receivables.
- Beginning fund balance for non-major governmental funds was increased by \$112,778 to record December 2022 sales and lodging tax receivables.

Business-type Activities:

- A \$1,044,736 decrease to the Water Fund's beginning net position increased beginning accumulated depreciation for identified errors in the Town's capital asset reporting module.

Town of Telluride, Colorado
Notes to the Financial Statements

December 31, 2023

V. Other Information (continued)

C. Restatement of Fund Balances and Net Positions (continued)

Business-type Activities (continued):

- Wastewater Fund:
 - \$49,670 increase to adjust the beginning bond premium liability, which was previously being amortized on the straight-line basis over the life of the bond. The revised calculation is in accordance with the effective interest method suggested in GASB Statement No. 62.
 - Net position at December 31, 2022 was decreased \$38,242 to reflect accrued interest due on long-term debt.
 - A \$66,861 increase to beginning net position recorded interest earned on the unspent 2020 revenue bond proceeds.
 - A \$99,488 decrease to beginning net position to correct beginning accumulated depreciation for identified errors in the Town's capital asset reporting module.
- Telluride Housing Authority – Sunnyside Fund:
 - As earlier described with respect to the Affordable Housing Fund, net position at December 31, 2022 was increased by \$1,841,010 to reflect capital contributions from governmental activities, and record construction in process, net of principal advances received on issued long-term debt.
 - A \$58,846 decrease to beginning net position accrued interest incurred on long-term debt.
- Telluride Housing Authority – Voo Doo Fund:
 - Similar to Sunnyside, the \$2,277,377 increase to beginning net position reflects the capital contributions from governmental activities, related construction in process, net of principal advances received on issued long-term debt.

D. Pending Litigation

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Town attorney that the resolution of these matters will not have a material adverse effect on the financial condition of the government.

E. Subsequent Event – Issuance of Long-Term Debt

In January 2024, the Town issued \$9,265,000 in Certificates of Participation to 1) finance a portion of the costs of extending, bettering, improving and equipping the Town's water system, including the acquisition, construction, installation and improvement of the Mill Creek Water Treatment Plant (\$4,540,000) and 2) to plan for and remodel Building F of the Shandoka housing units under Telluride Housing Authority (\$4,725,000). The Series 2024 Certificates of Participation bear interest at 5% per annum, mature in annual increments from November 2024 through 2053, and are secured by water utility and housing rental revenues.

REQUIRED SUPPLEMENTARY INFORMATION



Town of Telluride, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
General Fund (including Transportation Sub-Fund)
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Taxes:				
Property tax	867,257	867,257	723,955	(143,302)
Sales tax	8,713,515	9,920,612	7,893,018	(2,027,594)
Use tax	620,330	620,330	473,050	(147,280)
Motor vehicle use tax	300,000	300,000	280,912	(19,088)
Franchise tax	270,000	270,000	277,633	7,633
Occupation tax	1,500	1,500	542	(958)
Ownership tax	39,000	39,000	39,850	850
Festival attendance taxes	220,000	220,000	222,260	2,260
Total - Taxes	<u>11,031,602</u>	<u>12,238,699</u>	<u>9,911,220</u>	<u>(2,327,479)</u>
Licenses and permits:				
Business licenses	522,000	542,000	449,163	(92,837)
Other licenses	32,396	32,396	36,474	4,078
Building permits	409,000	409,000	288,735	(120,265)
Miscellaneous	52,352	52,352	108,424	56,072
Total - Licenses and permits	<u>1,015,748</u>	<u>1,035,748</u>	<u>882,796</u>	<u>(152,952)</u>
Intergovernmental:				
Cigarette tax	15,000	15,000	21,539	6,539
Grants	18,595	18,595	8,761	(9,834)
Other	249,260	349,260	312,939	(36,321)
Total - Intergovernmental	<u>282,855</u>	<u>382,855</u>	<u>343,239</u>	<u>(39,616)</u>
Charges for services and fees:				
Historic and architectural review fees	81,000	81,000	63,285	(17,715)
Zoning and subdivision fees	26,100	26,100	22,740	(3,360)
Plan check fees	165,000	205,000	207,970	2,970
Resource recovery fees	514,100	558,000	565,086	7,086
Park and recreational fees	458,900	461,400	502,418	41,018
Fines and forfeitures	28,850	28,850	54,354	25,504
Other	28,850	31,350	33,925	2,575
Total - Charges for services and fees	<u>1,302,800</u>	<u>1,391,700</u>	<u>1,449,778</u>	<u>58,078</u>
Investment earnings:				
Investment earnings:	611,000	800,000	831,673	31,673
Miscellaneous:				
Miscellaneous:	<u>27,241</u>	<u>33,402</u>	<u>79,342</u>	<u>45,940</u>
Total Revenues	<u>14,271,246</u>	<u>15,882,404</u>	<u>13,498,048</u>	<u>(2,384,356)</u>

(Continued)

Town of Telluride, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
General Fund (including Transportation Sub-Fund)
For the Year Ended December 31, 2023
(Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Expenditures:				
General government:				
Council and commissions	339,466	421,629	357,251	64,378
Municipal court	53,179	53,179	53,307	(128)
Manager	854,356	1,099,564	1,143,463	(43,899)
Finance	718,085	718,285	680,642	37,643
Attorney	469,357	469,956	470,389	(433)
Clerk	450,806	480,805	450,949	29,856
Planning	330,089	330,088	268,921	61,167
Human resources	579,069	388,748	367,668	21,080
General services	1,518,342	1,579,742	1,410,853	168,889
Community support	385,400	385,400	385,400	-
Building	349,743	349,744	309,756	39,988
Contract services	753,338	780,838	788,626	(7,788)
Media support	25,000	45,000	61,289	(16,289)
Miscellaneous operations and maintenance	460,478	460,480	226,750	233,730
Salary, bonus, and benefit reserve	65,000	165,000	-	165,000
Total - General government	<u>7,351,708</u>	<u>7,728,458</u>	<u>6,975,264</u>	<u>753,194</u>
Public safety:				
Law enforcement	<u>2,510,506</u>	<u>2,510,506</u>	<u>2,154,378</u>	<u>356,128</u>
Public works:				
Road and utility	1,495,668	1,612,069	1,387,139	224,930
Administration and engineering	899,600	900,201	771,487	128,714
Total - Public works	<u>2,395,268</u>	<u>2,512,270</u>	<u>2,158,626</u>	<u>353,644</u>
Transportation:				
Transportation	<u>1,085,798</u>	<u>1,085,798</u>	<u>912,215</u>	<u>173,583</u>
Culture and recreation:				
Park maintenance	981,999	991,999	893,603	98,396
Recreation service	1,408,361	1,408,361	1,353,882	54,479
Historic preservation	324,199	324,198	306,919	17,279
CASE	253,000	253,000	253,000	-
Total - Culture and recreation	<u>2,967,559</u>	<u>2,977,558</u>	<u>2,807,404</u>	<u>170,154</u>
Total Expenditures	<u>16,310,839</u>	<u>16,814,590</u>	<u>15,007,887</u>	<u>1,806,703</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,039,593)	(932,186)	(1,509,839)	(577,653)
Other Financing Sources (Uses):				
Insurance proceeds	-	14,090	19,004	4,914
Transfers in	2,678,466	2,540,903	2,547,034	6,131
Transfers (out)	<u>(2,323,516)</u>	<u>(2,873,516)</u>	<u>(188,306)</u>	<u>2,685,210</u>
Total Other Financing Sources (Uses)	<u>354,950</u>	<u>(318,523)</u>	<u>2,377,732</u>	<u>2,696,255</u>
Net Change in Fund Balance	(1,684,643)	(1,250,709)	867,893	2,118,602
Fund Balance - Beginning of Year (as restated)	<u>8,492,477</u>	<u>9,120,446</u>	<u>10,158,467</u>	<u>1,038,021</u>
Fund Balance - End of Year	<u>6,807,834</u>	<u>7,869,737</u>	<u>11,026,360</u>	<u>3,156,623</u>

Town of Telluride, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Fund - Open Space Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Taxes:				
Property tax	150,081	150,081	146,473	(3,608)
Sales and use tax	1,910,673	1,910,673	1,674,514	(236,159)
Real estate transfer tax	900,000	900,000	887,695	(12,305)
	<u>2,960,754</u>	<u>2,960,754</u>	<u>2,708,682</u>	<u>(252,072)</u>
Licenses and Permits:				
Business licenses	124,456	124,456	100,753	(23,703)
Investment earnings	25,000	25,000	7,516	(17,484)
Miscellaneous	-	2,100	2,018	(82)
Total Revenues	<u>3,110,210</u>	<u>3,112,310</u>	<u>2,818,969</u>	<u>(293,341)</u>
Expenditures:				
Culture and recreation:				
Administrative	154,357	154,357	108,815	45,542
Stewardship	3,599,189	3,880,143	354,633	3,525,510
Debt service:				
Principal	5,755,000	5,755,000	5,755,000	-
Interest	609,525	609,525	28,991	580,534
Total Expenditures	<u>10,118,071</u>	<u>10,399,025</u>	<u>6,247,439</u>	<u>4,151,586</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,007,861)	(7,286,715)	(3,428,470)	3,858,245
Other Financing Sources (Uses):				
Transfers (out)	(196,747)	(196,747)	(196,747)	-
Net Change in Fund Balance	(7,204,608)	(7,483,462)	(3,625,217)	3,858,245
Fund Balance - Beginning of Year	<u>7,204,609</u>	<u>7,485,564</u>	<u>7,485,563</u>	<u>(1)</u>
Fund Balance - End of Year	<u>1</u>	<u>2,102</u>	<u>3,860,346</u>	<u>3,858,244</u>

Town of Telluride, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Fund - Affordable Housing Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Taxes:				
Property tax	702,135	702,135	701,580	(555)
Sales tax	1,079,129	1,230,016	1,228,837	(1,179)
Use tax	76,670	76,670	73,145	(3,525)
Ownership tax	28,400	28,400	32,202	3,802
Short-term rental excise taxes	1,126,800	1,141,800	1,165,950	24,150
	<u>3,013,134</u>	<u>3,179,021</u>	<u>3,201,714</u>	<u>22,693</u>
Licenses and permits:				
Short-term rental business licenses	170,000	170,000	174,565	4,565
Charges for services:				
Housing mitigation and THA fees	710,000	940,000	936,884	(3,116)
Rent income	10,000	10,000	14,331	4,331
	<u>720,000</u>	<u>950,000</u>	<u>951,215</u>	<u>1,215</u>
Investment earnings	34,500	84,500	136,872	52,372
Miscellaneous	-	-	300	300
Total Revenues	<u>3,937,634</u>	<u>4,383,521</u>	<u>4,464,666</u>	<u>81,145</u>
Expenditures:				
Economic development:				
Housing set aside	4,495,923	12,932,439	4,882,124	8,050,315
Personnel	-	117,330	118,488	(1,158)
Administration	122,565	122,565	124,147	(1,582)
Operating support	22,500	22,500	13,556	8,944
	<u>4,640,988</u>	<u>13,194,834</u>	<u>5,138,315</u>	<u>8,056,519</u>
Debt service:				
Principal	565,200	565,200	565,200	-
Interest	11,790	97,357	111,139	(13,782)
Total Expenditures	<u>5,217,978</u>	<u>13,857,391</u>	<u>5,814,654</u>	<u>8,042,737</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,280,344)	(9,473,870)	(1,349,988)	8,123,882
Other Financing Sources (Uses):				
Sale of assets	50,886	50,886	50,886	-
Bond proceeds	-	6,311,494	-	(6,311,494)
Transfers (out)	(148,763)	(148,763)	(148,763)	-
Total Other Financing Sources (Uses)	<u>(97,877)</u>	<u>6,213,617</u>	<u>(97,877)</u>	<u>(6,311,494)</u>
Net Change in Fund Balance	(1,378,221)	(3,260,253)	(1,447,865)	1,812,388
Fund Balance - Beginning of Year (as restated)	<u>1,378,221</u>	<u>1,527,897</u>	<u>1,776,543</u>	<u>248,646</u>
Fund Balance (Deficit) - End of Year	<u>-</u>	<u>(1,732,356)</u>	<u>328,678</u>	<u>2,061,034</u>

SUPPLEMENTARY INFORMATION



Town of Telluride, Colorado
Combining Balance Sheet
General Fund and Related Sub-Fund
December 31, 2023

	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Total</u>
Assets:			
Cash and investments - Unrestricted	10,521,302	221,759	10,743,061
Accounts receivable, net:			
Property taxes	960,950	-	960,950
Trade accounts	128,752	-	128,752
Intergovernmental	1,510,411	-	1,510,411
Other	200	-	200
Due from other funds	119,832	-	119,832
Total Assets	<u>13,241,447</u>	<u>221,759</u>	<u>13,463,206</u>
Liabilities:			
Accounts payable	290,431	10,717	301,148
Accrued payroll and related liabilities	208,321	-	208,321
Unearned revenue	232,059	-	232,059
Deposits payable	734,368	-	734,368
Total Liabilities	<u>1,465,179</u>	<u>10,717</u>	<u>1,475,896</u>
Deferred Inflows of Resources:			
Unavailable property taxes	<u>960,950</u>	<u>-</u>	<u>960,950</u>
Fund Balances:			
Restricted:			
Emergencies	990,000	-	990,000
Assigned:			
Transportation	-	211,042	211,042
Unassigned	9,825,318	-	9,825,318
Total Fund Balances	<u>10,815,318</u>	<u>211,042</u>	<u>11,026,360</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>13,241,447</u>	<u>221,759</u>	<u>13,463,206</u>

Town of Telluride, Colorado
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund and Related Sub-Fund
For the Year Ended December 31, 2023

	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Total</u>
Revenues:			
Taxes:			
Property tax	723,955	-	723,955
Sales tax	7,893,018	-	7,893,018
Use tax	473,050	-	473,050
Motor vehicle use tax	280,912	-	280,912
Franchise tax	277,633	-	277,633
Occupation tax	542	-	542
Ownership tax	39,850	-	39,850
Festival attendance taxes	222,260	-	222,260
Total - Taxes	<u>9,911,220</u>	<u>-</u>	<u>9,911,220</u>
Licenses and permits:			
Business licenses	449,163	-	449,163
Other licenses	36,474	-	36,474
Building permits	288,735	-	288,735
Miscellaneous	108,424	-	108,424
Total - Licenses and permits	<u>882,796</u>	<u>-</u>	<u>882,796</u>
Intergovernmental:			
Cigarette tax	21,539	-	21,539
Grants	8,761	-	8,761
Other	85,081	227,858	312,939
Total - Intergovernmental	<u>115,381</u>	<u>227,858</u>	<u>343,239</u>
Charges for services and fees:			
Historic and architectural review fees	63,285	-	63,285
Zoning and subdivision fees	22,740	-	22,740
Plan check fees	207,970	-	207,970
Resource recovery fees	565,086	-	565,086
Park and recreational fees	502,418	-	502,418
Fines and forfeitures	54,354	-	54,354
Other	31,458	2,467	33,925
Total - Charges for services and fees	<u>1,447,311</u>	<u>2,467</u>	<u>1,449,778</u>
Investment earnings:			
Investment earnings	831,673	-	831,673
Miscellaneous:			
Miscellaneous	79,342	-	79,342
Total Revenues	<u>13,267,723</u>	<u>230,325</u>	<u>13,498,048</u>

(Continued)

Town of Telluride, Colorado
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund and Related Sub-Fund
For the Year Ended December 31, 2023
(Continued)

	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Total</u>
Expenditures:			
General government:			
Council and commissions	357,251	-	357,251
Municipal court	53,307	-	53,307
Manager	1,143,463	-	1,143,463
Finance	680,642	-	680,642
Attorney	470,389	-	470,389
Clerk	450,949	-	450,949
Planning	268,921	-	268,921
Human resources	367,668	-	367,668
General services	1,410,853	-	1,410,853
Community support	385,400	-	385,400
Building	309,756	-	309,756
Contract services	788,626	-	788,626
Media support	61,289	-	61,289
Miscellaneous operations and maintenance	226,750	-	226,750
Total - General government	<u>6,975,264</u>	<u>-</u>	<u>6,975,264</u>
Public safety:			
Law enforcement	<u>2,154,378</u>	<u>-</u>	<u>2,154,378</u>
Public works:			
Road and utility	1,387,139	-	1,387,139
Administration and engineering	771,487	-	771,487
Total - Public works	<u>2,158,626</u>	<u>-</u>	<u>2,158,626</u>
Transportation:			
Transportation	<u>-</u>	<u>912,215</u>	<u>912,215</u>
Culture and recreation:			
Park maintenance	893,603	-	893,603
Recreation service	1,353,882	-	1,353,882
Historic preservation	306,919	-	306,919
CASE	253,000	-	253,000
Total - Culture and recreation	<u>2,807,404</u>	<u>-</u>	<u>2,807,404</u>
Total Expenditures	<u>14,095,672</u>	<u>912,215</u>	<u>15,007,887</u>
Excess (Deficiency) of Revenues Over Expenditures	(827,949)	(681,890)	(1,509,839)
Other Financing Sources (Uses):			
Insurance proceeds	19,004	-	19,004
Transfers in	1,772,034	775,000	2,547,034
Transfers (out)	(75,720)	(112,586)	(188,306)
Total Other Financing Sources (Uses)	<u>1,715,318</u>	<u>662,414</u>	<u>2,377,732</u>
Net Change in Fund Balances	887,369	(19,476)	867,893
Fund Balances - Beginning of Year (as restated)	<u>9,927,949</u>	<u>230,518</u>	<u>10,158,467</u>
Fund Balance - End of Year	<u><u>10,815,318</u></u>	<u><u>211,042</u></u>	<u><u>11,026,360</u></u>

Town of Telluride, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Capital Projects Fund - Capital Improvement Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Taxes:				
Real estate transfer tax	4,500,000	6,500,000	5,432,285	(1,067,715)
Intergovernmental:				
Grants	456,158	470,558	9,186	(461,372)
Investment earnings	-	-	1,148	1,148
Miscellaneous:				
Other	1,000,000	-	-	-
Total Revenues	<u>5,956,158</u>	<u>6,970,558</u>	<u>5,442,619</u>	<u>(1,527,939)</u>
Expenditures:				
Capital outlay:				
Culture and recreation	2,825,000	310,000	138,976	171,024
Public works	5,325,210	5,458,760	464,545	4,994,215
Town Manager	381,000	688,736	223,317	465,419
General service requests	-	1,165,400	681,989	483,411
Computer systems	-	11,000	-	11,000
Total Expenditures	<u>8,531,210</u>	<u>7,633,896</u>	<u>1,508,827</u>	<u>6,125,069</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,575,052)	(663,338)	3,933,792	4,597,130
Other Financing Sources (Uses):				
Sale of assets	12,000	175,814	172,596	(3,218)
Bond proceeds	-	1,003,173	-	(1,003,173)
Transfers (out)	(4,645,428)	(4,812,973)	(3,692,973)	1,120,000
Total Other Financing Sources (Uses)	<u>(4,633,428)</u>	<u>(3,633,986)</u>	<u>(3,520,377)</u>	<u>113,609</u>
Net Change in Fund Balance	(7,208,480)	(4,297,324)	413,415	4,710,739
Fund Balance - Beginning of Year	<u>9,758,362</u>	<u>10,887,242</u>	<u>10,887,238</u>	<u>(4)</u>
Fund Balance - End of Year	<u>2,549,882</u>	<u>6,589,918</u>	<u>11,300,653</u>	<u>4,710,735</u>

Town of Telluride, Colorado
Combining Balance Sheet
Non-major Governmental Funds
December 31, 2023

	Debt Service Fund	Capital Projects Fund Reserve Capital Improvement Fund	Special Revenue Funds						Totals	
			Restricted Fund	Energy Mitigation Fund	Street Alley and Bridge Fund	Conservation Trust Fund	Airline Guarantee Fund	Town Lodgers' Tax Fund		Block 23 Housing Corporation
Assets:										
Cash and investments - Unrestricted	20,113	490,869	188,335	193,133	880,111	175,540	245,853	469,738	211,586	2,875,278
Accounts receivable, net:										
Notes	-	-	-	-	-	-	-	650,000	-	650,000
Other	-	-	729	-	-	-	-	-	-	729
Total Assets	<u>20,113</u>	<u>490,869</u>	<u>189,064</u>	<u>193,133</u>	<u>880,111</u>	<u>175,540</u>	<u>245,853</u>	<u>1,119,738</u>	<u>211,586</u>	<u>3,526,007</u>
Liabilities and Fund Balances:										
Liabilities:										
Accounts payable	-	-	-	75,785	108,793	-	241,852	78,827	-	505,257
Due to other funds	-	-	-	-	-	-	4,001	-	-	4,001
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,785</u>	<u>108,793</u>	<u>-</u>	<u>245,853</u>	<u>78,827</u>	<u>-</u>	<u>509,258</u>
Fund Balances:										
Restricted for:										
Parks and open space	-	-	-	-	-	175,540	-	-	-	175,540
Debt service	20,113	-	-	-	-	-	-	-	-	20,113
Culture and recreation	-	490,869	189,064	-	-	-	-	-	-	679,933
Energy mitigation	-	-	-	117,348	-	-	-	-	-	117,348
Marketing	-	-	-	-	-	-	-	1,040,911	-	1,040,911
Assigned for:										
Capital projects	-	-	-	-	771,318	-	-	-	-	771,318
Affordable housing	-	-	-	-	-	-	-	-	211,586	211,586
Total Fund Balances	<u>20,113</u>	<u>490,869</u>	<u>189,064</u>	<u>117,348</u>	<u>771,318</u>	<u>175,540</u>	<u>-</u>	<u>1,040,911</u>	<u>211,586</u>	<u>3,016,749</u>
Total Liabilities and Fund Balances	<u>20,113</u>	<u>490,869</u>	<u>189,064</u>	<u>193,133</u>	<u>880,111</u>	<u>175,540</u>	<u>245,853</u>	<u>1,119,738</u>	<u>211,586</u>	<u>3,526,007</u>

Town of Telluride, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended December 31, 2023

	Debt Service Fund	Capital Projects Fund Reserve	Special Revenue Funds						Totals	
			Debt Service Fund	Capital Improvement Fund	Restricted Fund	Energy Mitigation Fund	Street Alley and Bridge Fund	Conservation Trust Fund		Airline Guarantee Fund
Revenues:										
Taxes	-	987,628	-	-	-	-	2,739,295	1,236,711	-	4,963,634
Licenses and permits	-	3,241	-	-	-	-	-	-	-	3,241
Intergovernmental	-	-	-	-	410,153	36,671	-	-	-	446,824
Charges for services and fees	-	-	22,059	152,711	-	-	-	-	38,175	212,945
Investment earnings	-	-	-	-	-	83	-	-	-	136
Miscellaneous	-	-	5,749	10,184	-	-	-	-	185	16,118
Total Revenues	-	990,869	27,808	162,895	410,153	36,754	2,739,295	1,236,711	38,413	5,642,898
Expenditures:										
General government	-	-	-	338,394	-	-	-	-	-	338,394
Public safety	-	-	4,160	-	-	-	-	-	-	4,160
Public works	-	-	-	-	1,144,891	-	-	-	-	1,144,891
Culture and recreation	-	-	22,061	-	-	14,362	-	-	-	36,423
Economic development	-	-	-	-	-	-	2,684,516	377,176	17,743	3,079,435
Debt service:										
Principal	18,897	-	-	-	-	-	-	-	-	18,897
Interest	6,818	-	-	-	-	-	-	-	-	6,818
Total Expenditures	25,715	-	26,221	338,394	1,144,891	14,362	2,684,516	377,176	17,743	4,629,018
Excess (Deficiency) of Revenues Over Expenditures	(25,715)	990,869	1,587	(175,499)	(734,738)	22,392	54,779	859,535	20,670	1,013,880
Other Financing Sources (Uses):										
Transfers in	45,828	-	50,000	-	1,289,492	-	-	-	-	1,385,320
Transfers (out)	-	(500,000)	-	-	-	-	(54,779)	(500,000)	-	(1,054,779)
Total Other Financing Sources (Uses)	45,828	(500,000)	50,000	-	1,289,492	-	(54,779)	(500,000)	-	330,541
Net Change in Fund Balance	20,113	490,869	51,587	(175,499)	554,754	22,392	-	359,535	20,670	1,344,421
Fund Balances - Beginning of Year (as restated)	-	-	137,477	292,847	216,564	153,148	-	681,376	190,916	1,672,328
Fund Balances - End of Year	20,113	490,869	189,064	117,348	771,318	175,540	-	1,040,911	211,586	3,016,749

Town of Telluride, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Debt Service Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Miscellaneous	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Debt service:				
Principal	18,897	18,897	18,897	-
Interest	6,819	26,927	6,818	20,109
Total Expenditures	<u>25,716</u>	<u>45,824</u>	<u>25,715</u>	<u>20,109</u>
Excess (Deficiency) of Revenues Over Expenditures	(25,716)	(45,824)	(25,715)	20,109
Other Financing Sources (Uses):				
Transfers in	25,720	45,828	45,828	-
Net Change in Fund Balance	4	4	20,113	20,109
Fund Balance - Beginning of Year	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
Fund Balance - End of Year	<u><u>5</u></u>	<u><u>5</u></u>	<u><u>20,113</u></u>	<u><u>20,108</u></u>

Town of Telluride, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Capital Projects Fund - Reserve Capital Improvement Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Revenues:				
Taxes:				
Property tax	-	5,000	5,260	260
Sales tax	-	490,000	511,991	21,991
Real estate transfer tax	-	220,000	470,377	250,377
	-	715,000	987,628	272,628
Licenses and permits	-	5,000	3,241	(1,759)
Total Revenues	-	720,000	990,869	270,869
Expenditures:				
Miscellaneous	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	720,000	990,869	270,869
Other Financing Sources (Uses):				
Transfers (out)	-	(500,000)	(500,000)	-
Net Change in Fund Balance	-	220,000	490,869	270,869
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	-	220,000	490,869	270,869

Town of Telluride, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Fund - Restricted Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Charges for services	4,100	19,100	22,059	2,959
Miscellaneous:				
Donations	5,000	5,000	5,749	749
Total Revenues	<u>9,100</u>	<u>24,100</u>	<u>27,808</u>	<u>3,708</u>
Expenditures:				
Public safety	3,900	3,900	4,160	(260)
Culture and recreation	37,000	44,000	22,061	21,939
Total Expenditures	<u>40,900</u>	<u>47,900</u>	<u>26,221</u>	<u>21,679</u>
Excess (Deficiency) of Revenues Over Expenditures	(31,800)	(23,800)	1,587	25,387
Other Financing Sources (Uses):				
Transfers in	-	50,000	50,000	-
Net Change in Fund Balance	(31,800)	26,200	51,587	25,387
Fund Balance - Beginning of Year	<u>118,722</u>	<u>137,477</u>	<u>137,477</u>	<u>-</u>
Fund Balance - End of Year	<u><u>86,922</u></u>	<u><u>163,677</u></u>	<u><u>189,064</u></u>	<u><u>25,387</u></u>

Town of Telluride, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Fund - Energy Mitigation Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Charges for services	187,000	189,200	152,711	(36,489)
Miscellaneous	6,600	6,600	10,184	3,584
Total Revenues	<u>193,600</u>	<u>195,800</u>	<u>162,895</u>	<u>(32,905)</u>
Expenditures:				
General government:				
Energy projects	290,000	443,220	338,394	104,826
Total Expenditures	<u>290,000</u>	<u>443,220</u>	<u>338,394</u>	<u>104,826</u>
Net Change in Fund Balance	(96,400)	(247,420)	(175,499)	71,921
Fund Balance - Beginning of Year	<u>102,861</u>	<u>292,847</u>	<u>292,847</u>	<u>-</u>
Fund Balance - End of Year	<u><u>6,461</u></u>	<u><u>45,427</u></u>	<u><u>117,348</u></u>	<u><u>71,921</u></u>

Town of Telluride, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Street Alley and Bridge Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Revenues:				
Intergovernmental:				
County road and bridge	333,514	333,514	332,318	(1,196)
Highway users tax	78,678	78,678	77,835	(843)
Total Revenues	<u>412,192</u>	<u>412,192</u>	<u>410,153</u>	<u>(2,039)</u>
Expenditures:				
Public works:				
Parking lot and sidewalk maintenance	100,000	175,000	145,109	29,891
Street mill and overlay	380,000	380,000	250,628	129,372
Asphalt mill and overlay	500,000	500,000	309,472	190,528
Miscellaneous projects	820,000	820,000	439,682	380,318
Total Expenditures	<u>1,800,000</u>	<u>1,875,000</u>	<u>1,144,891</u>	<u>730,109</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,387,808)	(1,462,808)	(734,738)	728,070
Other Financing Sources (Uses):				
Transfers in	<u>1,214,492</u>	<u>1,289,492</u>	<u>1,289,492</u>	<u>-</u>
Net Change in Fund Balance	(173,316)	(173,316)	554,754	728,070
Fund Balance - Beginning of Year	<u>173,316</u>	<u>216,563</u>	<u>216,564</u>	<u>1</u>
Fund Balance - End of Year	<u><u>-</u></u>	<u><u>43,247</u></u>	<u><u>771,318</u></u>	<u><u>728,071</u></u>

Town of Telluride, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Fund - Conservation Trust Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Revenues:				
Intergovernmental:				
State of Colorado lottery	31,360	31,360	36,671	5,311
Investment earnings	67	67	83	16
Total Revenues	<u>31,427</u>	<u>31,427</u>	<u>36,754</u>	<u>5,327</u>
Expenditures:				
Culture and recreation:				
Parks improvements	34,529	34,529	14,362	20,167
Total Expenditures	<u>34,529</u>	<u>34,529</u>	<u>14,362</u>	<u>20,167</u>
Net Change in Fund Balance	(3,102)	(3,102)	22,392	25,494
Fund Balance - Beginning of Year	<u>177,509</u>	<u>184,508</u>	<u>153,148</u>	<u>(31,360)</u>
Fund Balance - End of Year	<u>174,407</u>	<u>181,406</u>	<u>175,540</u>	<u>(5,866)</u>

Town of Telluride, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Fund - Airline Guarantee Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Taxes:				
Excise taxes	1,932,387	2,382,517	2,739,295	356,778
Total Revenues	<u>1,932,387</u>	<u>2,382,517</u>	<u>2,739,295</u>	<u>356,778</u>
Expenditures:				
Economic development	1,893,739	2,333,869	2,684,516	(350,647)
Total Expenditures	<u>1,893,739</u>	<u>2,333,869</u>	<u>2,684,516</u>	<u>(350,647)</u>
Excess (Deficiency) of Revenues Over Expenditures	38,648	48,648	54,779	6,131
Other Financing Sources (Uses):				
Transfers (out)	(38,648)	(48,648)	(54,779)	(6,131)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Town of Telluride, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Fund - Town Lodgers' Tax Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Revenues:				
Taxes:				
Lodging tax	1,080,000	1,212,500	1,236,711	24,211
Total Revenues	<u>1,080,000</u>	<u>1,212,500</u>	<u>1,236,711</u>	<u>24,211</u>
Expenditures:				
Economic development:				
Marketing	378,000	378,000	377,176	824
Total Expenditures	<u>378,000</u>	<u>378,000</u>	<u>377,176</u>	<u>824</u>
Excess (Deficiency) of Revenues Over Expenditures	702,000	834,500	859,535	25,035
Other Financing Sources (Uses):				
Transfers (out)	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Net Change in Fund Balance	202,000	334,500	359,535	25,035
Fund Balance - Beginning of Year (as restated)	<u>605,000</u>	<u>568,598</u>	<u>681,376</u>	<u>112,778</u>
Fund Balance - End of Year	<u><u>807,000</u></u>	<u><u>903,098</u></u>	<u><u>1,040,911</u></u>	<u><u>137,813</u></u>

Town of Telluride, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Fund - Block 23 Housing Corporation
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Revenues:				
Charges for services:				
Rent income	-	-	38,175	38,175
Investment earnings	-	-	53	53
Miscellaneous	-	-	185	185
Total Revenues	<u>-</u>	<u>-</u>	<u>38,413</u>	<u>38,413</u>
Expenditures:				
Economic development:				
Administration	-	-	9,766	(9,766)
Operating support	-	-	7,977	(7,977)
Total Expenditures	<u>-</u>	<u>-</u>	<u>17,743</u>	<u>(17,743)</u>
Net Change in Fund Balance	-	-	20,670	20,670
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>190,916</u>	<u>190,916</u>
Fund Balance - End of Year	<u>-</u>	<u>-</u>	<u>211,586</u>	<u>211,586</u>

Town of Telluride, Colorado
Combining Balance Sheets
Telluride Housing Authority
December 31, 2023

	Shandoka Fund	Virginia Placer Fund	Sunnyside Fund	Voo Doo Fund	Total
Assets:					
Current assets:					
Cash and investments - Unrestricted	789,187	302,773	328,897	-	1,420,857
Accounts receivable, net:					
Trade accounts	10,488	6,570	105	-	17,163
Total - Current assets	<u>799,675</u>	<u>309,343</u>	<u>329,002</u>	<u>-</u>	<u>1,438,020</u>
Noncurrent assets:					
Cash and investments - Restricted	86,034	266,424	-	-	352,458
Capital assets, not being depreciated	5,125,352	-	-	13,800,143	18,925,495
Capital assets, net of depreciation	4,753,356	7,013,186	15,352,976	-	27,119,518
Total - Noncurrent assets	<u>9,964,742</u>	<u>7,279,610</u>	<u>15,352,976</u>	<u>13,800,143</u>	<u>46,397,471</u>
Total Assets	<u>10,764,417</u>	<u>7,588,953</u>	<u>15,681,978</u>	<u>13,800,143</u>	<u>47,835,491</u>
Liabilities:					
Current liabilities:					
Accounts payable	76,539	17,360	17,388	-	111,287
Accrued interest payable	14,176	38,507	57,443	62,515	172,641
Unearned revenue	4,702	1,901	2,858	-	9,461
Security deposits payable	195,135	57,896	68,473	-	321,504
Due to other funds	48,928	-	-	1,742,507	1,791,435
Current portion of long-term debt	335,000	288,000	245,000	-	868,000
Total - Current liabilities	<u>674,480</u>	<u>403,664</u>	<u>391,162</u>	<u>1,805,022</u>	<u>3,274,328</u>
Noncurrent liabilities:					
Accrued compensated absences	15,837	-	4,971	-	20,808
Bonds and notes payable	2,955,000	6,891,000	11,480,000	7,421,308	28,747,308
Total - Noncurrent liabilities	<u>2,970,837</u>	<u>6,891,000</u>	<u>11,484,971</u>	<u>7,421,308</u>	<u>28,768,116</u>
Total Liabilities	<u>3,645,317</u>	<u>7,294,664</u>	<u>11,876,133</u>	<u>9,226,330</u>	<u>32,042,444</u>
Net Position:					
Net investment in capital assets	6,450,235	99,341	3,591,976	4,182,616	14,324,168
Unrestricted	668,865	194,948	213,869	391,197	1,468,879
Total Net Position	<u>7,119,100</u>	<u>294,289</u>	<u>3,805,845</u>	<u>4,573,813</u>	<u>15,793,047</u>

Town of Telluride, Colorado
Combining Statement of Revenues, Expenses, and Changes in Net Position
Telluride Housing Authority
For the Year Ended December 31, 2023

	Shandoka Fund	Virginia Placer Fund	Sunnyside Fund	Voo Doo Fund	Total
Operating Revenues:					
Charges for services:					
Rent, net of vacancies	1,936,578	556,355	506,957	-	2,999,890
Tenant charges	47,455	6,481	28,071	-	82,007
Laundry and vending	21,340	2,600	-	-	23,940
	<u>2,005,373</u>	<u>565,436</u>	<u>535,028</u>	<u>-</u>	<u>3,105,837</u>
Miscellaneous	8,597	-	-	-	8,597
Total Operating Revenues	<u>2,013,970</u>	<u>565,436</u>	<u>535,028</u>	<u>-</u>	<u>3,114,434</u>
Operating Expenses:					
Personnel	451,853	4,893	42,661	-	499,407
Operating supplies and equipment	107,211	7,111	713	-	115,035
Purchased services	221,123	61,000	4,738	-	286,861
Utilities	356,599	80,470	89,376	-	526,445
Depreciation expense	329,826	287,567	172,505	-	789,898
Other	26,196	639	33,494	-	60,329
	<u>1,492,808</u>	<u>441,680</u>	<u>343,487</u>	<u>-</u>	<u>2,277,975</u>
Total Operating Expenses	<u>1,492,808</u>	<u>441,680</u>	<u>343,487</u>	<u>-</u>	<u>2,277,975</u>
Operating Income (Loss)	<u>521,162</u>	<u>123,756</u>	<u>191,541</u>	<u>-</u>	<u>836,459</u>
Non-Operating Revenues (Expenses):					
Investment income	220,424	-	429,785	-	650,209
Grants and contributions awarded	-	-	35,000	-	35,000
Interest expense	(31,495)	(277,911)	(352,373)	(82,621)	(744,400)
Issuance costs	-	-	-	(105,100)	(105,100)
	<u>188,929</u>	<u>(277,911)</u>	<u>112,412</u>	<u>(187,721)</u>	<u>(164,291)</u>
Total Non-Operating Revenues (Expenses)	<u>188,929</u>	<u>(277,911)</u>	<u>112,412</u>	<u>(187,721)</u>	<u>(164,291)</u>
Income (Loss) before Contributions and Transfers	<u>710,091</u>	<u>(154,155)</u>	<u>303,953</u>	<u>(187,721)</u>	<u>672,168</u>
Capital contributions	712,352	-	1,719,471	2,484,157	4,915,980
Transfers (out)	(131,728)	-	-	-	(131,728)
Change in Net Position	<u>1,290,715</u>	<u>(154,155)</u>	<u>2,023,424</u>	<u>2,296,436</u>	<u>5,456,420</u>
Net Position - Beginning of Year (as restated)	<u>5,828,385</u>	<u>448,444</u>	<u>1,782,421</u>	<u>2,277,377</u>	<u>10,336,627</u>
Net Position - End of Year	<u>7,119,100</u>	<u>294,289</u>	<u>3,805,845</u>	<u>4,573,813</u>	<u>15,793,047</u>

Town of Telluride, Colorado
Combining Statement of Cash Flows
Telluride Housing Authority
For the Year Ended December 31, 2023

	Shandoka Fund	Virginia Placer Fund	Sunnyside Fund	Voo Doo Fund	Total
Cash Flows From Operating Activities:					
Cash received from customers	2,007,917	565,919	540,372	-	3,114,208
Cash payments to suppliers	(702,690)	(142,772)	(117,037)	-	(962,499)
Cash payments to employees	(456,953)	(5,779)	(37,690)	-	(500,422)
Net receipt (return) of customer deposits	(17,423)	(626)	39,153	-	21,104
Other cash receipts	8,597	-	-	-	8,597
Net Cash Provided (Used) by Operating Activities	839,448	416,742	424,798	-	1,680,988
Cash Flows From Non-Capital Financing Activities:					
Transfers (to) from other funds	(131,728)	-	-	-	(131,728)
Operating grants	-	-	35,000	-	35,000
Net Cash (Used) by Non-Capital Financing Activities	(131,728)	-	35,000	-	(96,728)
Cash Flows From Capital and Related Financing Activities:					
Proceeds from issuance of debt	-	-	-	7,314,667	7,314,667
Debt issue costs	-	-	-	(105,100)	(105,100)
Repayments (to) from other funds	(47,047)	-	-	-	(47,047)
Interest paid on bonds	(79,435)	(239,404)	(353,776)	(20,106)	(692,721)
Principal repaid on bonds	(330,000)	(279,000)	(240,000)	-	(849,000)
Acquisition and construction of capital assets	(29,076)	-	-	(8,931,968)	(8,961,044)
Net Cash Provided (Used) by Capital and Related Financing Activities	(485,558)	(518,404)	(593,776)	-	(1,597,738)
Cash Flows From Investing Activities:					
Interest income received	220,424	-	429,785	-	650,209
Net Cash Provided by Investing Activities	220,424	-	429,785	-	650,209
Net Change in Cash and Cash Equivalents	442,586	(101,662)	295,807	-	636,731
Cash and Cash Equivalents - Beginning of Year	432,635	670,859	33,090	-	1,136,584
Cash and Cash Equivalents - End of Year	875,221	569,197	328,897	-	1,773,315
Cash and Cash Equivalents - End of Year comprises:					
Cash and investments - Unrestricted	789,187	302,773	328,897	-	1,420,857
Cash and investments - Restricted	86,034	266,424	-	-	352,458
Total	875,221	569,197	328,897	-	1,773,315
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	521,162	123,756	191,541	-	836,459
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	329,826	287,567	172,505	-	789,898
(Increase) decrease in accounts receivable	(2,158)	(1,418)	2,486	-	(1,090)
Increase (decrease) in accounts payable and accruals	3,339	5,562	16,255	-	25,156
Increase (decrease) in unearned revenue	4,702	1,901	2,858	-	9,461
Increase (decrease) in customer deposits	(17,423)	(626)	39,153	-	21,104
Total Adjustments	318,286	292,986	233,257	-	844,529
Net Cash Provided (Used) by Operating Activities	839,448	416,742	424,798	-	1,680,988
Noncash capital and related financing activities:					
Assets contributed from others	712,352	-	1,719,471	2,484,157	4,915,980

Town of Telluride, Colorado
Schedule of Revenues, Expenses, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
Enterprise Fund - Water Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Final Budget Variance Positive (Negative)
Operating Revenues:				
Charges for services:				
Water user fees	2,108,135	2,108,135	2,254,261	146,126
Meter sales	15,900	15,900	25,375	9,475
Out of town surcharges	23,700	23,700	23,813	113
Miscellaneous	15,000	15,000	45,947	30,947
Total Operating Revenues	<u>2,162,735</u>	<u>2,162,735</u>	<u>2,349,396</u>	<u>186,661</u>
Operating Expenses:				
Water plant:				
Personnel	336,642	336,642	339,793	(3,151)
Operating supplies and equipment	134,496	154,496	67,441	87,055
Purchased services	111,180	166,180	130,142	36,038
Utilities	67,840	67,840	58,152	9,688
Miscellaneous	2,290	2,290	-	2,290
Water system:				
Operating supplies and equipment	105,788	105,788	114,456	(8,668)
Purchased services	5,300	5,300	545	4,755
Utilities	19,610	19,610	11,917	7,693
Capital outlay	3,125,600	5,070,574	2,511,949	2,558,625
Total Operating Expenses	<u>3,908,746</u>	<u>5,928,720</u>	<u>3,234,395</u>	<u>2,694,325</u>
Operating Income (Loss) - Budget Basis	<u>(1,746,011)</u>	<u>(3,765,985)</u>	<u>(884,999)</u>	<u>2,880,986</u>
Non-Operating Revenues (Expenses):				
Property taxes	558,214	558,214	556,551	(1,663)
Specific ownership taxes	24,000	24,000	25,600	1,600
Penalties and interest on property taxes	1,200	1,200	1,206	6
Treasurer's fees	(11,000)	(11,000)	(11,155)	(155)
Gain (loss) on disposition of assets	-	-	(181)	(181)
Grants and contributions awarded	-	798,096	789,596	(8,500)
Interest expense	(161,501)	(161,501)	(127,529)	33,972
Paying agent fees	(500)	(500)	(275)	225
Issuance costs	-	-	(18,500)	(18,500)
Bond principal	(782,450)	(782,450)	(782,450)	-
Total Non-Operating Revenues (Expenses)	<u>(372,037)</u>	<u>426,059</u>	<u>432,863</u>	<u>6,804</u>
Income (Loss) before Contributions and Transfers	<u>(2,118,048)</u>	<u>(3,339,926)</u>	<u>(452,136)</u>	<u>2,887,790</u>
Capital contributions	306,000	306,000	232,936	(73,064)
Capital asset transfers (to) from other funds	-	-	69,239	69,239
Transfers in	1,500,000	2,000,000	2,000,000	-
Transfers (out)	(509,529)	(509,529)	(509,529)	-
Change in Net Position - Budget Basis	<u>(821,577)</u>	<u>(1,543,455)</u>	<u>1,340,510</u>	<u>2,883,965</u>
Reconciliation to GAAP Basis:				
Bond principal payment			782,450	
Capitalized assets			2,511,949	
Depreciation expense			(1,471,234)	
Total Adjustments			<u>1,823,165</u>	
Change in Net Position - GAAP Basis			3,163,675	
Net Position - Beginning of Year (as restated)			<u>16,202,312</u>	
Net Position - End of Year			<u>19,365,987</u>	

Town of Telluride, Colorado
Schedule of Revenues, Expenses, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
Enterprise Fund - Wastewater Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Operating Revenues:				
Charges for services:				
Wastewater user fees	2,798,080	2,798,080	3,015,162	217,082
Miscellaneous	30,000	30,000	35,485	5,485
Total Operating Revenues	<u>2,828,080</u>	<u>2,828,080</u>	<u>3,050,647</u>	<u>222,567</u>
Operating Expenses:				
Treatment facility:				
Personnel	549,598	549,598	429,229	120,369
Operating supplies and equipment	278,670	306,670	233,008	73,662
Purchased services	215,800	328,480	372,786	(44,306)
Utilities	268,180	268,180	177,300	90,880
Other	1,590	1,590	1,730	(140)
Wastewater system:				
Operating supplies and equipment	66,520	66,520	310,742	(244,222)
Purchased services	23,850	34,850	9,500	25,350
Utilities	3,710	3,710	3,190	520
Other	6,000	6,000	718	5,282
Capital outlay	11,018,050	11,218,050	1,048,693	10,169,357
Total Operating Expenses	<u>12,431,968</u>	<u>12,783,648</u>	<u>2,586,896</u>	<u>10,196,752</u>
Operating Income (Loss) - Budget Basis	<u>(9,603,888)</u>	<u>(9,955,568)</u>	<u>463,751</u>	<u>10,419,319</u>
Non-Operating Revenues (Expenses):				
Gain (loss) on disposition of assets	-	-	(14,415)	(14,415)
Investment income	400	140,400	484,484	344,084
Contributions and grants - Mountain Village	4,395,300	4,395,300	885,100	(3,510,200)
Interest expense	(229,450)	(229,450)	(186,160)	43,290
Bond principal payment	(285,000)	(285,000)	(285,000)	-
Total Non-Operating Revenues (Expenses)	<u>3,881,250</u>	<u>4,021,250</u>	<u>884,009</u>	<u>(3,137,241)</u>
Income (Loss) before Contributions and Transfers	<u>(5,722,638)</u>	<u>(5,934,318)</u>	<u>1,347,760</u>	<u>7,282,078</u>
Capital contributions	409,000	409,000	232,727	(176,273)
Capital asset transfers (to) from other funds	-	-	(8,752)	(8,752)
Transfers in	500,000	500,000	500,000	-
Transfers (out)	(463,210)	(509,529)	(509,529)	-
Change in Net Position - Budget Basis	<u>(5,276,848)</u>	<u>(5,534,847)</u>	<u>1,562,206</u>	<u>7,097,053</u>
Reconciliation to GAAP Basis:				
Bond principal payment			285,000	
Capitalized assets			1,048,693	
Depreciation expense			(477,590)	
Total Adjustments			<u>856,103</u>	
Change in Net Position - GAAP Basis			<u>2,418,309</u>	
Net Position - Beginning of Year (as restated)			<u>13,700,842</u>	
Net Position - End of Year			<u>16,119,151</u>	

Town of Telluride, Colorado
Schedule of Revenues, Expenses, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
Enterprise Fund - Parking Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Operating Revenues:				
Charges for services:				
Parking permits	111,500	111,500	74,665	(36,835)
Meter sales	336,079	336,079	220,304	(115,775)
Fees and fines	119,090	119,090	217,451	98,361
Total Operating Revenues	<u>566,669</u>	<u>566,669</u>	<u>512,420</u>	<u>(54,249)</u>
Operating Expenses:				
Zones:				
Purchased services	325,520	500,520	90,875	409,645
Parking Facility:				
Purchased services	79,096	82,896	69,749	13,147
Utilities	12,000	12,000	15,342	(3,342)
Capital outlay	-	-	122,198	(122,198)
Total Operating Expenses	<u>416,616</u>	<u>595,416</u>	<u>298,164</u>	<u>297,252</u>
Operating Income (Loss) - Budget Basis	<u>150,053</u>	<u>(28,747)</u>	<u>214,256</u>	<u>243,003</u>
Non-Operating Revenues (Expenses):				
Interest expense	(144,303)	(144,303)	(155,315)	(11,012)
Bond principal payment	(265,000)	(265,000)	(265,000)	-
Total Non-Operating Revenues (Expenses)	<u>(409,303)</u>	<u>(409,303)</u>	<u>(420,315)</u>	<u>(11,012)</u>
Change in Net Position - Budget Basis	<u>(259,250)</u>	<u>(438,050)</u>	<u>(206,059)</u>	<u>231,991</u>
Reconciliation to GAAP Basis:				
Bond principal payment			265,000	
Capitalized assets			122,198	
Depreciation expense			(568,065)	
Total Adjustments			<u>(180,867)</u>	
Change in Net Position - GAAP Basis			(386,926)	
Net Position - Beginning of Year			<u>3,795,383</u>	
Net Position - End of Year			<u>3,408,457</u>	

Town of Telluride, Colorado
Schedule of Revenues, Expenses, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
Enterprise Fund - Telluride Housing Authority
Shandoka Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Operating Revenues:				
Charges for services:				
Rent, net of vacancies	1,948,257	1,948,257	1,936,578	(11,679)
Tenant charges	48,700	48,700	47,455	(1,245)
Laundry and vending	18,000	18,000	21,340	3,340
Miscellaneous	10,000	10,000	8,597	(1,403)
Total Operating Revenues	<u>2,024,957</u>	<u>2,024,957</u>	<u>2,013,970</u>	<u>(10,987)</u>
Operating Expenses:				
Personnel	521,250	539,895	451,853	88,042
Operating supplies and equipment	57,700	57,700	71,252	(13,552)
Purchased services	188,045	188,045	221,123	(33,078)
Utilities	341,413	341,413	356,599	(15,186)
Other	47,034	47,034	26,196	20,838
Capital outlay	297,000	297,000	777,387	(480,387)
Total Operating Expenses	<u>1,452,442</u>	<u>1,471,087</u>	<u>1,904,410</u>	<u>(433,323)</u>
Operating Income (Loss) - Budget Basis	<u>572,515</u>	<u>553,870</u>	<u>109,560</u>	<u>(444,310)</u>
Non-Operating Revenues (Expenses):				
Investment income	36,000	36,000	220,424	184,424
Interest expense	(81,335)	(81,335)	(31,495)	49,840
Bond principal payment	(377,047)	(377,047)	(377,047)	-
Total Non-Operating Revenues (Expenses)	<u>(422,382)</u>	<u>(422,382)</u>	<u>(188,118)</u>	<u>234,264</u>
Income (Loss) before Contributions and Transfers	150,133	131,488	(78,558)	(210,046)
Capital contributions	-	-	712,352	712,352
Transfers (out)	(131,728)	(131,728)	(131,728)	-
Change in Net Position - Budget Basis	<u>18,405</u>	<u>(240)</u>	502,066	<u>502,306</u>
Reconciliation to GAAP Basis:				
Bond principal payment			377,047	
Capitalized assets			741,428	
Depreciation expense			(329,826)	
Total Adjustments			<u>788,649</u>	
Change in Net Position - GAAP Basis			1,290,715	
Net Position - Beginning of Year			<u>5,828,385</u>	
Net Position - End of Year			<u>7,119,100</u>	

Town of Telluride, Colorado
Schedule of Revenues, Expenses, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
Enterprise Fund - Telluride Housing Authority
Virginia Placer Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Operating Revenues:				
Charges for services:				
Rent, net of vacancies	569,805	569,805	556,355	(13,450)
Tenant charges	3,200	3,200	6,481	3,281
Laundry and vending	2,000	2,000	2,600	600
Total Operating Revenues	<u>575,005</u>	<u>575,005</u>	<u>565,436</u>	<u>(9,569)</u>
Operating Expenses:				
Personnel	31,642	31,642	4,893	26,749
Operating supplies and equipment	7,600	7,600	7,111	489
Purchased services	46,616	46,616	61,000	(14,384)
Utilities	73,751	73,751	80,470	(6,719)
Other	10,223	10,223	639	9,584
Capital outlay	60,000	60,000	-	60,000
Total Operating Expenses	<u>229,832</u>	<u>229,832</u>	<u>154,113</u>	<u>75,719</u>
Operating Income (Loss) - Budget Basis	<u>345,173</u>	<u>345,173</u>	<u>411,323</u>	<u>66,150</u>
Non-Operating Revenues (Expenses):				
Interest expense	(239,404)	(239,404)	(277,911)	(38,507)
Bond principal payment	(279,000)	(279,000)	(279,000)	-
Total Non-Operating Revenues (Expenses)	<u>(518,404)</u>	<u>(518,404)</u>	<u>(556,911)</u>	<u>(38,507)</u>
Change in Net Position - Budget Basis	<u>(173,231)</u>	<u>(173,231)</u>	<u>(145,588)</u>	<u>27,643</u>
Reconciliation to GAAP Basis:				
Bond principal payment			279,000	
Depreciation expense			<u>(287,567)</u>	
Total Adjustments			<u>(8,567)</u>	
Change in Net Position - GAAP Basis			(154,155)	
Net Position - Beginning of Year			<u>448,444</u>	
Net Position - End of Year			<u>294,289</u>	

Town of Telluride, Colorado
Schedule of Revenues, Expenses, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
Enterprise Fund - Telluride Housing Authority
Sunnyside Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Operating Revenues:				
Charges for services:				
Rent, net of vacancies	645,505	645,505	506,957	(138,548)
Tenant charges	42,161	42,161	28,071	(14,090)
Total Operating Revenues	<u>687,666</u>	<u>687,666</u>	<u>535,028</u>	<u>(152,638)</u>
Operating Expenses:				
Personnel	33,799	33,799	42,661	(8,862)
Operating supplies and equipment	4,850	4,850	713	4,137
Purchased services	20,500	20,500	4,738	15,762
Utilities	61,515	89,315	89,376	(61)
Other	6,551	29,980	33,494	(3,514)
Capital outlay	-	-	1,719,471	(1,719,471)
Total Operating Expenses	<u>127,215</u>	<u>178,444</u>	<u>1,890,453</u>	<u>(1,712,009)</u>
Operating Income (Loss) - Budget Basis	<u>560,451</u>	<u>509,222</u>	<u>(1,355,425)</u>	<u>(1,864,647)</u>
Non-Operating Revenues (Expenses):				
Investment income	-	325,000	429,785	104,785
Grants and contributions awarded	35,000	35,000	35,000	-
Interest expense	(353,775)	(353,775)	(352,373)	1,402
Bond principal payment	(240,000)	(240,000)	(240,000)	-
Total Non-Operating Revenues (Expenses)	<u>(558,775)</u>	<u>(233,775)</u>	<u>(127,588)</u>	<u>106,187</u>
Income (Loss) before Contributions and Transfers	1,676	275,447	(1,483,013)	(1,758,460)
Capital contributions	-	-	1,719,471	1,719,471
Change in Net Position - Budget Basis	<u>1,676</u>	<u>275,447</u>	236,458	<u>(38,989)</u>
Reconciliation to GAAP Basis:				
Bond principal payment			240,000	
Capitalized assets			1,719,471	
Depreciation expense			(172,505)	
Total Adjustments			<u>1,786,966</u>	
Change in Net Position - GAAP Basis			2,023,424	
Net Position - Beginning of Year (as restated)			<u>1,782,421</u>	
Net Position - End of Year			<u>3,805,845</u>	

Town of Telluride, Colorado
Schedule of Revenues, Expenses, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
Enterprise Fund - Telluride Housing Authority
Voo Doo Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Operating Revenues:				
Charges for services:				
Rent, net of vacancies	-	-	-	-
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Expenses:				
Capital outlay	-	-	11,416,125	(11,416,125)
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>11,416,125</u>	<u>(11,416,125)</u>
Operating Income (Loss) - Budget Basis	<u>-</u>	<u>-</u>	<u>(11,416,125)</u>	<u>(11,416,125)</u>
Non-Operating Revenues (Expenses):				
Interest expense	-	-	(82,621)	(82,621)
Issuance costs	-	-	(105,100)	(105,100)
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>(187,721)</u>	<u>(187,721)</u>
Income (Loss) before Contributions and Transfers	<u>-</u>	<u>-</u>	<u>(11,603,846)</u>	<u>(11,603,846)</u>
Capital contributions		-	2,484,157	2,484,157
Change in Net Position - Budget Basis	<u>-</u>	<u>-</u>	<u>(9,119,689)</u>	<u>(9,119,689)</u>
Reconciliation to GAAP Basis:				
Capitalized assets			11,416,125	
Change in Net Position - GAAP Basis			2,296,436	
Net Position - Beginning of Year (as restated)			<u>2,277,377</u>	
Net Position - End of Year			<u>4,573,813</u>	

Town of Telluride, Colorado
Schedule of Revenues, Expenses, and Changes in Net Position
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
Internal Service Fund - Health Reserve Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Operating Revenues:				
Charges for services			1,490,372	1,490,372
Reinsurance			1,190,492	1,190,492
Miscellaneous	-	-	7,226	7,226
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>2,688,090</u>	<u>2,688,090</u>
Operating Expenses:				
Claims	-	-	2,371,590	(2,371,590)
Premiums	-	-	315,667	(315,667)
Administrative costs	-	-	66,858	(66,858)
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>2,754,115</u>	<u>(2,754,115)</u>
Operating Income (Loss)	<u>-</u>	<u>-</u>	<u>(66,025)</u>	<u>(66,025)</u>
Net Position - Beginning of Year			<u>-</u>	
Net Position - End of Year			<u>(66,025)</u>	

LOCAL HIGHWAY FINANCE REPORT



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

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO
	YEAR ENDING (mm/yy): 12/31/2023

This Information From The Records Of:	Prepared By:
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I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 94,177.00
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 1,299,708.00
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 185,707.00
2. General fund appropriations	\$ 2,049,932.00	b. Snow and ice removal	\$ 346,785.00
3. Other local imposts (from page 2)	\$ 251,644.00	c. Other	
4. Miscellaneous local receipts (from page 2)	\$ 6,415.00	d. Total (a. through c.)	\$ 532,492.00
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 285,451.00
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	\$ 182,907.00
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 2,394,735.00
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	
7. Total (1 through 6)	\$ 2,307,991.00	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	\$ -
C. Receipts from State government (from page 2)	\$ 86,744.00	2. Notes:	
D. Receipts from Federal Government (from page 2)	\$ -	a. Interest	
E. Total receipts (A.7 + B + C + D)	\$ 2,394,735.00	b. Redemption	
		c. Total (a. + b.)	\$ -
		3. Total (1.c + 2.c)	\$ -
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 2,394,735.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE (RECEIPTS AND DISBURSEMENTS ONLY)

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		\$ 2,394,735.00	\$ 2,394,735.00		\$ -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
COLORADO
 YEAR ENDING (mm/yy):
12/31/2023

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 Assesments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	\$ 6,415.00
1. Sales Taxes	\$ (120,524.00)	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	\$ 332,318.00	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	\$ 39,850.00	g. Other Misc. Receipts	
6. Total (1. through 5.)	\$ 251,644.00	h. Other	
c. Total (a. + b.)	\$ 251,644.00	i. Total (a. through h.)	\$ 6,415.00
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	\$ 77,835.00	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	\$ 8,909.00	d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other		f. Other Federal ARPA	
f. Total (a. through e.)	\$ 8,909.00	g. Total (a. through f.)	\$ -
4. Total (1. + 2. + 3.f)	\$ 86,744.00	3. Total (1. + 2.g)	\$ -
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

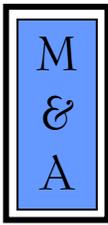
III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs			\$ -
c. Construction:			
(1). New Facilities			\$ -
(2). Capacity Improvements			\$ -
(3). System Preservation		\$ 94,177.00	\$ 94,177.00
(4). System Enhancement And Operation			\$ -
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 94,177.00	\$ 94,177.00
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ 94,177.00	\$ 94,177.00
<i>(Carry forward to page 1)</i>			

Notes and Comments:

SINGLE AUDIT SECTION





MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**To the Members of Town Council
Town of Telluride, Colorado**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Telluride, Colorado (the "Town") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 11, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that have not been identified. However, we identified certain deficiencies in internal control that we consider to be a material weakness, as described in finding 2023-001 in the accompanying Schedule of Findings and Questioned Costs.

Member: American Institute of Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT
To the Members of Town Council
Town of Telluride, Colorado**

Compliance and Other Matters

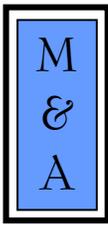
As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
Avon, Colorado
June 11, 2024**



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**To the Members of Town Council
Town of Telluride, Colorado**

Opinion on Each Major Federal Program

We have audited the compliance of the Town of Telluride, Colorado (the "Town") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2023. The Town's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's federal programs.

Member: American Institute of Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT
To the Members of Town Council
Town of Telluride, Colorado**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

INDEPENDENT AUDITOR'S REPORT
To the Members of Town Council
Town of Telluride, Colorado

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
June 11, 2024

Town of Telluride, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

Part I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

Federal Awards:

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	No
Major programs:	
Coronavirus State and Local Fiscal Recovery Funds	ALN 21.027
Dollar threshold used to identify Type A from Type B programs:	\$750,000
Identified as low-risk auditee	No

Part II – Findings Related to Financial Statements

Findings related to financial statements as required by <i>Government Auditing Standards</i>	Yes
Auditor-assigned reference number	2023-001

Part III – Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

Town of Telluride, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

Section II – Financial Statement Findings

2023-001 – Financial Reporting

Type of Finding: Material weakness in internal control over financial reporting

Criteria: The Town is responsible for the accuracy of the financial statements.

Condition: During the 2023 financial statement audit, the Town determined that there were errors in the Town's capital asset reporting module and, as a result, governmental activities beginning 2023 net position decreased \$416,059 and business-type activities beginning 2023 net position decreased \$1,144,224 to correct accumulated depreciation at December 31, 2022.

Cause: Due to the large volume of capital asset transactions, errors in a limited number of system inputs and miscalculations within the capital asset reporting module were not timely identified.

Effect: As a result of these misstatements, the financial statements were materially misstated at December 31, 2022 with respect to the areas identified above.

Recommendation: The Town should review and revise procedures to ensure the above matters are properly identified and reviewed annually in the Town's financial statements.

Views of Responsible Officials: There is no disagreement with the audit finding.

Town of Telluride, Colorado
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

There were no findings or questioned costs reported for the fiscal year ended December 31, 2022.

Town of Telluride, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

<u>Program Title</u>	<u>Federal Assistance Listing</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
Department of Justice:			
Passed through Colorado Department of Public Safety:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 3,225
Public Safety Partnership and Community Policing Grants	16.710	N/A	5,536
Total - Department of Justice			<u>8,761</u>
Department of Transportation:			
Passed through Colorado Department of Transportation:			
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	N/A	14,400
<i>Formula Grants for Rural Areas - Section 5311</i>			
Formula Grants for Rural Areas - Section 5311	20.509	N/A	64,198
Formula Grants for Rural Areas - Section 5311	20.509	23-HTR-ZL-00073	149,260
Subtotal - Formula Grants for Rural Areas - Section 5311			<u>213,458</u>
Magnesium Chloride grant	20.U01	N/A	9,186
Total - Department of Transportation			<u>237,044</u>
Department of the Treasury:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	623,096
Total Department of The Treasury			<u>623,096</u>
Total			<u>\$ 868,901</u>

Notes to the Schedule of Expenditures of Federal Awards for the year ended December 31, 2023

Note 1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Telluride, Colorado (the "Town") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the Town's general purpose financial statements.

Note 2. Indirect Facilities and Administration costs:

The Town does not use the 10% de minimis cost rate allowed in §200.414, *Indirect (F&A) Costs*, of the Uniform Guidance.