

TOWN OF TELLURIDE, COLORADO

FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2017



DALBY, WENDLAND & CO., P.C.
CPAs and Business Advisors

Town of Telluride

Table of Contents

	<u>Page</u>
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet	18
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	20
Statement of Net Position Proprietary Funds	21
Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds	22
Statement of Cash Flows Proprietary Funds	23
Notes to Basic Financial Statements	25
Required Supplemental Information	
General Fund and Related Sub-fund Combining Balance Sheet	45
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund and Related Sub-fund	46
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Capital Improvement Fund	49
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Open Space Fund	50
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Affordable Housing Fund	51
Other Supplemental Information	
Non-Major Governmental Funds:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Conservation Trust Fund	52
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Airline Guarantee Fund	53
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Energy Mitigation Fund	54

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Street and Alley Fund	55
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Debt Service Fund	56
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Fund 22	57
Proprietary Funds:	
Schedule of Revenues, Expenses, and Changes in Net Position – Budget to Actual – Water Fund	58
Schedule of Revenues, Expenses, and Changes in Net Position – Budget to Actual – Sewer Fund	59
Schedule of Revenues, Expenses, and Changes in Net Position – Budget to Actual – Parking Fund	60
Component Units:	
THA Fund Combining Balance Sheet	61
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Balance – Budget to Actual – THA Fund	62
Local Highway Finance Report	63

Independent Auditor's Report



DALBY, WENDLAND & CO., P.C.

Grand Junction

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Honorable Mayor and Town Council
Town of Telluride
Telluride, Colorado

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Telluride, Colorado (the Town) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Telluride, Colorado, as of December 31, 2017, 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.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and budgetary comparison information on pages 45 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Telluride, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements and local highway finance report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and local highway finance report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the local highway finance report are fairly stated in all material respects in relation to the basic financial statements as a whole.

Dalby, Wendland & Co., P.C.

DALBY, WENDLAND & CO., P.C.
Grand Junction, Colorado

June 12, 2018

Management's Discussion and Analysis

TOWN OF TELLURIDE
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

December 31, 2017

As management of the Town of Telluride (the Town), we offer readers the Town's Financial Statements. This narrative overview and analysis of the financial activities of the Town is for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the Town.

A. FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$118,928,541 (i.e., net position) at the close of 2017 fiscal year, an increase of \$5,396,728 compared to 2016.
- Governmental funds reported combined ending fund balances of \$17,557,888, an increase of \$4,398,488 compared to 2016.
- The Town's fund balance for the general fund was \$5,598,513, an increase of \$973,217 compared to 2016.
- Telluride's fund balance includes a restricted three percent emergency reserve of \$653,000, as required by Colorado state statute Taxpayer's Bill of Rights (TABOR), assigned \$95,267 and the unassigned fund balance of \$4,850,246.
- The Town's General Fund policy, as stated in the 2017 budget, is to have a minimum fund balance equal to at least 35 percent of the General Fund appropriations net of transfers, with a goal of a 20 percent balance. The 35 percent includes the required three percent state mandated emergency reserve.

B. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The government-wide financial statements use the accrual basis of accounting. Certain interfund activities including balances and transfers are eliminated in the government-wide financial statements.

The statement of net position presents information on all 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 financial position is improving or deteriorating.

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

The government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, public works, culture and recreation, economic development, and debt service interest. The business-type activities include water, sewer, parking and Telluride Housing Authority.

The government-wide financial statements include only the Town itself (known as the primary government).

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

Governmental funds. 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 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 fund balance sheet and the governmental fund statement of revenues, expenditure and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental funds are separated into the following major funds: General Fund, Capital Improvement Fund, Open Space Fund, Affordable Housing Fund, and the Block 23 Housing component unit. All non-major funds are combined as other governmental funds.

An annual appropriated budget is adopted for all governmental funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

Proprietary funds. Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The enterprise funds are used to account for water and sewer operations and parking infrastructure. The proprietary fund financial statements

provide separate information for water, sewer, and housing operations, which are considered to be major funds.

An annual appropriated budget is adopted for all enterprise funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by the *Governmental Accounting Standards Board*.

C. **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

At the close of 2017, total net position was \$118,928,451, an increase of \$5,396,728 from prior year. The largest portion of net position is the net investment in capital assets (net of related debt) of \$95,816,590. This amount reflects the investment in all capital assets (e.g., infrastructure, land, buildings, and equipment), less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the Town's governmental and business type net position for 2017 and 2016.

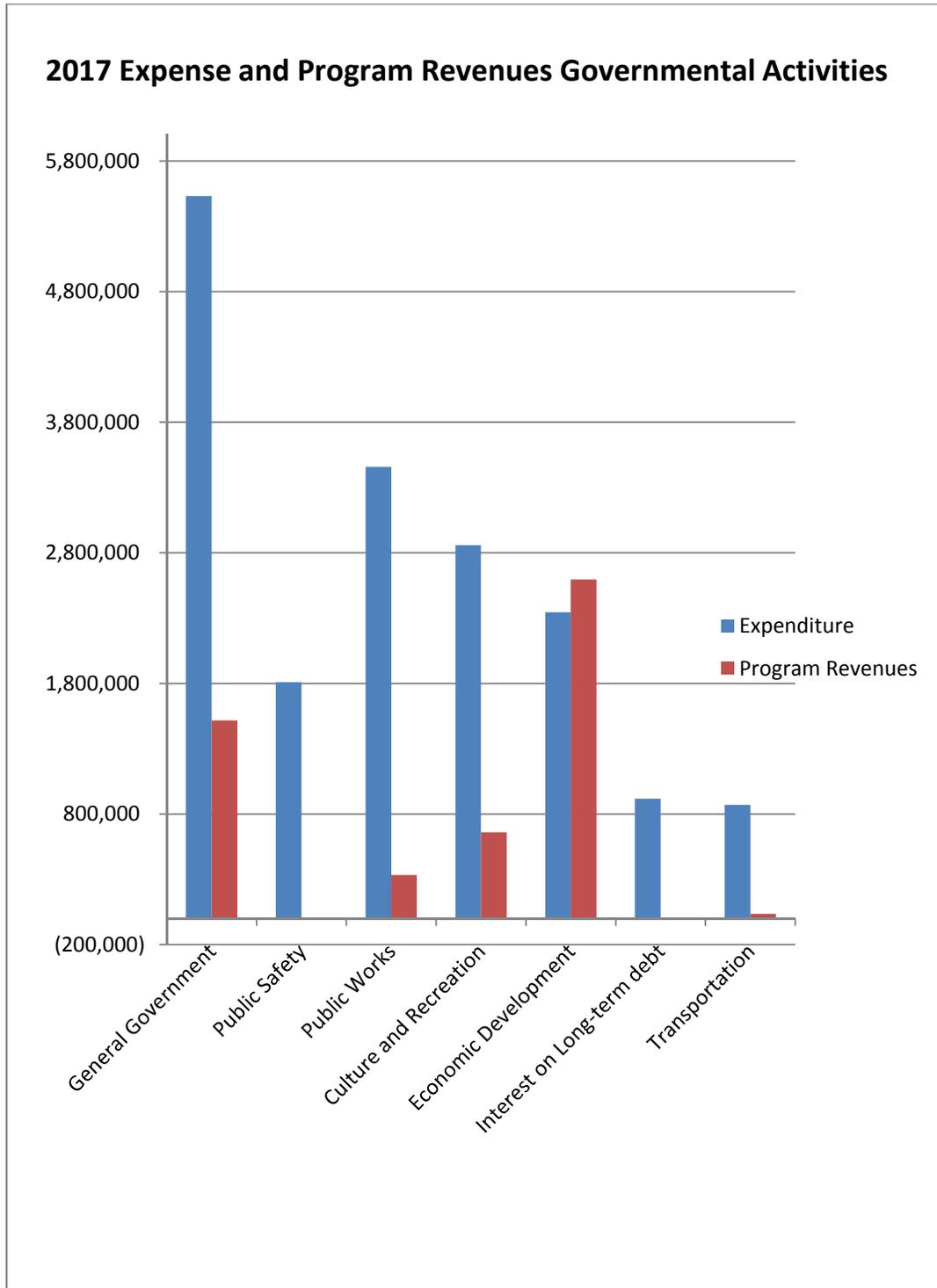
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 18,433,354	\$ 14,852,999	\$ (881,416)	\$ 830,843	\$ 17,551,938	\$ 15,683,842
Capital assets	99,474,877	102,315,317	42,174,321	36,040,711	141,649,198	138,356,028
Other Assets	2,144,732	1,515,013	9,350,460	3,007,963	11,495,192	4,522,976
Total assets	120,052,963	118,683,329	50,643,365	39,879,517	170,696,328	158,562,846
Liabilities						
Current liabilities	2,534,680	2,680,791	2,109,257	846,866	4,643,937	3,527,657
Non-current Liabilities:						
Due within one year	701,269	2,073,543	1,091,140	939,770	1,792,409	3,013,313
Due in more than one year	17,638,297	18,350,054	26,401,902	18,891,042	44,040,199	37,241,096
Total liabilities	20,874,246	23,104,388	29,602,299	20,677,678	50,476,545	43,782,066
Deferred Inflows						
Property taxes	684,435	642,194	606,807	606,773	1,291,242	1,248,967
Total Deferred Inflows	684,435	642,194	606,807	606,773	1,291,242	1,248,967
Net Position:						
Net Investment in capital assets, net of related debt	81,135,311	81,891,720	14,681,279	16,209,899	95,816,590	98,101,619
Restricted	12,707,642	9,265,267	9,350,460	3,007,963	22,058,102	12,273,230
Unrestricted	4,651,329	3,779,760	(3,597,480)	(622,796)	1,053,849	3,156,964
Total net position	\$ 98,494,282	\$ 94,936,747	\$ 20,434,259	\$ 18,595,066	\$ 118,928,541	\$ 113,531,813

Changes in net position. Governmental and business-type activities increased the Town's net position by \$5,396,728 in 2017.

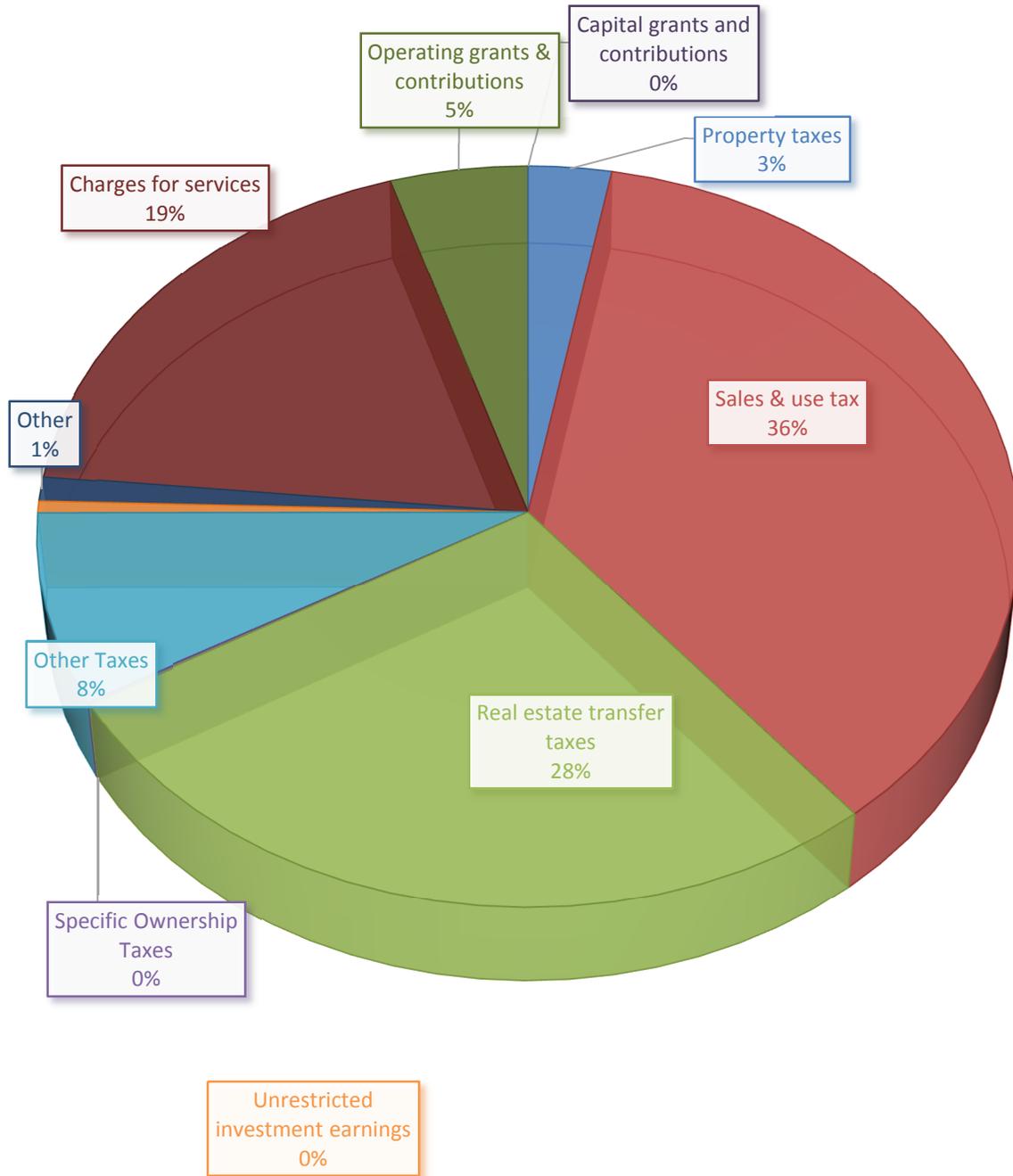
The Telluride Housing Authority (THA) provides housing for employees who work within the boundaries of the Telluride R-1 School District. This includes the Shandoka Apartments and Virginia Placer units. THA is presented as a blended component unit because the members of the Town Council sit as the THA Board of Directors and the Town manages the property on behalf of THA. In recognizing the THA as a blended component unit, the ending net position in 2016 does not correspond to the beginning net position in 2017 as presented in the Changes in Net Position table below.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program Revenues						
Charges for services	\$ 4,080,851	\$ 1,585,938	\$ 5,308,943	\$ 4,373,649	\$ 9,389,794	\$ 5,959,587
Operating grants and contributions	1,059,838	815,837	449,815	498,548	1,509,653	1,314,385
Capital grants and contributions	-	451,484	-	-	-	451,484
General Revenues						
Property taxes	640,207	616,058	606,052	703,983	1,246,259	1,320,041
Other taxes	15,804,652	13,508,975	26,131	27,325	15,830,783	13,536,300
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Grants restricted to specific programs	-	-	-	-	-	-
Other	(400,026)	1,662,857	1,294,194	652,110	894,168	2,314,967
Debt	-	-	-	-	-	-
Transfers	795,060	670,942	(795,060)	(670,942)	-	-
Total Revenues	21,980,582	19,312,091	6,890,075	5,584,673	28,870,657	24,896,764
EXPENSES						
General Government	5,531,865	4,868,724	-	-	5,531,865	4,868,724
Public Safety	1,810,668	1,849,142	-	-	1,810,668	1,849,142
Public Works	3,458,077	3,287,333	3,840,746	3,483,124	7,298,823	6,770,457
Culture and Recreation	2,859,144	2,402,462	-	-	2,859,144	2,402,462
Economic Development	2,343,988	1,306,035	-	-	2,343,988	1,306,035
Transportation	870,467	802,856	-	-	870,467	802,856
Housing	-	-	1,842,136	1,611,209	1,842,136	1,611,209
Interest on Long-term debt	916,838	889,901	-	-	916,838	889,901
Total Expenses	17,791,047	15,406,453	5,682,882	5,094,333	23,473,929	20,500,786
Increase in net position	4,189,535	3,905,638	1,207,193	490,340	5,396,728	4,395,978
Beginning net position-previous reported	94,304,747	91,710,597	19,227,066	18,114,239	113,531,813	109,824,836
Prior Period Adjustments	-	(174,274)	-	(9,513)	-	(183,787)
Classification Adjustments	-	(505,214)	-	-	-	(505,214)
Net Position - beginning as restated	94,304,747	91,031,109	19,227,066	18,104,726	113,531,813	109,135,835
Ending net position	\$ 98,494,282	\$ 94,936,747	\$ 20,434,259	\$ 18,595,066	\$ 118,928,541	\$ 113,531,813

Governmental activities. Governmental activities increased the Town's net position by \$4,398,488 thereby accounting for an increase in assets.



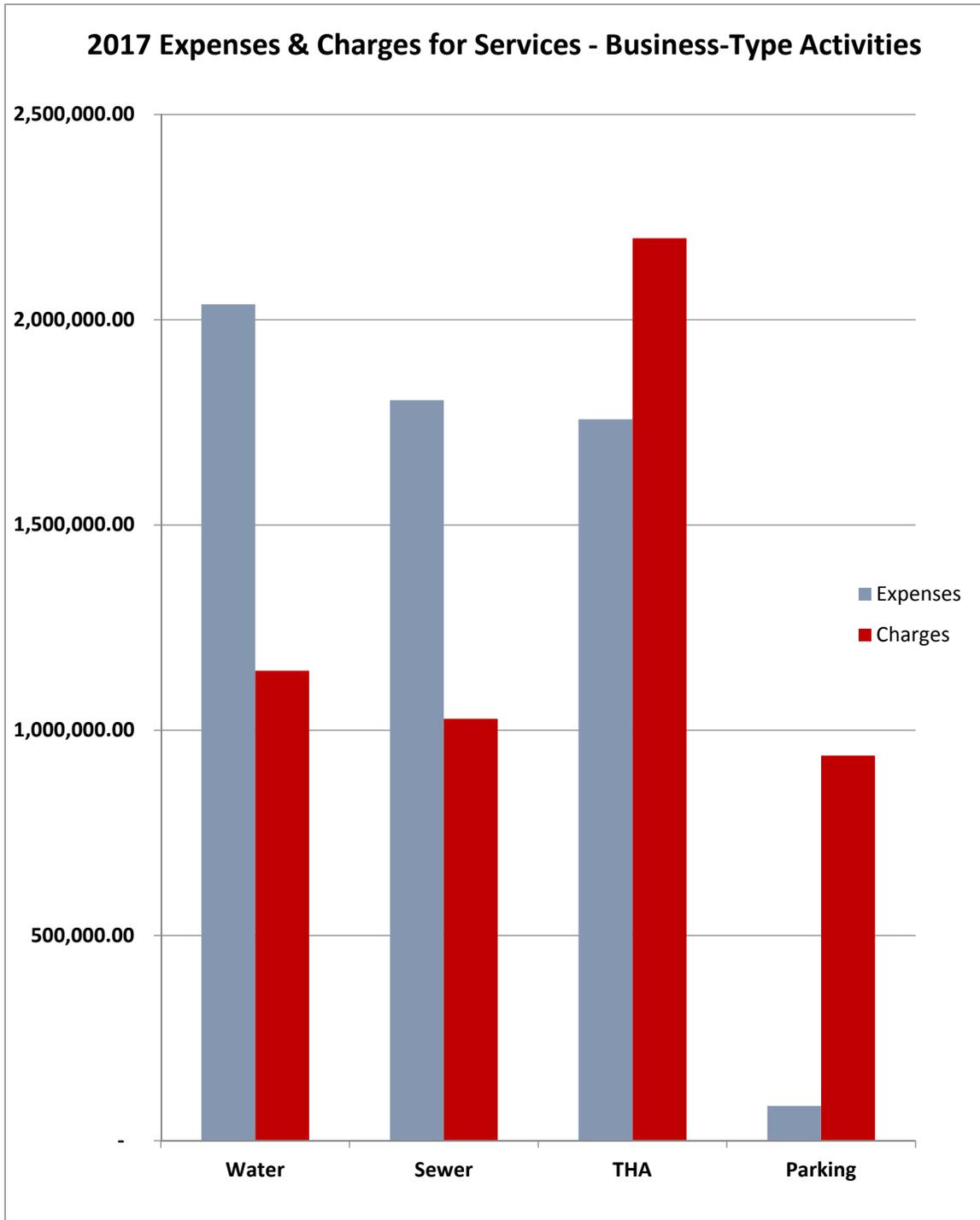
2017 REVENUES BY SOURCE GOVERNMENTAL ACTIVITIES



Real estate transfer tax increased in 2017 by 28.39 percent from 2016.
Sales and use taxes increased by 12.20 percent in 2017 from 2016.

Business activities. Business-type activities for the year resulted in an increase in net position of \$1,207,193 compared to 2016.

Charges for services accounted for 92.2 percent of total business-type activities revenues.



D. FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance related legal requirements.

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

As of the end of 2017, the Town's governmental funds reported combined ending fund balances of \$17,557,888, an increase of \$4,398,488 in comparison with the prior year.

The Town has four major governmental funds. They are General, Capital Improvement, Affordable Housing, and Open Space. Also included in the governmental funds, as a major fund, is one component unit, Block 23 Housing Corporation.

The General Fund is the primary operating fund for the Town. At the end of 2017, unassigned fund balance of the General Fund was \$4,850,246. The required Colorado TABOR emergency reserve balance was \$653,000 and an assigned balance of \$95,267 for a total fund balance of \$5,598,513. 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 fund expenditures. The fund balance of the Town's General Fund increased by \$973,217 during 2017.

The Capital Improvement Fund accounts for general capital expenditures (other than proprietary fund expenditures). The fund is primarily funded by real estate transfer taxes. At the end of 2017, the Capital Improvement Fund balance was the same as the assigned balance of \$2,846,832. The Capital Improvement Fund balance increased by \$909,213 during 2017.

The Debt Service Fund had a total fund balance of \$46,436 at the end of 2017, all of which is restricted for debt service.

The Open Space Fund had a total restricted fund balance of \$4,793,873 at the end of 2017. The fund balance is to be used for the acquisition and maintenance of open spaces. The fund is financed by 20 percent of unencumbered revenues generated from property taxes, sales and use taxes, real estate transfer taxes and business licenses. The fund balance increased by \$1,523,132.

The Affordable Housing Fund had a total restricted fund balance of \$3,063,835 at the end of 2017. The fund balance increased by \$492,352 from the prior year. The fund revenue derived primarily from a one-half (½) percent sales and use tax and is for the development and preservation of affordable housing.

The Component Unit Block 23 Housing Corporation is funded by government grants and bank loans for the purpose of constructing affordable housing condominiums for resale.

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

The Town has three enterprise funds, the Water Fund, Sewer Fund and Parking Fund. In 2015 and 2016, the Shandoka Fund was treated as an enterprise fund of the Town. After careful consideration and direction from the Town's auditors, a determination was made in 2017 to report the Shandoka

Fund as a blended component unit. In addition, new debt was taken out in 2017 for the construction of the Virginia Placer affordable housing project. Both Shandoka and Virginia Placer are considered part of the Telluride Housing Authority (THA). The balances for both Shandoka and Virginia Placer are combined under the new THA Fund blended component unit.

Total net position of the proprietary funds at the end of 2017 amounted to \$20,434,259 (Water Fund is \$9,069,821, Sewer Fund is \$5,212,868, THA Fund is \$4,786,707 and Parking Fund is \$1,364,863). Total net position increased by \$1,207,193 (Water Fund increased by \$130,496, Sewer Fund decreased by \$88,624, THA increased by \$311,925, and Parking Fund increased by \$853,396).

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between original budget and the final amended budget for General Fund activities resulted in an overall increase in appropriations of \$497,684. The increase in appropriations is a result of the increase in available fund balance at the end of 2016 which was more than the amount projected during the 2017 budget approval process.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town's total capital assets for governmental activities in 2017 was \$99,474,877. This represents a decrease of \$2,840,440. The Town's total capital assets for business-type activities in 2017 was \$42,174,321, an increase of \$6,133,610.

Long-term debt. At the end of 2017, long-term liabilities totaled \$46,150,832. Of this amount, \$7,070,000 comprises general obligation debt, \$12,797,834 is certificates of participation and \$25,767,459 represents bonds secured solely by specific revenue sources (i.e., revenue bonds). The remainder of the Town's debt is attributed to liabilities for compensated absences, premiums and other payable loans.

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Town continues to maintain reserves at levels higher than required in the Town's budget policy.
- Total taxable assessed value in 2017 increased by approximately \$39.6 million. However, due to an issue with calculation of the assessed valuation, the estimates were revised. The increase is now estimated to be approximately \$20 million or eight percent above the previous years assessed valuation.
- Dollar value of real estate sales increased in 2017 resulting in an increase of 28.39 percent in real estate transfer tax revenues from 2016. The year-end 2017 actuals were higher than the 2017 final budget.
- Sales tax revenues are projected to increase three percent from the 2017 projected year-end actual.
- Both General Fund and Capital Improvement Fund appropriations increased in 2018.

- In 2018, the Town will begin construction of an underground parking structure as part of a mixed used project that will include public restrooms, affordable housing units and a commercial space for the Ah Haa School for the Arts.

REQUESTS 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 the report or requests for additional financial information should be addressed to:

Finance Director
Town of Telluride
P.O. Box 397
Telluride, Colorado 81435

Basic Financial Statements

Government-wide Financial Statements

TOWN OF TELLURIDE
STATEMENT OF NET POSITION
December 31, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,864,077	\$ 908,585	\$ 5,772,662
Investments	9,147,598	-	9,147,598
Receivables:			
Taxes	755,470	606,807	1,362,277
Trade	107,158	789,144	896,302
Notes	116,981	-	116,981
Intergovernmental	32,293	132,300	164,593
Miscellaneous	389	-	389
Due from other funds	3,318,252	(3,318,252)	-
Restricted cash and investments	2,027,751	9,350,460	11,378,211
Housing held for resale	208,117	-	208,117
Capital assets			
Non-depreciable			
Land	66,851,645	4,721,011	71,572,656
Construction in progress	434,560	7,767,449	8,202,009
Depreciable, net of accumulated depreciation			
Buildings and building improvements	5,709,088	6,293,156	12,002,244
Equipment	1,415,401	23,118,188	24,533,589
Infrastructure	16,233,653	-	16,233,653
Treatment plants and systems - improvements	8,830,530	274,517	9,105,047
<i>Total Assets</i>	<u>120,052,963</u>	<u>50,643,365</u>	<u>170,696,328</u>
LIABILITIES			
Accounts payable and other liabilities	908,248	1,308,297	2,216,545
Deposits	503,448	197,708	701,156
Unearned revenues	715,950	454,086	1,170,036
Accrued interest payable	129,693	108,283	237,976
Accrued compensated absences payable	277,341	40,883	318,224
Noncurrent liabilities:			
Due within one year	701,269	1,091,140	1,792,409
Due after one year	17,638,297	26,401,902	44,040,199
<i>Total Liabilities</i>	<u>20,874,246</u>	<u>29,602,299</u>	<u>50,476,545</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	684,435	606,807	1,291,242
<i>Total Deferred Inflows of Resources</i>	<u>684,435</u>	<u>606,807</u>	<u>1,291,242</u>
NET POSITION			
Net investment in capital assets	81,135,311	14,681,279	95,816,590
Restricted for:			
Parks and open space	5,083,879	-	5,083,879
Affordable housing	3,082,371	-	3,082,371
Energy mitigation	791,333	-	791,333
Debt service	46,436	9,350,460	9,396,896
Transportation	95,267	-	95,267
Capital outlay	2,955,356	-	2,955,356
Emergency reserve	653,000	-	653,000
Unrestricted (Deficit)	4,651,329	(3,597,480)	1,053,849
<i>Total Net Position</i>	<u>\$ 98,494,282</u>	<u>\$ 20,434,259</u>	<u>\$ 118,928,541</u>

See accompanying notes.

TOWN OF TELLURIDE
STATEMENT OF ACTIVITIES
For the year ended December 31, 2017

FUNCTIONS/PROGRAMS	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
GOVERNMENTAL ACTIVITIES							
General government	\$ 5,531,865	\$ 1,072,110	\$ 443,868	\$ -	\$ (4,015,887)	\$ -	\$ (4,015,887)
Public safety	1,810,668	-	-	-	(1,810,668)	-	(1,810,668)
Public works	3,458,077	14,983	318,829	-	(3,124,265)	-	(3,124,265)
Culture and recreation	2,859,144	660,441	-	-	(2,198,703)	-	(2,198,703)
Economic development	2,343,988	2,298,880	297,141	-	252,033	-	252,033
Transportation	870,467	34,437	-	-	(836,030)	-	(836,030)
Interest on long-term debt	916,838	-	-	-	(916,838)	-	(916,838)
Total government activities	17,791,047	4,080,851	1,059,838	-	(12,650,358)	-	(12,650,358)
BUSINESS-TYPE ACTIVITIES							
Water operations	2,037,143	1,144,916	-	-	-	(892,227)	(892,227)
Sewer operations	1,803,603	1,027,853	449,815	-	-	(325,935)	(325,935)
Housing	1,757,467	2,198,109	-	-	-	440,642	440,642
Parking	84,669	938,065	-	-	-	853,396	853,396
Total business-type activities	5,682,882	5,308,943	449,815	-	-	75,876	75,876
Total government	\$ 23,473,929	\$ 9,389,794	\$ 1,509,653	\$ -	(12,650,358)	75,876	(12,574,482)
General Revenues:							
Property taxes					640,207	606,052	1,246,259
Specific ownership taxes					27,609	26,131	53,740
Sales and use taxes					7,937,188	-	7,937,188
Franchise taxes					191,512	-	191,512
Excise taxes					1,414,282	-	1,414,282
Real estate transfer taxes					6,037,915	-	6,037,915
Other taxes					196,146	-	196,146
Licenses and permits					1,307,963	-	1,307,963
Fines and forfeitures					142,586	-	142,586
Tap fees					-	1,149,007	1,149,007
Build America Bonds rebate					-	119,517	119,517
Donations					596,521	-	596,521
Investment earnings					111,828	25,670	137,498
Miscellaneous revenues					237,823	-	237,823
Transfers In/ (Out)					795,060	(795,060)	-
Proceeds from sale of capital assets					543,179	-	543,179
Housing subsidy					(338,498)	-	(338,498)
Gain/ (Loss) on sale of capital assets					(3,001,428)	-	(3,001,428)
Total general revenues and transfers					16,839,893	1,131,317	17,971,210
Change in net position					4,189,535	1,207,193	5,396,728
Net position - beginning					94,304,747	19,227,066	113,531,813
Net position - ending					\$ 98,494,282	\$ 20,434,259	\$ 118,928,541

See accompanying notes.

TOWN OF TELLURIDE
BALANCE SHEET –
GOVERNMENTAL FUNDS
December 31, 2017

	General	Capital Improvement	Open Space	Affordable Housing	Block 23 Housing Corp.	Nonmajor Governmental Funds	Total
ASSETS							
Cash and cash equivalents	\$ 4,066,797	\$ -	\$ -	\$ 778,653	\$ 18,627	\$ -	\$ 4,864,077
Investments	6,785,939	1,318,418	1,043,241	-	-	-	9,147,598
Receivables:							
Taxes	755,470	-	-	-	-	-	755,470
Trade	107,158	-	-	-	-	-	107,158
Notes	-	116,981	-	-	-	-	116,981
Intergovernmental	-	32,293	-	-	-	-	32,293
Miscellaneous	-	-	-	-	-	389	389
Due from other funds	103,687	1,721,470	2,391,748	1,993,556	-	1,315,274	7,525,735
Restricted cash and investments	-	-	1,368,931	658,820	-	-	2,027,751
<i>Total Assets</i>	<u>\$ 11,819,051</u>	<u>\$ 3,189,162</u>	<u>\$ 4,803,920</u>	<u>\$ 3,431,029</u>	<u>\$ 18,627</u>	<u>\$ 1,315,663</u>	<u>\$ 24,577,452</u>
LIABILITIES							
Accounts payable	\$ 549,092	\$ 225,349	\$ 10,047	\$ 44,305	\$ 91	\$ 79,364	\$ 908,248
Due to other funds	4,207,483	-	-	-	-	-	4,207,483
Deposits	485,980	-	-	17,468	-	-	503,448
Unearned Revenue	293,548	116,981	-	305,421	-	-	715,950
<i>Total Liabilities</i>	<u>5,536,103</u>	<u>342,330</u>	<u>10,047</u>	<u>367,194</u>	<u>91</u>	<u>79,364</u>	<u>6,335,129</u>
DEFERRED INFLOWS OF RESOURCES							
Property tax revenue	684,435	-	-	-	-	-	684,435
<i>Total Deferred Inflows of Resources</i>	<u>684,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>684,435</u>
FUND BALANCE							
Restricted for:							
Parks and open space	-	-	4,793,873	-	-	290,006	5,083,879
Affordable housing	-	-	-	3,063,835	-	-	3,063,835
Energy mitigation	-	-	-	-	-	791,333	791,333
Debt service	-	-	-	-	-	46,436	46,436
Emergency reserve	653,000	-	-	-	-	-	653,000
Assigned for:							
Affordable housing	-	-	-	-	18,536	-	18,536
Transportation	95,267	-	-	-	-	-	95,267
Capital outlay	-	2,846,832	-	-	-	108,524	2,955,356
Unassigned	4,850,246	-	-	-	-	-	4,850,246
<i>Total Fund Balance</i>	<u>5,598,513</u>	<u>2,846,832</u>	<u>4,793,873</u>	<u>3,063,835</u>	<u>18,536</u>	<u>1,236,299</u>	<u>17,557,888</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 11,819,051</u>	<u>\$ 3,189,162</u>	<u>\$ 4,803,920</u>	<u>\$ 3,431,029</u>	<u>\$ 18,627</u>	<u>\$ 1,315,663</u>	<u>\$ 24,577,452</u>

See accompanying notes.

Fund Financial Statements

TOWN OF TELLURIDE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
December 31, 2017

Total Fund Balance - Governmental Funds		\$ 17,557,888
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the funds:		
Cost	127,515,713	
Accumulated depreciation	<u>(28,040,836)</u>	99,474,877
Home inventory is expensed in the funds but recognized as inventory available for sale in the government-wide statements.		
		208,117
Long term liabilities including bonds and notes payable, capital leases, compensated absences, and accrued interest are not due and payable in the current period and therefore are not reported in the funds.		
2010 Excise tax refunding bonds	(7,770,000)	
2010 Certificates of participation refunding bonds	(7,835,000)	
2009 Sales and use tax bonds	(2,227,459)	
2013 Certificates of participation bonds	(309,792)	
Unamortized premium on 2010 excise tax refunding bonds	(183,790)	
Unamortized premium on 2010 certificates of participation refunding bonds	(13,525)	
Accrued interest payable	(129,693)	
Compensated absences	<u>(277,341)</u>	<u>(18,746,600)</u>
Total Net Position - Governmental Activities		<u><u>\$ 98,494,282</u></u>

See accompanying notes.

TOWN OF TELLURIDE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS

For the year ended December 31, 2017

	General	Capital Improvement	Open Space	Affordable Housing	Block 23 Housing Corp.	Nonmajor Governmental Funds	Total
REVENUES							
Taxes	\$ 6,559,398	\$ 4,830,332	\$ 2,764,449	\$ 876,398	\$ -	\$ 1,414,282	\$ 16,444,859
Licenses and permits	1,186,957	-	121,006	-	-	-	1,307,963
Intergovernmental	705,827	32,293	-	-	-	24,577	762,697
Charges for services	1,352,020	-	-	226,935	2,071,945	429,951	4,080,851
Fines and forfeitures	133,472	-	-	-	-	9,114	142,586
Donations	-	-	594,021	-	-	2,500	596,521
Investment earnings	88,821	-	14,009	8,930	31	37	111,828
Miscellaneous	55,641	30,826	497	47,955	-	102,904	237,823
<i>Total Revenues</i>	<u>10,082,136</u>	<u>4,893,451</u>	<u>3,493,982</u>	<u>1,160,218</u>	<u>2,071,976</u>	<u>1,983,365</u>	<u>23,685,128</u>
EXPENDITURES							
Current							
General government	4,829,917	386,220	-	-	-	29,813	5,245,950
Public safety	1,755,306	-	-	-	-	3,500	1,758,806
Public works	1,643,506	-	-	-	-	217,813	1,861,319
Culture and recreation	1,818,933	-	299,956	-	-	75,417	2,194,306
Economic development	-	-	-	458,708	706,672	1,386,725	2,552,105
Transportation	870,467	-	-	-	-	-	870,467
Capital outlay	-	1,942,647	377,050	356,660	-	413,028	3,089,385
Debt service							
Principal	-	-	545,000	119,542	1,395,771	13,230	2,073,543
Interest	-	-	718,844	150,644	-	14,056	883,544
<i>Total Expenditures</i>	<u>10,918,129</u>	<u>2,328,867</u>	<u>1,940,850</u>	<u>1,085,554</u>	<u>2,102,443</u>	<u>2,153,582</u>	<u>20,529,425</u>
<i>Excess (Deficiency) of Revenues Over Expenditures</i>	<u>(835,993)</u>	<u>2,564,584</u>	<u>1,553,132</u>	<u>74,664</u>	<u>(30,467)</u>	<u>(170,217)</u>	<u>3,155,703</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets	-	14,836	-	771,387	-	-	786,223
Housing subsidy	-	-	-	(338,498)	-	-	(338,498)
Transfers in	2,000,963	-	-	22,799	-	729,558	2,753,320
Transfers out	(191,753)	(1,670,207)	(30,000)	(38,000)	-	(28,300)	(1,958,260)
<i>Total Other Financing Sources (Uses)</i>	<u>1,809,210</u>	<u>(1,655,371)</u>	<u>(30,000)</u>	<u>417,688</u>	<u>-</u>	<u>701,258</u>	<u>1,242,785</u>
<i>Net Change in Fund Balance</i>	<u>973,217</u>	<u>909,213</u>	<u>1,523,132</u>	<u>492,352</u>	<u>(30,467)</u>	<u>531,041</u>	<u>4,398,488</u>
Fund Balance - January 1	<u>4,625,296</u>	<u>1,937,619</u>	<u>3,270,741</u>	<u>2,571,483</u>	<u>49,003</u>	<u>705,258</u>	<u>13,159,400</u>
Fund Balance - December 31	<u>\$ 5,598,513</u>	<u>\$ 2,846,832</u>	<u>\$ 4,793,873</u>	<u>\$ 3,063,835</u>	<u>\$ 18,536</u>	<u>\$ 1,236,299</u>	<u>\$ 17,557,888</u>

See accompanying notes.

TOWN OF TELLURIDE

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

December 31, 2017

Net Change in Fund Balance - Total Governmental Funds		\$ 4,398,488
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.		
Capital outlay	3,089,385	
Donated capital asset	297,141	
Depreciation expense	<u>(2,593,538)</u>	792,988
The loss on disposals of capital assets is to decrease net assets.		(3,001,428)
The loss on disposals of housing inventory is to decrease net assets.		(34,927)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, however, this transaction has no effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Amortization of premiums on long-term debt	10,488	
Debt principal payments	2,073,543	
Decrease in accrued interest	(43,782)	
Increase in compensated absences	<u>(5,835)</u>	2,034,414
Change in Net Position of Governmental Activities		<u>\$ 4,189,535</u>

See accompanying notes.

TOWN OF TELLURIDE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2017

	Major Funds			Nonmajor Fund	Total
	Water	Sewer	THA		
ASSETS					
Cash	\$ -	\$ -	\$ 721,397	\$ 187,188	\$ 908,585
Receivables					
Taxes	606,807	-	-	-	606,807
Trade	388,288	374,528	26,328	-	789,144
Intergovernmental	-	132,300	-	-	132,300
Due from other funds	-	1,589,669	-	698,246	2,287,915
Restricted cash and investments	1,088,209	-	8,262,251	-	9,350,460
Capital assets					
Non-depreciable					
Land	-	308,011	4,413,000	-	4,721,011
Construction in progress	1,247,438	39,900	5,917,179	562,932	7,767,449
Depreciable, net of accumulated depreciation					
Buildings and building improvements	-	5,735	6,287,421	-	6,293,156
Treatment plants and systems	20,135,555	2,982,633	-	-	23,118,188
Equipment	10,003	117,214	147,300	-	274,517
<i>Net Capital Assets</i>	<u>21,392,996</u>	<u>3,453,493</u>	<u>16,764,900</u>	<u>562,932</u>	<u>42,174,321</u>
<i>Total Assets</i>	<u>23,476,300</u>	<u>5,549,990</u>	<u>25,774,876</u>	<u>1,448,366</u>	<u>56,249,532</u>
LIABILITIES					
Accounts payable	175,371	94,153	955,270	83,503	1,308,297
Due to other funds	1,632,793	-	3,973,374	-	5,606,167
Security deposits	-	-	197,708	-	197,708
Unearned revenue	217,116	217,116	19,854	-	454,086
Accrued interest payable	46,167	-	62,116	-	108,283
Accrued compensated absences payable	8,017	25,853	7,013	-	40,883
Noncurrent liabilities:					
Due within one year	661,140	-	430,000	-	1,091,140
Due after one year	11,059,068	-	15,342,834	-	26,401,902
<i>Total Liabilities</i>	<u>13,799,672</u>	<u>337,122</u>	<u>20,988,169</u>	<u>83,503</u>	<u>35,208,466</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax revenue	606,807	-	-	-	606,807
<i>Total Deferred Inflows of Resources</i>	<u>606,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>606,807</u>
NET POSITION					
Net investment in capital assets	9,672,788	3,453,493	992,066	562,932	14,681,279
Restricted for debt service	1,088,209	-	8,262,251	-	9,350,460
Unrestricted	(1,691,176)	1,759,375	(4,467,610)	801,931	(3,597,480)
<i>Total Net Position</i>	<u>\$ 9,069,821</u>	<u>\$ 5,212,868</u>	<u>\$ 4,786,707</u>	<u>\$ 1,364,863</u>	<u>\$ 20,434,259</u>

See accompanying notes.

TOWN OF TELLURIDE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the year ended December 31, 2017

	Major Funds			Nonmajor	Total
	Water	Sewer	THA	Fund	
OPERATING REVENUES					
Charges for sales and services	\$ 1,132,870	\$ 985,364	\$ 1,767,952	\$ 938,065	\$ 4,824,251
Miscellaneous	474	42,489	430,157	-	473,120
Meter sales	11,572	-	-	-	11,572
<i>Total Operating Revenues</i>	<u>1,144,916</u>	<u>1,027,853</u>	<u>2,198,109</u>	<u>938,065</u>	<u>5,308,943</u>
OPERATING EXPENSES					
Costs of sales and service	364,856	1,468,955	815,743	84,669	2,734,223
Depreciation	895,382	334,648	316,711	-	1,546,741
<i>Total Operating Expenses</i>	<u>1,260,238</u>	<u>1,803,603</u>	<u>1,132,454</u>	<u>84,669</u>	<u>4,280,964</u>
<i>Operating Income (Loss)</i>	(115,322)	(775,750)	1,065,655	853,396	1,027,979
NON-OPERATING REVENUES (EXPENSES)					
Tax revenue	632,183	-	-	-	632,183
Investment earnings	14,059	-	11,611	-	25,670
Intergovernmental revenue	-	449,815	-	-	449,815
Interest rebate, Build America Bonds	119,517	-	-	-	119,517
Bond issuance costs	-	-	(140,064)	-	(140,064)
Capital repairs and maintenance	(189,663)	-	-	-	(189,663)
Treasurer's fees	(12,127)	-	-	-	(12,127)
Interest expense	(575,115)	-	(484,949)	-	(1,060,064)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(11,146)</u>	<u>449,815</u>	<u>(613,402)</u>	<u>-</u>	<u>(174,733)</u>
<i>Income (Loss) before Capital Contributions and Transfers</i>	(126,468)	(325,935)	452,253	853,396	853,246
Capital contributions - tap fees	459,330	689,677	-	-	1,149,007
Transfers in	250,000	-	-	-	250,000
Transfers out	(452,366)	(452,366)	(140,328)	-	(1,045,060)
<i>Change in Net Position</i>	<u>130,496</u>	<u>(88,624)</u>	<u>311,925</u>	<u>853,396</u>	<u>1,207,193</u>
Net Position - January 1	<u>8,939,325</u>	<u>5,301,492</u>	<u>4,474,782</u>	<u>511,467</u>	<u>19,227,066</u>
Net Position - December 31	<u>\$ 9,069,821</u>	<u>\$ 5,212,868</u>	<u>\$ 4,786,707</u>	<u>\$ 1,364,863</u>	<u>\$ 20,434,259</u>

See accompanying notes.

TOWN OF TELLURIDE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended December 31, 2017

	Major Funds			Nonmajor	Total
	Water	Sewer	THA	Fund	
Cash flows from operating activities:					
Charges for sales and services	\$ 1,122,491	\$ 981,501	\$ 1,772,022	\$ 938,065	\$ 4,814,079
Other operating receipts	474	42,488	430,157	-	473,119
Payments to employees	(150,395)	(354,577)	(349,829)	-	(854,801)
Payments to suppliers	(274,963)	(1,144,541)	477,205	(78,465)	(1,020,764)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>697,607</u>	<u>(475,129)</u>	<u>2,329,555</u>	<u>859,600</u>	<u>3,411,633</u>
Cash flows from non-capital financing activities:					
Interfund activity	783,166	(270,778)	2,674,532	(306,128)	2,880,792
Transfers from (to) other funds	(202,366)	(452,366)	(140,328)	-	(795,060)
<i>Net Cash Provided by (Used for) Non-Capital Financing Activities</i>	<u>580,800</u>	<u>(723,144)</u>	<u>2,534,204</u>	<u>(306,128)</u>	<u>2,085,732</u>
Cash flows from capital and related financing activities:					
Taxes	632,183	-	-	-	632,183
Treasurer's fees	(12,127)	-	-	-	(12,127)
Tap fees	459,330	689,677	-	-	1,149,007
Acquisition of capital assets	(1,268,844)	(7,348)	(5,370,779)	(401,380)	(7,048,351)
Capital maintenance and repair	(189,663)	-	-	-	(189,663)
Intergovernmental	-	515,943	-	-	515,943
Proceeds from issuance of noncurrent liabilities	-	-	8,602,000	-	8,602,000
Bond issue costs	-	-	(140,064)	-	(140,064)
Principal payments on noncurrent liabilities	(641,770)	-	(298,000)	-	(939,770)
Interest payments on noncurrent liabilities	(577,034)	-	(487,591)	-	(1,064,625)
Interest rebate - Build America Bonds	119,517	-	-	-	119,517
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(1,478,408)</u>	<u>1,198,272</u>	<u>2,305,566</u>	<u>(401,380)</u>	<u>1,624,050</u>
Cash flows from investing activities:					
Investment income	14,059	-	11,611	-	25,670
Net change in investments - Colotrust	185,942	-	(6,528,439)	-	(6,342,497)
<i>Net Cash Provided by (Used for) Investing Activities</i>	<u>200,001</u>	<u>-</u>	<u>(6,516,828)</u>	<u>-</u>	<u>(6,316,827)</u>
<i>Net Increase in Cash</i>	-	(1)	652,497	152,092	804,588
Cash at - January 1	-	-	68,900	35,096	103,996
Cash at - December 31	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 721,397</u>	<u>\$ 187,188</u>	<u>\$ 908,584</u>

See accompanying notes.

TOWN OF TELLURIDE

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the year ended December 31, 2017

	Major Funds			Nonmajor Fund	Total
	Water	Sewer	THA		
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ (115,322)	\$ (775,750)	\$ 1,065,655	\$ 853,396	\$ 1,027,979
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	895,382	334,648	316,711	-	1,546,741
Changes in operating assets and liabilities:					
Accounts receivable	(222,194)	(204,106)	(3,738)	-	(430,038)
Accounts payable	(61,024)	(31,883)	942,799	6,204	856,096
Security deposits	-	-	(918)	-	(918)
Unearned revenue	200,243	200,243	7,808	-	408,294
Compensated absences	522	1,720	1,238	-	3,480
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ 697,607</u>	<u>\$ (475,128)</u>	<u>\$ 2,329,555</u>	<u>\$ 859,600</u>	<u>\$ 3,411,634</u>
Reconciliation of cash flow statement to statement of net position					
Cash	\$ -	\$ -	\$ 721,397	\$ 187,188	\$ 908,585
Restricted cash and investments	1,088,209	-	8,262,251	-	9,350,460
	<u>\$ 1,088,209</u>	<u>\$ -</u>	<u>\$ 8,983,648</u>	<u>\$ 187,188</u>	<u>\$ 10,259,045</u>
Non-cash transfer of assets from (to) other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

Notes to Basic Financial Statements

TOWN OF TELLURIDE, COLORADO
NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Telluride, Colorado (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity

The Town operates under a Home Rule Charter and a Council-Manager form of government with seven elected Council members. As required by accounting principles generally accepted in the United States of America, these financial statements present the accounts and operations of all functions of the Town of Telluride (the primary government) and its component units. The Town's major operations include public safety, street construction and maintenance, community development, parks, recreation programs, water and sewer services, and general administration.

Blended Component Units

Block 23 Housing Corporation is a not-for-profit organization and is presented as a blended component unit of the Town because the Town exercises effective operational and financial control over the organization. Separate financial statements are not prepared for Block 23 Housing Corporation.

The Telluride Housing Authority (THA) provides housing for employees who work within the boundaries of the Telluride R-1 School District. This includes the Shandoka Apartments and Virginia Placer units. THA is presented as a blended component unit because the members of the Town Council sit as the THA Board of Directors and the Town manages the property on behalf of THA.

Related Organizations

The Town and the Town of Mountain Village entered into an agreement for the joint construction and operation of a regional sewage 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 the Town of 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 entered into an agreement with San Miguel County, Colorado to jointly fund the costs of transit services in the Telluride region. The agreement is renewed annually. The system is governed by an oversight board and is operated by the Town.

The Marketing Telluride, Inc. (a Colorado nonprofit corporation) was formed primarily to provide the community of Telluride with services necessary to maintain, promote and manage tourism. The Marketing Telluride, Inc. receives funding from the Town, the Telluride Ski and Golf Company, the Town of Mountain Village, and San Miguel County. The total Town's contribution to The Marketing Telluride, Inc. consists of 80% of the Town's business license revenues, net of an administrative charge.

The San Miguel Community Facilities, Inc. is a Colorado nonprofit corporation that was formed to develop and construct community facilities such as early education and childcare facilities for the benefit

of the Town and San Miguel County. The board is comprised of two members from the Town including the Town Manager and the Mayor and two members from San Miguel County including the County Manager and a member of the Board of County Commissioners.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Town and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include: (1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly excluded from program revenues are reported instead as general revenues.

Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, if any, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and enterprise funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation - Fund Financial Statements

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

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

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

The Town reports the following major governmental funds:

- *General Fund* – accounts for all financial resources of the Town, except those required to be accounted for in another fund. It is the Town's primary operating fund. Accounts of the Transportation subfund are included with the General Fund.

- *Capital Improvement Fund* – accounts for general government 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 tax revenues.
- *Open Space Fund* – accounts for the acquisition and maintenance of open space financed by twenty percent of unencumbered revenues generated from property taxes, sales and use taxes, 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.
- *Affordable Housing Fund* – accounts for a one-half (1/2) percent sales and use tax to finance the development and preservation of affordable housing.
- *Block 23 Housing Corporation (a blended component unit)* – accounts for the intergovernmental receipts and construction of affordable housing.

The remaining governmental funds are aggregated and presented as non-major funds. Those funds include:

- *Conservation Trust Fund* – accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.
- *Airline Guarantee Fund* – accounts for excise taxes used to provide financial guarantees to airlines serving the Town.
- *Energy Mitigation Fund* – accounts for green energy fees charged by the Town to be used for energy conservation projects.
- *Street and Alley Fund* – accounts for resources to be used for the acquisition and construction of major capital assets.
- *Debt Service Fund* – accounts for special assessment debt service requirements, special assessment levies, general obligation debt service and lease purchase agreements.
- *Fund 22* – accounts for miscellaneous fees and donations to preserve and maintain parks.

The Town reports the following major enterprise funds:

- *Water Fund* – accounts for the revenues charged to constituents for water provided by the Town and the expenses to provide those services.
- *Sewer Fund* – accounts for the revenues charged to constituents as well as residents of several nearby communities for sewer services provided by the Town and the expenses to provide those services.
- *Telluride Housing Authority (THA) (a blended component unit)* – accounts for the activity in the Shandoka and Virginia Placer affordable housing units including the long-term debt on the units, the rental income from the units, and the costs to manage and maintain the units.

The remaining enterprise fund is presented as a non-major fund. This includes:

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

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these

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

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales tax, use tax, franchise fees, grant revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for these revenue sources. All other revenue items are considered to be measurable and available only when cash is received by the government.

Use of Estimates

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

Cash and Cash Equivalents

For the purpose of the statement of cash flows of the enterprise funds, cash and cash equivalents consist of operating and restricted cash and highly liquid securities with an original maturity of three months or less from date of acquisition.

Investments

Investments are presented at fair value determined from quoted market prices. The state investment pools exist under the laws of the State of Colorado and are registered with the Securities Commissioner of the State. The investment pools are similar to money market funds, with each share valued at \$1.

Colorado State Statutes authorize the Town to invest in obligations of the United States or obligations unconditionally guaranteed by the United States, bonds of the State of Colorado and its political subdivisions, certain obligations secured by mortgages, bankers acceptances, commercial paper, state investment pools, repurchase agreements, money market funds and guaranteed investment contracts.

Due to and Due from Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Restricted Cash and Investments

Certain proceeds of general obligation and revenue bonds, as well as other resources, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants, laws, ordinances or contracts. Restricted cash and investments consist of bond contingency reserves set aside to subsidize potential deficiencies from operations that could adversely affect debt service payment.

Housing Held for Resale

The housing inventory held for resale reported in the governmental activities column in the government-wide financial statements consists of a residential unit held for sale and is valued at cost which approximates market.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of five or more years, and for which the initial, individual value equals or exceeds the following dollar amounts:

Asset Class	Minimum Dollar Value
Land	No Minimum
Buildings	No Minimum
Building and other improvements	\$ 20,000
Furniture and equipment	\$ 5,000
Infrastructure	\$ 25,000

All purchased assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life are not capitalized. Gains or losses on dispositions of property and equipment are included in income.

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

Asset Class	Useful Life
Buildings and other improvements	25 – 35 years
Furniture and equipment	5 – 10 years
Infrastructure	15 – 40 years

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets because their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Accrued Compensated Absences Payable

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In the government-wide financial statements, vacation and sick pay are reported as expenses when incurred. In the governmental funds, vacation and sick pay that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable, available financial resources are not reported as expenditures in the governmental funds.

Noncurrent Liabilities

In the government-wide financial statements and in the enterprise fund financial statements, noncurrent liabilities, such as bonds payable, and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities columns in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the term of the related debt using the straight-line method of amortization.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

Certain of the Town's general obligation bonds, revenue bonds, refunding bonds, certificates of participation, and capital leases are serviced from taxes and other revenues of various governmental funds. Other general obligation bonds are serviced from the enterprise funds. The long-term compensated absences are serviced from revenues of the General Fund from future appropriations.

Net Position

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

Fund Balance

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

In addition to committed and assigned fund balances, there is a nonspendable fund balance which represents amounts that are not in spendable form (such as prepaid expenses or inventory) or are required to be maintained intact.

Restricted fund balance represents amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town Council. The Town Council is the highest level of decision-making authority for the Town that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Town Council has, by resolution, authorized the Town Manager to assign fund balance. The Town Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The Town Council or Town Manager has adopted financial policies to:

- assign funds for affordable housing needs.
- assign funds for transportation needs.
- assign funds for future capital projects.

Unassigned fund balance represents the residual portion of fund balance that does not meet any of the above criteria and is available for any purpose. The Town will only report a positive unassigned fund balance in the General Fund.

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

Minimum Fund Balance

The Town has implemented a policy to maintain a General Fund balance of 15% of General Fund appropriations excluding appropriations for grant expenditures. The 15% minimum includes the 3% reserve required by the Taxpayer's Bill of Rights (TABOR).

Revenues and Expenditures/Expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or

capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

Property taxes as set by the Town Council are collected by the County Treasurer. Property taxes may be paid in installments with one-half of the total amount due payable on February 28 and the second half payable on June 15, or they may be paid in full by April 30. The County Treasurer remits property taxes collected to the Town by the 10th day of the month following collection. Property taxes receivable represent 2017 taxes collectible in 2017 and are shown as a deferred inflows of resources.

Enterprise funds operating and non-operating revenues and expenses

Enterprise 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 an enterprise fund's principal ongoing operations. The principal operating revenues of the water fund, sewer fund, THA fund, and parking fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Reclassification

Prior to 2017, the Town reported all of the activity, including debt, of THA under the Shandoka fund. In 2017, new debt was taken out for Virginia Placer development, however the debt was in the name of THA. For the 2017 financial statements, the Town is now reporting all activity for Shandoka and Virginia Placer under THA. See combining financial information on pages 61 - 62.

NOTE B - BUDGETS

The Town adheres to the following procedures in establishing budgetary data reflected in the financial statements:

- By August 1st of each year, the manager shall give public notice of budget preparation for the next fiscal year. The manager asks that all Town departments, boards, commissions or citizens submit within thirty days from the notice, any request for funds under the budget being prepared. The manager, with assistance from the finance director, then prepares a proposed budget for the ensuing fiscal year and submits it to the Council no later than forty-five days prior to any date required by state law for the certification to the County of the tax levy.
- The budget provides a complete financial plan of all Town funds and activities for the ensuing fiscal year, indicating anticipated revenues, proposed operating and capital expenditures, a provision for contingencies, and anticipated net surplus or deficit for the ensuing fiscal year.
- The manager and staff also prepare and submit to the Council each year an updated five-year financial plan for the Capital Improvement Fund. The update includes a five-year cash flow projection for the fund and highlights the restricted reserves established by law or budget policy.
- A public hearing on the proposed budget and proposed capital program is held by the Council in late October or early November.
- The Council adopts the budget by resolution on or before the final day established by law for the certification of the ensuing year's tax levy to the County. Adoption of the budget by the Council shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.

- If during the fiscal year the manager determines that there are revenues in excess of those estimated in the budget, the Council by ordinance may make supplemental appropriations for the year up to the amount of such excess. To meet an emergency affecting public property, health, peace or safety, the Council may make emergency appropriations. If at any time during the fiscal year it appears probable to the manager that the revenues available will be insufficient to meet the amount appropriated, the manager reports to the Council, indicating the estimated amount of deficit, any remedial action already taken, and a recommendation as to any other steps to be taken. Any time during the fiscal year the manager may transfer part or all of any unencumbered appropriation balance within a department, office, agency or fund. Expenditures may not exceed appropriations at the fund level. For the year ended December 31, 2017, expenditures exceeded budget appropriations in the Airline Guarantee Fund and Debt Service Fund. This may be a violation of state law.
- Budget appropriations lapse at the end of each year.

Budgets for governmental funds are adopted on a basis consistent with GAAP, except for long-term receivables and advances and capital lease financing, which are budgeted when liquidated rather than when the receivable/liability is incurred.

Budgets for enterprise funds are adopted on a basis consistent with the spending measurement focus of the governmental funds. A reconciliation of the budgetary basis of reporting to reporting under generally accepted accounting principles is included the Statement of Revenues, Expenses and Changes in Net Position – Enterprise Funds.

Block 23 Affordable Housing, as a component unit, does not require a budget.

NOTE C - CASH DEPOSITS AND INVESTMENTS

Cash deposits with financial institutions

Custodial credit risk for deposits. The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Town's deposits are either covered by depository insurance or are collateralized under the Colorado Public Deposit Protection Act (PDPA) and are therefore not deemed to be exposed to the custodial credit risk. The Town's deposits are governed by Colorado Statute. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. All deposits of the Town are insured or collateralized with securities held by or for the entity. The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. As of December 31, 2017, \$1,250,000 of the Town's deposits were covered by FDIC insurance and \$14,399,191 were collateralized under the PDPA.

Investments

Custodial credit risk for investments. The custodial credit risk for investments is the risk that, in the event of the failure of the investment pool or counter party to a transaction, a government will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The Town's investments are not deemed to be exposed to custodial credit risk because they are held by the Town or the Town's custody agent in the Town's name. Colorado statutes specify investments meeting defined rating and risk criteria in which local government may invest which include the following investments with terms of five years or less:

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

As of December 31, 2017, the Town had \$10,925,777 in governmental and business type funds in several local government investment pools established for local governments in Colorado to pool surplus funds (Colotrust). These pools are regulated by the Colorado Securities Commissioner. These pools operate similar to a money market fund and each share is equal in value to \$1.00. Investments of these pools consist of U.S. Treasury and Agency securities, the highest rated commercial paper and repurchase agreements collateralized by U.S. Treasury and agency securities. A designated custodial bank provides safekeeping and depository services to the pools in connection with the direct investment and withdrawal functions of the pools. Securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the specific pool. Each pool is rated AAAM by Standard and Poor's. Colotrust's financial statements are available on their website at www.colotrust.com.

The above investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

The composition of all cash and investments held by the Town at December 31, 2017 is as follows:

Cash on hand:	\$	2,316
Deposits:		
Cash in checking account(s)		6,524,309
Money market funds		8,646,255
Certificates of deposit		199,814
	<i>Total deposits</i>	15,372,694
Investment pools		10,925,777
	<i>Total cash, deposits and investments</i>	\$ 26,298,471

The descriptions on the statement of net position related to cash and investments are as follows:

Cash and cash equivalents	\$	5,772,662
Investments		9,147,598
Restricted cash and investments		11,378,211
		\$ 26,298,471

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town manages its exposure to fair value losses arising from increasing interest rates by adhering to Colorado statutes which do not allow investment maturities to exceed five years unless specifically authorized by the governing body. The Town Council has not authorized longer maturities.

Concentration of credit risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer or institution. The Town places no limit on the amount the Town may invest in any one issuer. More than five percent of the Town's investments are in public entity investment pools. These investments represent 42% of the Town's total cash, deposits and investments at December 31, 2017.

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017
Governmental Activities				
Capital Assets not being depreciated:				
Land	\$ 66,851,645	\$ -	\$ -	\$ 66,851,645
Construction in progress	1,708,941	317,343	(1,591,724)	434,560
	<u>68,560,586</u>	<u>317,343</u>	<u>(1,591,724)</u>	<u>67,286,205</u>
Capital Assets being depreciated:				
Buildings	13,107,836	297,141	(1,395,771)	12,009,206
Infrastructure	31,715,025	620,608	(20,505)	32,315,128
Equipment & vehicles	5,646,763	439,774	(272,002)	5,814,535
Improvements	8,378,979	1,711,660	-	10,090,639
	<u>58,848,603</u>	<u>3,069,183</u>	<u>(1,688,278)</u>	<u>60,229,508</u>
Less accumulated depreciation:				
Buildings	(5,989,571)	(310,547)	-	(6,300,118)
Infrastructure	(14,857,893)	(1,234,240)	10,658	(16,081,475)
Equipment & vehicles	(4,194,412)	(472,638)	267,916	(4,399,134)
Improvements	(683,996)	(576,113)	-	(1,260,109)
	<u>(25,725,872)</u>	<u>(2,593,538)</u>	<u>278,574</u>	<u>(28,040,836)</u>
<i>Capital Assets being depreciated net:</i>	<u>33,122,731</u>	<u>475,645</u>	<u>(1,409,704)</u>	<u>32,188,672</u>
<i>Total Governmental Activities Capital Assets</i>	<u>\$ 101,683,317</u>	<u>\$ 792,988</u>	<u>\$ (3,001,428)</u>	<u>\$ 99,474,877</u>

	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017
Business-type Activities				
Capital Assets not being depreciated:				
Land	\$ 4,721,011	\$ -	\$ -	\$ 4,721,011
Construction in progress	833,452	6,933,997	-	7,767,449
	<u>5,554,463</u>	<u>6,933,997</u>	<u>-</u>	<u>12,488,460</u>
Capital Assets being depreciated:				
Treatment plant & systems	37,145,690	21,406	-	37,167,096
Building & improvements	11,403,130	51,583	-	11,454,713
Equipment	763,473	41,365	(20,203)	784,635
	<u>49,312,293</u>	<u>114,354</u>	<u>(20,203)</u>	<u>49,406,444</u>
Less accumulated depreciation:				
Treatment plant & systems	(12,936,794)	(1,112,114)	-	(14,048,908)
Building & improvements	(4,816,683)	(344,874)	-	(5,161,557)
Equipment	(440,568)	(89,753)	20,203	(510,118)
	<u>(18,194,045)</u>	<u>(1,546,741)</u>	<u>20,203</u>	<u>(19,720,583)</u>
<i>Capital Assets being depreciated net:</i>	<u>31,118,248</u>	<u>(1,432,387)</u>	<u>-</u>	<u>29,685,861</u>
<i>Total Business-type Activities Capital Assets</i>	<u>\$ 36,672,711</u>	<u>\$ 5,501,610</u>	<u>\$ -</u>	<u>\$ 42,174,321</u>

Depreciation expense was charged to functions for the year ended December 31, 2017 as follows:

<u>Governmental Activities</u>		<u>Business-type Activities</u>	
General Government	\$ 280,080	Water	\$ 895,382
Public Safety	51,862	Sewer	334,648
Public Works	1,596,758	THA	316,711
Parks and Recreation	664,838	<i>Total</i>	<u>\$ 1,546,741</u>
<i>Total</i>	<u>\$ 2,593,538</u>		

NOTE E - UNEARNED REVENUES

Governmental funds and enterprise funds report *unearned revenue* in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unearned revenue* reported in the governmental funds and enterprise funds were as follows:

<u>General Fund</u>	<u>Unearned</u>
Business licenses	\$ 293,548
<i>Total General Fund</i>	<u>293,548</u>
<u>Capital Improvements Fund</u>	
San Miguel Community Facilities	116,981
<i>Total Capital Improvements Fund</i>	<u>116,981</u>
<u>Affordable Housing Fund</u>	
Lot E sale	305,421
<i>Total Affordable Housing Fund</i>	<u>305,421</u>
<i>Total unavailable/unearned revenue for governmental funds</i>	<u>\$ 715,950</u>

<u>Water Fund</u>		<u>Unearned</u>
Laundry tap fees		\$ 217,116
	<i>Total Water Fund</i>	<u>217,116</u>
 <u>Sewer Fund</u>		
Laundry tap fees		<u>217,116</u>
	<i>Total Sewer Fund</i>	<u>217,116</u>
 <u>Parking Fund</u>		
Unearned rent		<u>19,854</u>
	<i>Total Parking Fund</i>	<u>19,854</u>
	<i>Total unavailable/unearned revenue for enterprise funds</i>	<u>\$ 454,086</u>

NOTE F - LONG-TERM LIABILITIES

The following is a summary of long-term liability activity of the Town for the year ended December 31, 2017:

	Balance December 31, 2016	Additions	Reductions	Balance December 31, 2017	Due Within One Year
Governmental Activities					
Excise Tax Revenue Bonds:					
Series 2010	\$ 8,045,000	\$ -	\$ 275,000	\$ 7,770,000	\$ 285,000
Series 2010 Premium	193,563	-	9,773	183,790	-
Taxable Sales Tax Revenue Bonds:					
Series 2009	2,347,001	-	119,542	2,227,459	127,439
Certificates of Participation Series 2010	8,105,000	-	270,000	7,835,000	275,000
Certificates of Participation Series 2013	323,022	-	13,230	309,792	13,860
Premiums on certificates of participation	14,240	-	715	13,525	-
Block 23 Housing Corporation loan payable	1,395,771	-	1,395,771	-	-
Liabilities for Compensated Absences	271,506	452,373	446,538	277,341	-
<i>Total</i>	<u>\$ 20,695,103</u>	<u>\$ 452,373</u>	<u>\$ 2,530,569</u>	<u>\$ 18,616,907</u>	<u>\$ 701,299</u>
	Balance December 31, 2016	Additions	Reductions	Balance December 31, 2017	Due Within One Year
Business-type Activities					
General Obligation Bonds:					
Taxable GO Bonds Series 2010B	\$ 7,515,000	\$ -	\$ 445,000	\$ 7,070,000	\$ 455,000
Multifamily Housing Revenue Bonds, Series 2002	5,830,000	-	240,000	5,590,000	250,000
Multifamily Housing Revenue Bonds, Series 2003	1,636,000	-	58,000	1,578,000	61,000
Certificates of Participation Series 2013	4,849,812	-	196,770	4,653,042	206,140
Series 2017 THA Virginia Placer Revenue Bond	-	8,602,000	-	8,602,000	119,000
Liabilities for Compensated Absences	37,403	65,137	61,657	40,883	-
<i>Total</i>	<u>\$ 19,868,215</u>	<u>\$ 8,667,137</u>	<u>\$ 1,001,427</u>	<u>\$ 27,533,925</u>	<u>\$ 1,091,140</u>

Long-term Governmental Activities

Excise Tax Revenue Bonds:

The Town issued \$9,655,000 in Excise Tax Refunding Bonds, Series 2010 in August 2010 bearing interest from 2.00% to 5.00%. Principal and interest are payable semiannually on June 1 and December 1 and the final maturity date is December of 2036. The bonds were issued to refund the Adjustable Rate Excise Tax Revenue Bonds, Series 2007.

Taxable Sales Tax Revenue Bonds:

The Town issued Taxable Sales Tax Revenue Bonds on November 2, 2009 for the development and preservation of affordable housing within Telluride and the Telluride region. \$3,000,000 of the authorized \$5,000,000 was issued in this first series. The bonds mature on November 1, 2029 and are subject to mandatory sinking fund redemption, payable semi-annually on May 1 and November 1. Annual payments are \$270,186 with interest at 6.5%. The bonds maturing on November 1, 2019 and thereafter are subject to optional redemption at the option of the Town at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium.

Debt service requirements for governmental activities bonded debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 412,439	\$ 481,591	\$ 894,030
2019	425,857	464,623	890,480
2020	444,831	446,949	891,780
2021	464,398	428,382	892,780
2022	484,597	405,783	890,380
2023 – 2027	2,826,171	1,638,452	4,464,623
2028 – 2032	2,734,166	914,794	3,648,960
2033 – 2036	2,205,000	282,750	2,487,750
<i>Totals</i>	<u>\$ 9,997,459</u>	<u>\$ 5,063,324</u>	<u>\$ 15,060,783</u>

Certificates of Participation:

The Town issued \$5,755,000 in Certificates of Participation, Series 2013 on October 1, 2013 bearing an effective interest rate not to exceed 5.25%. Principal and interest are payable semiannually on June 1 and December 1 and are scheduled to mature in December of 2033. \$360,000 of the proceeds from the issuance was used to pay off a 2001 lease reported in the government wide statement of net position. \$5,395,000 of the proceeds was used for infrastructure improvements in the Water Fund.

The Town issued \$9,785,000 in Certificates of Participation, Series 2010 on August 10, 2010 bearing interest from 2.00% to 5.00% with a scheduled maturity of December 2036. Principal and interest are payable semiannually on June 1 and December 1. The COPs were issued to refund the Adjustable Rate Excise Tax Revenue Bonds, Series 2007.

Minimum future payments under the certificates of participation obligations for governmental activities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 288,860	\$ 374,573	\$ 663,433
2019	299,490	365,587	665,077
2020	310,120	355,700	665,820
2021	320,750	343,984	664,734
2022	336,380	331,104	667,484
2023 – 2027	1,903,870	1,423,802	3,327,672
2028 – 2032	2,396,550	933,332	3,329,882
2033 – 2036	2,288,772	291,392	2,580,164
<i>Totals</i>	<u>\$ 8,144,792</u>	<u>\$ 4,419,474</u>	<u>\$ 12,564,266</u>

Block 23 Housing Corporation Loan Payable:

During the year ended December 31, 2016, the Town took out a loan with a principal balance of \$1,395,771 bearing interest at 3.75% to purchase a building for the Block 23 Housing Corporation. The loan and the building were transferred to the Block 23 Housing Corporation on December 30, 2016. The loan matured and was fully paid by the Town in 2017.

Business-type Activities

General Obligation Bonds:

During 2010, the Town issued the Tax-Exempt General Obligation Bonds Series 2010A for \$2,485,000 and Taxable General Obligation Bonds (Direct Pay Build America Bonds) Series 2010B for \$7,515,000.

Series 2010 bonds were issued to finance the construction of water facilities for the Town including a new water treatment plant, hydroelectric facilities, a booster pump station, and a chemical storage and transfer facility. The Series 2010A bonds included a net premium of \$51,343 that was amortized over the life of the 2010A bonds which matured in 2016.

Series 2010 Bonds require annual debt service payments from \$698,610 to \$824,398 including interest rates ranging from 2.00% to 4.70%. The Series 2010B (Build America Bonds) average coupon rate of 4.06% is established at a higher rate than those prevalent in the tax-exempt market because the interest paid is taxable to the investor. The US Treasury, in turn, will rebate 35% of the interest paid over the life of the bonds to the Town which are scheduled to mature in December 2030.

Revenue Bonds:

The Town, when establishing the Shandoka fund, a subfund of the THA fund, recorded the establishment of the Multifamily Housing Revenue Bonds, Series 2002 with an unpaid balance of \$7,640,000 with monthly payments of \$45,707 at a rate of 5.34% and a final payment \$4,301,873 to be paid on October 15, 2022. The Town also recorded the establishment of the Multifamily Housing Revenue Bonds, Series 2003 with an unpaid balance of \$2,081,000 and monthly payment of \$11,637 at a rate of 4.96% with a final payment of \$1,085,000 on October 15, 2024. Pledged revenue represents the rent revenues on the apartment complex. Annual principal and interest payments on the bonds are expected to require approximately 38% of pledged revenues.

The Town, when establishing the Virginia Placer fund, a subfund of the THA fund, recorded the establishment of the Series 2017 Housing Revenue Bonds with an unpaid principal balance of \$8,602,000 with semi-annual payments of approximately \$258,000 at a rate of 3.24% and a final payment of \$2,875,846 to be paid on November 1, 2036. Pledged revenue represents the rent revenues on the housing units. Annual principal and interest payments on the bonds are expected to require approximately 100% of pledged revenues.

Debt service requirements to maturity for business-type activities bonded debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 885,000	\$ 1,003,130	\$ 1,888,130
2019	1,037,000	963,947	2,000,947
2020	1,079,000	920,249	1,999,249
2021	1,116,000	873,882	1,989,882
2022	5,347,000	969,461	6,316,461
2023 – 2027	5,501,000	2,103,775	7,604,775
2028 – 2032	3,646,000	1,069,765	4,715,765
2033 – 2036	4,229,000	458,930	4,687,930
<i>Totals</i>	<u>\$ 22,840,000</u>	<u>\$ 8,363,139</u>	<u>\$ 31,203,139</u>

Certificates of Participation:

The Town issued \$5,755,000 in Certificates of Participation, Series 2013 on October 1, 2013 bearing an effective interest rate not to exceed 5.25% with a scheduled maturity of December 2033. Principal and interest are payable semiannually on June 1 and December 1 and \$360,000 of the proceeds from the issuance was used to pay off a 2001 lease reported in the government wide statement of net position. \$5,395,000 of the proceeds was used for infrastructure improvements in the Water Fund.

The following are the debt service requirements to maturity for the Certificate of Participation in the Water Fund:

	Principal	Interest	Total
2018	\$ 206,140	\$ 202,275	\$ 408,415
2019	215,510	193,303	408,813
2020	224,880	183,923	408,803
2021	234,250	174,136	408,386
2022	243,620	163,941	407,561
2023 – 2027	1,396,130	650,257	2,046,387
2028 – 2032	1,733,450	318,093	2,051,543
2033 – 2036	399,062	17,128	416,190
<i>Totals</i>	<u>\$ 4,653,042</u>	<u>\$ 1,903,056</u>	<u>\$ 6,556,098</u>

NOTE G – PENSION PLANS

The Town’s full-time marshals are required to participate in the Town of Telluride Marshal’s Pension 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 the employees and the Town contribute an amount equal to 11% upon hire and 12.5% after five years of the employee’s compensation. In 2017, the Town contributed \$79,865 to the plan.

For employees other than marshals, the Town has adopted the Town of Telluride Pension 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 contribute 3% of employee compensation upon hire, 5% after the 5-year anniversary and 6% after the 10-year anniversary. In 2017, the Town contributed \$170,485 to the plan.

The Town has adopted the Town of Telluride Executive Retirement 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 investments earnings. The Town contributes 7% of compensation for the manager and the manager contributes 3%. The Town contributes 8% of compensation for the town attorney and the town attorney contributes 6%. During 2017, the Town contributed \$19,553 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.

NOTE H - PUBLIC ENTITY RISK POOL

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA) property and casualty pool, a public entity risk pool. CIRSA provides property, casualty and cyber insurance coverage to the Town. The coverage is provided through joint self-insurance, insurance and reinsurance, or any combination thereof. CIRSA's rate setting policies are established by the Board of Directors, in consultation with independent actuaries. The Board of Directors is elected by the membership for a four year terms. The Town is subject to a supplemental assessment in the event of deficiencies, and may receive credit on future contributions in the event of a surplus.

CIRSA has entered into various excess insurance contracts to limit large losses and minimize exposure on large risks. CIRSA's 2017 Self-Insured Retentions for coverage are as follows:

- Liability - \$1,000,000 each and every loss and/or occurrence
- Public Officials liability - \$1,000,000 each and every claim
- Property - \$500,000 for each and every loss and/or occurrence
- Crime - \$150,000 each and every loss and/or occurrence
- Public Relations and Security Breach - \$100,000 each claim/annual aggregate
- Security and privacy liability - \$500,000 each claim /annual aggregate

The Town Council approves the Town's continued membership in CIRSA via their annual review of the Town's budget.

NOTE I – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft or damage to assets, errors and omissions, injuries to employees, and natural disasters.

Effective November 15, 1997, the Town adopted the Town of Telluride Employee Medical Benefit Plan to provide medical benefits to its employees. The plan self-insures the first \$35,000 per individual per year of covered medical claims. The maximum liability per individual is \$2,000,000 per employee on an annual basis. All funds of the Town participate in the program and make payments to the General Fund based on estimates of the amounts needed to pay prior and current-year claims. The claims liability of \$330,097, reported in the General Fund at December 31, 2017, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

As discussed in Note H, the Town is a member of CIRSA. CIRSA has a legal obligation for claims against its members to the extent that funds are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so. The ultimate liability to the Town from claims not covered by CIRSA is not presently determinable. Management and the Town's attorney are of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the Town's financial statements.

NOTE J – CONTINGENCIES AND COMMITMENTS

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town. The Town has also received notices of claims for damages. Since no suits have been filed, no determination of any potential liabilities can be made at this time.

The Town is in discussions regarding pending litigation related to property damage resulting from a municipal raw water pipeline. A lawsuit has not formally been filed. It is unknown whether the Town’s insurance policy will cover the damages or if the Town will be liable for some or all of the costs. The amount, if any, the Town will owe is unknown.

The Town has had discussions regarding the use of one of their parking lots. This lot was financed through a grant in previous years and the Town is uncertain if any modifications to the lot or changes in use would require repayment of grant funds.

The Town receives a significant portion of its revenues from taxes, charges for services, and other income that is generated within the Town limits. This represents a geographic concentration of risk.

NOTE K – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2017, is as follows:

	Due From Other Funds	Due to Other Funds
General fund	\$ 103,687	\$ -
Capital improvement fund	1,721,470	-
Open space fund	2,391,748	-
Affordable housing fund	1,993,556	-
Conservation trust fund	75,139	-
Airline guarantee fund	51,683	-
Energy mitigation fund	792,303	-
Street and Alley fund	117,093	-
Debt service fund	46,436	-
Fund 22	232,620	-
Sewer fund	1,589,669	-
Parking fund	698,246	-
General fund	-	4,207,483
Water fund	-	1,632,793
THA fund	-	3,973,374
<i>Total</i>	<u>\$ 9,813,650</u>	<u>\$ 9,813,650</u>

Interfund transfers:

	Transfers In					Total Transfers Out
	General	Affordable Housing	Street and Alley	Fund 22	Water	
General	\$ 101,402	\$ -	\$ -	\$ 90,351	\$ -	\$ 191,753
Capital improvement	781,000	-	639,207	-	250,000	1,670,207
Open space	30,000	-	-	-	-	30,000
Affordable housing	38,000	-	-	-	-	38,000
Airline guarantee	28,300	-	-	-	-	28,300
Water	452,366	-	-	-	-	452,366
Sewer	452,366	-	-	-	-	452,366
THA	117,529	22,799	-	-	-	140,328
<i>Total transfer in</i>	<u>\$ 2,000,963</u>	<u>\$ 22,799</u>	<u>\$ 639,207</u>	<u>\$ 90,351</u>	<u>\$ 250,000</u>	<u>\$ 3,003,320</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE L - TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, commonly known as TABOR, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments, excluding “enterprises”. On November 8, 1994, the Town electorate authorized the Town to collect, receive, retain and spend all Town revenues beginning with the year ended December 31, 1994, without limitations imposed by TABOR. TABOR requires that an emergency reserve be maintained in the amount of three percent of the fiscal year spending. A portion of the General Fund’s fund balance is classified as restricted for emergencies as required. TABOR is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of TABOR.

NOTE M – RELATED PARTY TRANSACTIONS

On September 19, 2012 the Town of Telluride made a loan to the San Miguel Community Facilities, Inc. (SMCF) in the amount of \$140,000 for the construction of a childcare facility. SMCF is a related party due to the fact that the Town Manager and Town Mayor sit on the SMCF Board of Directors. Until October 1, 2017, SMCF will pay interest on the principal balance of the loan at an annual rate of 2.5%. Beginning October 1, 2017, SMCF paid interest to the Town at an annual rate to be determined by adding .25% to the most recent Prime Rate published in the Wall Street Journal on the date that is 45 days before the Adjustment Date. Principal and interest payments on the loan are paid monthly commencing on November 1, 2012 and continuing until October 1, 2022 at which time the entire remaining principal balance shall become due and payable to the Town. The principal balance on the note receivable was \$116,981 at December 31, 2017.

NOTE N – OPERATING LEASES

The Town has lease agreements with unrelated parties for the use of office equipment with maturity dates ranging from 2018-2021. Total operating lease expenses paid by the Town for the year ended December 31, 2017 were \$54,523. The future minimum operating lease payments are as follows:

2018	\$	38,372
2019		22,728
2020		9,652
2021		1,112
		<u>71,864</u>
	\$	<u>71,864</u>

NOTE O - SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 12, 2018, which is the date the financial statements were available to be issued.

On April 2, 2018, the Town closed on the voter approved \$4,200,000 Series 2018 Parking Revenue Bonds. The bond proceeds will be used to construct an underground parking garage as part of a mixed used project that will include public restrooms, affordable housing units and a commercial space for the Ah Haa School for the Arts. Revenues from the Parking Enterprise Fund will be used to make future bond payments.

Required Supplemental Information

TOWN OF TELLURIDE
GENERAL FUND AND RELATED SUB-FUND
COMBINING BALANCE SHEET

December 31, 2017

	General	Transportation	Total
ASSETS			
Cash and cash equivalents	\$ 4,066,797	\$ -	\$ 4,066,797
Investments	6,785,939	-	6,785,939
Receivables:			
Taxes	755,470	-	755,470
Trade	96,358	10,800	107,158
Due from other funds	-	103,687	103,687
<i>Total Assets</i>	\$ 11,704,564	\$ 114,487	\$ 11,819,051
LIABILITIES			
Accounts payable	\$ 529,872	\$ 19,220	\$ 549,092
Due to other funds	4,207,483	-	4,207,483
Deposits	485,980	-	485,980
Unearned revenue	293,548	-	293,548
<i>Total Liabilities</i>	5,516,883	19,220	5,536,103
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	684,435	-	684,435
<i>Total Deferred Inflows of Resources</i>	684,435	-	684,435
FUND BALANCE			
Restricted for:			
Emergency reserve	653,000	-	653,000
Assigned for:			
Transportation	-	95,267	95,267
Unassigned	4,850,246	-	4,850,246
<i>Total Fund Balance</i>	5,503,246	95,267	5,598,513
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</i>	\$ 11,704,564	\$ 114,487	\$ 11,819,051

See accompanying notes.

TOWN OF TELLURIDE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL –
 GENERAL FUND AND RELATED SUB-FUND

For the year ended December 31, 2017

	General Fund				Transportation Fund				Total Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	
REVENUES									
Taxes									
Sales taxes	\$ 6,004,000	\$ 6,004,000	\$ 4,868,401	\$ (1,135,599)	\$ -	\$ -	\$ -	\$ -	\$ 4,868,401
Use taxes	499,200	933,200	746,634	(186,566)	-	-	-	-	746,634
Motor vehicle taxes	175,000	205,000	190,520	(14,480)	-	-	-	-	190,520
Property taxes	642,219	642,219	529,096	(113,123)	-	-	-	-	529,096
Specific ownership tax	22,000	22,000	27,609	5,609	-	-	-	-	27,609
Penalties and interest on property tax	1,000	1,000	1,684	684	-	-	-	-	1,684
Franchise tax	191,000	191,000	191,512	512	-	-	-	-	191,512
Occupation tax	5,000	5,000	3,942	(1,058)	-	-	-	-	3,942
	<u>7,539,419</u>	<u>8,003,419</u>	<u>6,559,398</u>	<u>(1,444,021)</u>	-	-	-	-	<u>6,559,398</u>
Licenses and permits									
Business licenses	400,000	438,000	361,033	(76,967)	-	-	-	-	361,033
Building licenses and permits	255,000	425,000	522,407	97,407	-	-	-	-	522,407
Other	147,800	147,800	303,517	155,717	-	-	-	-	303,517
	<u>802,800</u>	<u>1,010,800</u>	<u>1,186,957</u>	<u>176,157</u>	-	-	-	-	<u>1,186,957</u>
Intergovernmental									
State									
Mineral leasing tax	30,000	30,000	19,296	(10,704)	-	-	-	-	19,296
Highway users tax	64,500	64,500	70,365	5,865	-	-	-	-	70,365
Marijuana sales	45,000	45,000	64,965	19,965	-	-	-	-	64,965
Tobacco tax	14,000	14,000	16,297	2,297	-	-	-	-	16,297
Grants	900	900	-	(900)	-	-	-	-	-
Motor vehicle registration tax	8,000	8,000	8,420	420	-	-	-	-	8,420
County									
Road and bridge tax	244,630	244,630	239,948	(4,682)	-	-	-	-	239,948
Other	1,000	1,000	-	(1,000)	393,830	275,732	286,536	(10,804)	286,536
	<u>408,030</u>	<u>408,030</u>	<u>419,291</u>	<u>11,261</u>	<u>393,830</u>	<u>275,732</u>	<u>286,536</u>	<u>(10,804)</u>	<u>705,827</u>
Charges for services									
General government	531,950	531,950	642,159	110,209	-	-	-	-	642,159
Public works	14,500	14,500	14,983	483	-	-	-	-	14,983
Parks and recreation fees	357,550	357,550	427,124	69,574	-	-	-	-	427,124
Festival attendance fee	230,000	230,000	233,317	3,317	-	-	-	-	233,317
Transportation	-	-	-	-	34,500	34,500	34,437	63	34,437
	<u>1,134,000</u>	<u>1,134,000</u>	<u>1,317,583</u>	<u>183,583</u>	<u>34,500</u>	<u>34,500</u>	<u>34,437</u>	<u>63</u>	<u>1,352,020</u>
Fines and forfeitures	96,000	96,000	133,472	37,472	-	-	-	-	133,472
Investment earnings	35,000	35,000	88,821	53,821	-	-	-	-	88,821
Miscellaneous	26,191	26,191	55,641	29,450	-	-	-	-	55,641
<i>Total Revenues</i>	<u>10,041,440</u>	<u>10,713,440</u>	<u>9,761,163</u>	<u>(952,277)</u>	<u>428,330</u>	<u>310,232</u>	<u>320,973</u>	<u>(10,741)</u>	<u>10,082,136</u>

See accompanying notes.

TOWN OF TELLURIDE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL –
 GENERAL FUND AND RELATED SUB-FUND

For the year ended December 31, 2017

	General Fund				Transportation Fund				Total Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	
EXPENDITURES									
General government									
Council	215,040	222,540	202,434	20,106	-	-	-	-	202,434
Court	50,350	50,350	46,914	3,436	-	-	-	-	46,914
Manager	351,260	361,269	355,869	5,400	-	-	-	-	355,869
Finance	440,870	517,023	475,776	41,247	-	-	-	-	475,776
Town attorney	347,930	371,063	371,020	43	-	-	-	-	371,020
Clerk	335,770	338,751	320,337	18,414	-	-	-	-	320,337
Planning	453,760	494,115	374,383	119,732	-	-	-	-	374,383
Building division	306,220	310,238	299,789	10,449	-	-	-	-	299,789
General services	1,037,950	1,037,950	944,390	93,560	-	-	-	-	944,390
Administrative services	264,090	333,629	321,151	12,478	-	-	-	-	321,151
Building maintenance	127,500	137,500	110,146	27,354	-	-	-	-	110,146
Community support	140,000	140,000	140,000	-	-	-	-	-	140,000
Salary Reserve	105,900	-	-	-	-	-	-	-	-
Contract services	649,137	877,223	867,708	9,515	-	-	-	-	867,708
	<u>4,825,777</u>	<u>5,191,651</u>	<u>4,829,917</u>	<u>361,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,829,917</u>
Public safety									
Law enforcement	1,761,265	1,827,560	1,755,306	72,254	-	-	-	-	1,755,306
	<u>1,761,265</u>	<u>1,827,560</u>	<u>1,755,306</u>	<u>72,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,755,306</u>
Public works									
Roads and utility	941,220	972,777	928,823	43,954	-	-	-	-	928,823
Administration and engineering	737,990	739,532	714,683	24,849	-	-	-	-	714,683
	<u>1,679,210</u>	<u>1,712,309</u>	<u>1,643,506</u>	<u>68,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,643,506</u>
Culture and recreation									
Parks	792,140	794,754	745,588	49,166	-	-	-	-	745,588
Recreation	924,710	954,512	938,345	16,167	-	-	-	-	938,345
CASE	135,000	135,000	135,000	-	-	-	-	-	135,000
	<u>1,851,850</u>	<u>1,884,266</u>	<u>1,818,933</u>	<u>65,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,818,933</u>
Transportation	-	-	-	-	891,480	941,480	870,467	71,013	870,467
<i>Total Expenditures</i>	<u>10,118,102</u>	<u>10,615,786</u>	<u>10,047,662</u>	<u>568,124</u>	<u>891,480</u>	<u>941,480</u>	<u>870,467</u>	<u>71,013</u>	<u>10,918,129</u>
<i>Deficiency of Expenditures Over Revenues</i>	<u>(76,662)</u>	<u>97,654</u>	<u>(286,499)</u>	<u>(384,153)</u>	<u>(463,150)</u>	<u>(631,248)</u>	<u>(549,494)</u>	<u>60,272</u>	<u>(835,993)</u>

See accompanying notes.

TOWN OF TELLURIDE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL –
 GENERAL FUND AND RELATED SUB-FUND

For the year ended December 31, 2017

	General Fund				Transportation Fund				Total Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	
OTHER FINANCING SOURCES (USES)									
Transfers in	1,379,663	1,379,663	1,385,963	6,300	565,000	615,000	615,000	-	2,000,963
Transfers out	(1,527,930)	(1,750,273)	(90,351)	1,659,922	(101,402)	(101,402)	(101,402)	-	(191,753)
<i>Total Other Financing Sources (Uses)</i>	(148,267)	(370,610)	1,295,612	1,666,222	463,598	513,598	513,598	-	1,809,210
<i>Net Change in Fund Balance</i>	(224,929)	(272,956)	1,009,113	1,282,069	448	(117,650)	(35,896)	60,272	973,217
Fund Balance - January 1	4,494,133	4,494,133	4,494,133	-	131,163	131,163	131,163	-	4,625,296
Fund Balance - December 31	<u>\$ 4,269,204</u>	<u>\$ 4,221,177</u>	<u>\$ 5,503,246</u>	<u>\$ 1,282,069</u>	<u>\$ 131,611</u>	<u>\$ 13,513</u>	<u>\$ 95,267</u>	<u>\$ 60,272</u>	<u>\$ 5,598,513</u>

See accompanying notes.

TOWN OF TELLURIDE

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL – CAPITAL IMPROVEMENT FUND**

For the year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable) Variance
REVENUES				
Taxes	\$ 4,326,400	\$ 5,800,000	\$ 4,830,332	\$ (969,668)
Intergovernmental	403,000	403,000	32,293	(370,707)
Miscellaneous	-	-	30,826	30,826
<i>Total Revenues</i>	<u>4,729,400</u>	<u>6,203,000</u>	<u>4,893,451</u>	<u>(1,309,549)</u>
EXPENDITURES				
General government	2,770,010	3,042,010	386,220	2,655,790
Capital outlay	-	-	1,942,647	(1,942,647)
<i>Total Expenditures</i>	<u>2,770,010</u>	<u>3,042,010</u>	<u>2,328,867</u>	<u>713,143</u>
<i>Excess of Revenues Over Expenditures</i>	<u>1,959,390</u>	<u>3,160,990</u>	<u>2,564,584</u>	<u>(596,406)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	14,836	14,836
Transfers out	(2,346,000)	(2,830,207)	(1,670,207)	1,160,000
<i>Total Other Financing Sources (Uses)</i>	<u>(2,346,000)</u>	<u>(2,830,207)</u>	<u>(1,655,371)</u>	<u>1,174,836</u>
<i>Net Change in Fund Balance</i>	<u>(386,610)</u>	<u>330,783</u>	<u>909,213</u>	<u>578,430</u>
Fund Balance - January 1	<u>1,937,619</u>	<u>1,937,619</u>	<u>1,937,619</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,551,009</u>	<u>\$ 2,268,402</u>	<u>\$ 2,846,832</u>	<u>\$ 578,430</u>

See accompanying notes.

TOWN OF TELLURIDE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL – OPEN SPACE FUND

For the year ended December 31, 2017

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Taxes	\$ 2,312,370	\$ 2,699,175	\$ 2,764,449	\$ 65,274
Licenses and permits	80,840	120,833	121,006	173
Donations	-	-	594,021	594,021
Investment earnings	3,000	3,000	14,009	11,009
Miscellaneous	-	-	497	497
<i>Total Revenues</i>	<u>2,396,210</u>	<u>2,823,008</u>	<u>3,493,982</u>	<u>670,974</u>
EXPENDITURES				
Culture and recreation	2,135,205	1,873,064	299,956	1,573,108
Capital outlay	-	-	377,050	(377,050)
Debt service				
Principal	545,000	545,000	545,000	-
Interest	718,845	718,845	718,844	1
<i>Total Expenditures</i>	<u>3,399,050</u>	<u>3,136,909</u>	<u>1,940,850</u>	<u>1,196,059</u>
<i>Excess of Revenues Over Expenditures</i>	<u>(1,002,840)</u>	<u>(313,901)</u>	<u>1,553,132</u>	<u>1,867,033</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(30,000)	(30,000)	(30,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(1,032,840)	(343,901)	1,523,132	1,867,033
Fund Balance - January 1	3,270,741	3,270,741	3,270,741	-
Fund Balance - December 31	<u>\$ 2,237,901</u>	<u>\$ 2,926,840</u>	<u>\$ 4,793,873</u>	<u>\$ 1,867,033</u>

See accompanying notes.

TOWN OF TELLURIDE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL – AFFORDABLE HOUSING FUND

For the year ended December 31, 2017

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Taxes	\$ 820,850	\$ 867,220	\$ 876,398	\$ 9,178
Charges for services	106,000	106,000	226,935	120,935
Investment earnings	2,000	2,000	8,930	6,930
Miscellaneous	13,500	13,500	47,955	34,455
<i>Total Revenues</i>	<u>942,350</u>	<u>988,720</u>	<u>1,160,218</u>	<u>171,498</u>
EXPENDITURES				
Economic development	3,913,442	12,027,921	458,708	11,569,213
Capital outlay	-	-	356,660	(356,660)
Debt service				
Principal	119,543	119,543	119,542	1
Interest	150,644	231,587	150,644	80,943
Fees/issuance costs	500	141,334	-	141,334
<i>Total Expenditures</i>	<u>4,184,129</u>	<u>12,520,385</u>	<u>1,085,554</u>	<u>11,434,831</u>
<i>Excess of Revenues Over Expenditures</i>	<u>(3,241,779)</u>	<u>(11,531,665)</u>	<u>74,664</u>	<u>11,606,329</u>
OTHER FINANCING SOURCES (USES)				
Sale of housing units	767,653	767,653	-	(767,653)
Proceeds from sale of capital assets	50,886	50,886	771,387	720,501
Proceeds from issuance of long-term debt	-	8,122,271	-	(8,122,271)
Housing subsidy	-	-	(338,498)	(338,498)
Transfers in	22,799	22,799	22,799	-
Transfers out	(38,000)	(38,000)	(38,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>803,338</u>	<u>8,925,609</u>	<u>417,688</u>	<u>(8,507,921)</u>
<i>Net Change in Fund Balance</i>	<u>(2,438,441)</u>	<u>(2,606,056)</u>	<u>492,352</u>	<u>3,098,408</u>
Fund Balance - January 1	<u>2,571,483</u>	<u>2,571,483</u>	<u>2,571,483</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 133,042</u>	<u>\$ (34,573)</u>	<u>\$ 3,063,835</u>	<u>\$ 3,098,408</u>

See accompanying notes.

Other Supplemental Information

Non-Major Governmental Funds

TOWN OF TELLURIDE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL – CONSERVATION TRUST FUND

For the year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable) Variance
REVENUES				
Intergovernmental	\$ 23,000	\$ 23,000	\$ 24,577	\$ 1,577
Miscellaneous	30	30	37	7
<i>Total Revenues</i>	<u>23,030</u>	<u>23,030</u>	<u>24,614</u>	<u>1,584</u>
EXPENDITURES				
Culture and recreation	23,030	88,142	18,987	69,155
<i>Total Expenditures</i>	<u>23,030</u>	<u>88,142</u>	<u>18,987</u>	<u>69,155</u>
<i>Excess of Revenues Over Expenditures</i>	<u>-</u>	<u>(65,112)</u>	<u>5,627</u>	<u>70,739</u>
<i>Net Change in Fund Balance</i>	<u>-</u>	<u>(65,112)</u>	<u>5,627</u>	<u>70,739</u>
Fund Balance - January 1	<u>69,512</u>	<u>69,512</u>	<u>69,512</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 69,512</u></u>	<u><u>\$ 4,400</u></u>	<u><u>\$ 75,139</u></u>	<u><u>\$ 70,739</u></u>

See accompanying notes.

TOWN OF TELLURIDE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL – AIRLINE GUARANTEE FUND

For the year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable) Variance
REVENUES				
Taxes	\$ 1,300,000	\$ 1,395,000	\$ 1,414,282	\$ 19,282
<i>Total Revenues</i>	<u>1,300,000</u>	<u>1,395,000</u>	<u>1,414,282</u>	<u>19,282</u>
EXPENDITURES				
Economic development	1,274,000	1,367,100	1,386,725	(19,625)
<i>Total Expenditures</i>	<u>1,274,000</u>	<u>1,367,100</u>	<u>1,386,725</u>	<u>(19,625)</u>
<i>Excess of Revenues Over Expenditures</i>	<u>26,000</u>	<u>27,900</u>	<u>27,557</u>	<u>(343)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(26,000)	(27,900)	(28,300)	(400)
<i>Total Other Financing Sources (Uses)</i>	<u>(26,000)</u>	<u>(27,900)</u>	<u>(28,300)</u>	<u>(400)</u>
<i>Net Change in Fund Balance</i>	-	-	(743)	(743)
Fund Balance - January 1	<u>743</u>	<u>743</u>	<u>743</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 743</u>	<u>\$ 743</u>	<u>\$ -</u>	<u>\$ (743)</u>

See accompanying notes.

TOWN OF TELLURIDE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL – ENERGY MITIGATION FUND

For the year ended December 31, 2017

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Charges for services	\$ 180,000	\$ 428,226	\$ 248,226
Miscellaneous	-	2,791	2,791
<i>Total Revenues</i>	<u>180,000</u>	<u>431,017</u>	<u>251,017</u>
EXPENDITURES			
General government	55,000	29,813	25,187
<i>Total Expenditures</i>	<u>55,000</u>	<u>29,813</u>	<u>25,187</u>
<i>Excess of Revenues Over Expenditures</i>	<u>125,000</u>	<u>401,204</u>	<u>225,830</u>
<i>Net Change in Fund Balance</i>	125,000	401,204	225,830
Fund Balance - January 1	<u>390,129</u>	<u>390,129</u>	-
Fund Balance - December 31	<u>\$ 515,129</u>	<u>\$ 791,333</u>	<u>\$ 225,830</u>

See accompanying notes.

TOWN OF TELLURIDE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL – STREET AND ALLEY FUND

For the year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable) Variance
REVENUES				
Miscellaneous	\$ -	\$ 100,000	\$ 100,000	\$ -
<i>Total Revenues</i>	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
EXPENDITURES				
Public works	391,800	631,007	217,813	413,194
Capital outlay	-	-	413,028	(413,028)
<i>Total Expenditures</i>	<u>391,800</u>	<u>631,007</u>	<u>630,841</u>	<u>166</u>
<i>Deficiency of Expenditures Over Revenues</i>	<u>(391,800)</u>	<u>(531,007)</u>	<u>(530,841)</u>	<u>166</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	500,000	639,207	639,207	-
<i>Total Other Financing Sources (Uses)</i>	<u>500,000</u>	<u>639,207</u>	<u>639,207</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	108,200	108,200	108,366	166
Fund Balance - January 1	<u>158</u>	<u>158</u>	<u>158</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 108,358</u>	<u>\$ 108,358</u>	<u>\$ 108,524</u>	<u>\$ 166</u>

See accompanying notes.

TOWN OF TELLURIDE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL – DEBT SERVICE FUND

For the year ended December 31, 2017

	Original and Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Charges for services	\$ 2,000	\$ 1,725	\$ (275)
<i>Total Revenues</i>	<u>2,000</u>	<u>1,725</u>	<u>(275)</u>
EXPENDITURES			
Debt service			
Principal	13,230	13,230	-
Interest	14,056	14,056	-
<i>Total Expenditures</i>	<u>27,286</u>	<u>27,286</u>	<u>-</u>
<i>Deficiency of Expenditures Over Revenues</i>	<u>(25,286)</u>	<u>(25,561)</u>	<u>(275)</u>
<i>Net Change in Fund Balance</i>	<u>(25,286)</u>	<u>(25,561)</u>	<u>(275)</u>
Fund Balance - January 1	<u>71,997</u>	<u>71,997</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 46,711</u>	<u>\$ 46,436</u>	<u>\$ (275)</u>

See accompanying notes.

TOWN OF TELLURIDE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL – FUND 22

For the year ended December 31, 2017

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Fines and forfeitures	\$ 9,685	\$ 9,685	\$ 9,114	\$ (571)
Donations	2,500	2,500	2,500	-
Miscellaneous	-	-	113	113
<i>Total Revenues</i>	<u>12,185</u>	<u>12,185</u>	<u>11,727</u>	<u>(458)</u>
EXPENDITURES				
Public safety	4,585	4,585	3,500	1,085
Culture and recreation	46,700	234,645	56,430	178,215
<i>Total Expenditures</i>	<u>51,285</u>	<u>239,230</u>	<u>59,930</u>	<u>179,300</u>
<i>Deficiency of Expenditures Over Revenues</i>	<u>(39,100)</u>	<u>(227,045)</u>	<u>(48,203)</u>	<u>178,842</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	90,351	90,351	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>90,351</u>	<u>90,351</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>(39,100)</u>	<u>(136,694)</u>	<u>42,148</u>	<u>178,842</u>
Fund Balance - January 1	<u>172,719</u>	<u>172,719</u>	<u>172,719</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 133,619</u>	<u>\$ 36,025</u>	<u>\$ 214,867</u>	<u>\$ 178,842</u>

See accompanying notes.

TOWN OF TELLURIDE
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET TO ACTUAL - WATER FUND

For the year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable) Variance
REVENUES				
Charges for sales	\$ 1,032,724	\$ 1,032,724	\$ 1,132,870	\$ 100,146
Tap fees	500,000	500,000	459,330	(40,670)
Meter sales	24,000	24,000	11,572	(12,428)
Taxes	643,318	643,318	632,183	(11,135)
Investment earnings	4,500	4,500	14,059	9,559
Miscellaneous	32,000	32,000	474	(31,526)
Interest rebate	119,132	119,132	119,517	385
Transfers in	250,000	250,000	250,000	-
<i>Total Revenues</i>	<u>2,605,674</u>	<u>2,605,674</u>	<u>2,620,005</u>	<u>14,331</u>
EXPENSES				
Cost of sales and service	522,775	522,775	364,856	157,919
Treasurer's fees	14,000	14,000	12,127	1,873
Capital repairs and maintenance	1,308,500	1,308,500	189,663	1,118,837
Capital outlay	-	-	1,268,845	(1,268,845)
Debt service:				
Principal	641,770	641,770	641,770	-
Interest	577,035	577,035	575,115	1,920
Transfers out	452,366	452,366	452,366	-
<i>Total Expenses</i>	<u>3,516,446</u>	<u>3,516,446</u>	<u>3,504,742</u>	<u>11,704</u>
<i>Change in Net Position - Budgetary Basis</i>	<u>\$ (910,772)</u>	<u>\$ (910,772)</u>	<u>(884,737)</u>	<u>\$ 26,035</u>
Adjustments to GAAP Basis				
Capital outlay			1,268,845	
Depreciation expense			(895,382)	
Debt service principal			641,770	
<i>Change in Net Position - GAAP Basis</i>			<u>130,496</u>	
Net Position - January 1			<u>8,939,325</u>	
Net Position - December 31			<u>\$ 9,069,821</u>	

See accompanying notes.

TOWN OF TELLURIDE
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET TO ACTUAL - SEWER FUND

For the year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable) Variance
REVENUES				
Charges for sales and services	\$ 983,800	\$ 983,800	\$ 985,364	\$ 1,564
Tap fees	500,000	500,000	689,677	189,677
Intergovernmental	765,263	765,263	449,815	(315,448)
Miscellaneous	40,000	40,000	42,489	2,489
<i>Total Revenues</i>	<u>2,289,063</u>	<u>2,289,063</u>	<u>2,167,345</u>	<u>(121,718)</u>
EXPENSES				
Cost of sales and service	2,382,170	2,412,070	1,468,955	943,115
Capital outlay	-	-	7,350	(7,350)
Transfers out	452,366	452,366	452,366	-
<i>Total Expenses</i>	<u>2,834,536</u>	<u>2,864,436</u>	<u>1,928,671</u>	<u>935,765</u>
<i>Change in Net Position - Budgetary Basis</i>	<u>\$ (545,473)</u>	<u>\$ (575,373)</u>	238,674	<u>\$ 814,047</u>
Adjustments to GAAP Basis				
Capital outlay			7,350	
Depreciation expense			(334,648)	
<i>Change in Net Position - GAAP Basis</i>			<u>(88,624)</u>	
Net Position - January 1			<u>5,301,492</u>	
Net Position - December 31			<u>\$ 5,212,868</u>	

See accompanying notes.

TOWN OF TELLURIDE
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET TO ACTUAL - PARKING FUND

For the year ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable) Variance
REVENUES				
Charges for services	\$ 368,540	\$ 873,540	\$ 938,065	\$ 64,525
<i>Total Revenues</i>	<u>368,540</u>	<u>873,540</u>	<u>938,065</u>	<u>64,525</u>
EXPENSES				
Costs of sales and service	370,000	573,300	84,669	488,631
Capital outlay	-	-	401,380	(401,380)
<i>Total Expenses</i>	<u>370,000</u>	<u>573,300</u>	<u>486,049</u>	<u>87,251</u>
<i>Change in Net Position - Budgetary Basis</i>	<u>\$ (1,460)</u>	<u>\$ 300,240</u>	452,016	<u>\$ 151,776</u>
Adjustments to GAAP Basis				
Capital outlay			401,380	
<i>Change in Net Position - GAAP Basis</i>			<u>853,396</u>	
Net Position - January 1			511,467	
Net Position - December 31			<u>\$ 1,364,863</u>	

See accompanying notes.

THA Fund Combining Financial Statements

TOWN OF TELLURIDE
THA FUND
COMBINING BALANCE SHEET

December 31, 2017

	Shandoka	Virginia Placer	Total
ASSETS			
Cash and cash equivalents	\$ 239,801	\$ 481,596	\$ 721,397
Receivables:			
Trade	26,328	-	26,328
Restricted cash and investments	2,288,313	5,973,938	8,262,251
Capital assets:			
Non-depreciable			
Land	4,413,000	-	4,413,000
Construction in progress	-	5,917,179	5,917,179
Depreciable, net of accumulated depreciation			
Buildings and building improvements	6,287,421	-	6,287,421
Equipment	147,300	-	147,300
	<i>Net Capital Assets</i>	5,917,179	16,764,900
	<i>Total Assets</i>	\$ 12,372,713	\$ 25,774,876
LIABILITIES			
Accounts payable	\$ 29,432	\$ 925,838	\$ 955,270
Due to other funds	1,885,547	2,087,827	3,973,374
Security deposits	197,708	-	197,708
Unearned revenue	19,854	-	19,854
Accrued interest payable	62,116	-	62,116
Accrued compensated absences	7,013	-	7,013
Noncurrent liabilities:			
Due within one year	311,000	119,000	430,000
Due after one year	6,859,834	8,483,000	15,342,834
	<i>Total Liabilities</i>	11,615,665	20,988,169
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	-	-	-
	<i>Total Deferred Inflows of Resources</i>	-	-
NET POSITION			
Net investment in capital assets	3,676,887	(2,684,821)	992,066
Restricted for debt service	2,288,313	5,973,938	8,262,251
Unrestricted (deficit)	(1,935,541)	(2,532,069)	(4,467,610)
	<i>Total Net Position</i>	\$ 757,048	\$ 4,786,707

See accompanying notes.

TOWN OF TELLURIDE
 COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 BUDGET TO ACTUAL – THA FUND
 For the year ended December 31, 2017

	Shandoka Fund				Virginia Placer Fund				
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	Total Actual
OPERATING REVENUES									
Charges for sales and services	\$ 1,769,448	\$ 1,769,448	\$ 1,767,952	\$ (1,496)	\$ -	\$ -	\$ -	\$ -	\$ 1,767,952
Miscellaneous	84,300	84,300	91,659	7,359	-	-	338,498	338,498	430,157
<i>Total Operating Revenues</i>	<u>1,853,748</u>	<u>1,853,748</u>	<u>1,859,611</u>	<u>5,863</u>	<u>-</u>	<u>-</u>	<u>338,498</u>	<u>338,498</u>	<u>2,198,109</u>
OPERATING EXPENSES									
Costs of sales and service	1,163,925	1,163,925	815,743	348,182	-	-	-	-	815,743
Capital outlay	-	-	85,601	(85,601)	-	-	5,917,179	5,917,179	6,002,780
Debt service:									
Principal	335,182	335,182	298,000	37,182	-	-	-	-	298,000
Interest	406,749	406,749	404,006	2,743	-	-	80,943	80,943	484,949
<i>Total Operating Expenses</i>	<u>1,905,856</u>	<u>1,905,856</u>	<u>1,603,350</u>	<u>302,506</u>	<u>-</u>	<u>-</u>	<u>5,998,122</u>	<u>5,998,122</u>	<u>7,601,472</u>
<i>Operating Income (Loss)</i>	<u>(52,108)</u>	<u>(52,108)</u>	<u>256,261</u>	<u>308,369</u>	<u>-</u>	<u>-</u>	<u>(5,659,624)</u>	<u>(5,659,624)</u>	<u>(5,403,363)</u>
NON-OPERATING REVENUES (EXPENSES)									
Investment earnings	1,400	1,400	4,054	2,654	-	-	7,557	7,557	11,611
Proceeds from issuance of long-term debt	-	-	-	-	-	-	8,602,000	8,602,000	8,602,000
Bond issuance costs	-	-	-	-	-	-	(140,064)	(140,064)	(140,064)
Transfers out	(140,328)	(140,328)	(140,328)	-	-	-	-	-	(140,328)
<i>Total Non-operating Revenues (Expenses)</i>	<u>(138,928)</u>	<u>(138,928)</u>	<u>(136,274)</u>	<u>2,654</u>	<u>-</u>	<u>-</u>	<u>8,469,493</u>	<u>8,469,493</u>	<u>8,333,219</u>
<i>Change in Net Position - Budgetary Basis</i>	<u>\$ (191,036)</u>	<u>\$ (191,036)</u>	<u>119,987</u>	<u>\$ 311,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,809,869</u>	<u>\$ 2,809,869</u>	<u>2,929,856</u>
Capital outlay			85,601				5,917,179		6,002,780
Depreciation expense			(316,711)				-		(316,711)
Proceeds from issuance of long-term debt			-				(8,602,000)		(8,602,000)
Debt service principal			298,000				-		298,000
<i>Change in Net Position - GAAP Basis</i>			<u>186,877</u>				<u>125,048</u>		<u>311,925</u>
Net Position - January 1			<u>3,842,782</u>				<u>632,000</u>		<u>4,474,782</u>
Net Position - December 31			<u>\$ 4,029,659</u>				<u>\$ 757,048</u>		<u>\$ 4,786,707</u>

See accompanying notes.

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Telleride
		YEAR ENDING : December 2017
This Information From The Records Of the Town of Telluride	Prepared By: Phone:	Michael Rodriguez (970) 728-2152

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	430,470
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	892,767
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	151,307
2. General fund appropriations	1,493,588	b. Snow and ice removal	232,206
3. Other local imposts (from page 2)	542,984	c. Other	
4. Miscellaneous local receipts (from page 2)	4,851	d. Total (a. through c.)	383,513
5. Transfers from toll facilities		4. General administration & miscellaneous	264,433
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	149,026
a. Bonds - Original Issues		6. Total (1 through 5)	2,120,209
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	2,041,423	b. Redemption	0
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	78,786	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,120,209	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	2,120,209

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	2,120,209	2,120,209	0	(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2017	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	0	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	4,851
1. Sales Taxes	275,427	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	239,948	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	27,609	g. Other Misc. Receipts	
6. Total (1. through 5.)	542,984	h. Other	
c. Total (a. + b.)	542,984	i. Total (a. through h.)	4,851
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	70,365	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	8,420	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	8,420	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	78,785	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		430,470	430,470
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		0	430,470
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	430,470
			(Carry forward to page 1)
Notes and Comments:			