

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

December 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

June 29, 2020

Honorable Mayor and Town Council  
Town of Telluride, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Telluride, Colorado (the Town), as of and for the year ended December 31, 2019, 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, 2019, 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.



## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–13 and 48–51 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's basic financial statements. The non-major governmental fund budget to actual schedules, the proprietary fund budgetary schedules, the combining statements for the general fund and THA, and the local highway finance report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information listed above and in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above identified supplementary information is fairly stated in all material respects, in relation to the basic financial statement as a whole.

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

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

## TOWN OF TELLURIDE

### MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

#### Required Supplementary Information

December 31, 2019

As management of the Town of Telluride, we offer readers the Town of Telluride's Financial Statements. This narrative overview and analysis of the financial activities of the Town is for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the Town of Telluride.

#### **A. FINANCIAL HIGHLIGHTS**

- Telluride's assets exceeded its liabilities by \$129,297,418 (i.e., net position) at the close of 2019 fiscal year, an increase of \$5,019,987 compared to 2018.
- Governmental funds reported combined ending fund balances of \$17,082,227 an increase of \$719,859 compared to 2018.
- Telluride's fund balance for the General Fund was \$5,801,360, an increase of \$188,853 compared to 2018.
- Telluride's general fund balance includes a restricted three percent emergency reserve of \$703,525, as required by Colorado state statute (TABOR), assigned \$27,366 and the unassigned fund balance of \$5,070,469.
- The Town's General Fund policy, as stated in the 2019 budget, is to have a minimum fund balance equal to at least 30 percent of the General Fund appropriations net of transfers, with a goal of a 20 percent balance. The 30 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 of Telluride'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 affordable housing activities.

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 and Affordable Housing Fund. 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, parking, 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 2019, total net position was \$129,297,418, an increase of \$5,019,987 from prior year. The largest portion of net position is the net investment in capital assets (net of related debt) of \$108,596,741. 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 2019 and 2018.

**STATEMENT OF NET POSITION**

Town of Telluride, Colorado  
December 31, 2019  
Statement of Net Position

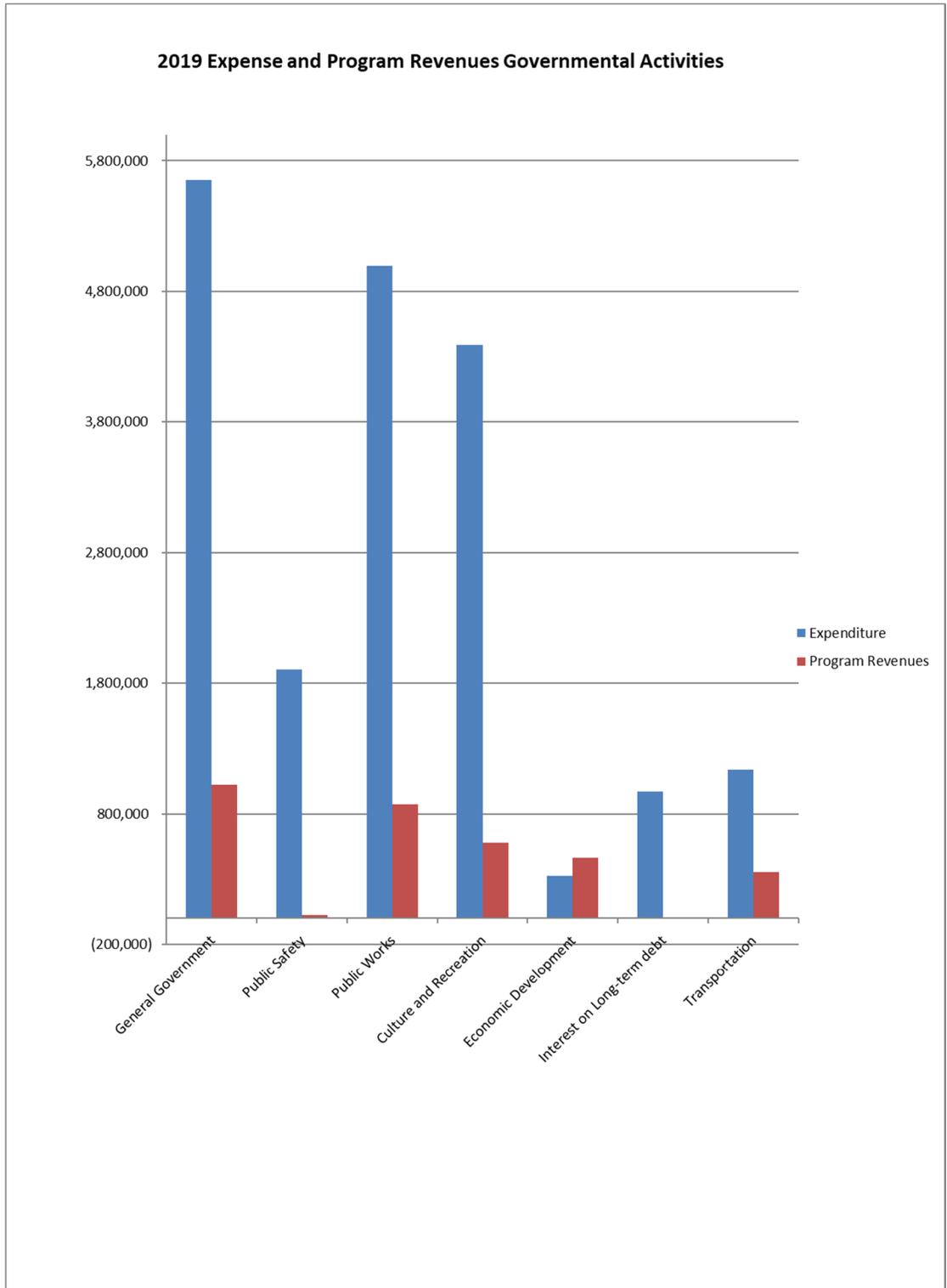
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and other assets	\$ 23,904,270	\$ 19,152,533	\$ (1,628,428)	\$ 1,508,428	\$ 22,275,842	\$ 20,660,961
Capital assets	103,639,284	103,246,178	55,454,888	51,023,402	159,094,172	154,269,580
Other Assets	116,981	116,981	6,226,874	5,004,679	6,343,855	5,121,660
<b>Total assets</b>	<b>127,660,535</b>	<b>122,515,692</b>	<b>60,053,334</b>	<b>57,536,509</b>	<b>187,713,869</b>	<b>180,052,201</b>
<b>Liabilities</b>						
Current liabilities	8,433,564	2,569,003	2,814,992	4,005,607	11,248,556	6,574,610
Non-current Liabilities:						
Due within one year	298,293	266,374	43,259	44,229	341,552	310,603
Due in more than one year	17,220,857	17,581,233	27,583,678	29,322,578	44,804,535	46,903,811
<b>Total liabilities</b>	<b>25,952,714</b>	<b>20,416,610</b>	<b>30,441,929</b>	<b>33,372,414</b>	<b>56,394,643</b>	<b>53,789,024</b>
<b>Deferred Inflows</b>						
Property taxes	1,383,546	772,133	638,262	1,213,613	2,021,808	1,985,746
<b>Total Deferred Inflows</b>	<b>1,383,546</b>	<b>772,133</b>	<b>638,262</b>	<b>1,213,613</b>	<b>2,021,808</b>	<b>1,985,746</b>
Net Position:						
Net Investment in capital assets, net of related debt	81,510,409	84,928,694	27,086,332	21,335,560	108,596,741	106,264,254
Restricted	8,037,158	8,483,904	6,226,874	5,004,679	14,264,032	13,488,583
Unrestricted	10,776,708	7,914,351	(4,340,063)	(3,389,757)	6,436,645	4,524,594
<b>Total net position</b>	<b>100,324,275</b>	<b>101,326,949</b>	<b>28,973,143</b>	<b>22,950,482</b>	<b>129,297,418</b>	<b>124,277,431</b>

**Changes in net position.** Governmental and business-type activities increased the Town's net position by \$5,019,987 in 2019.

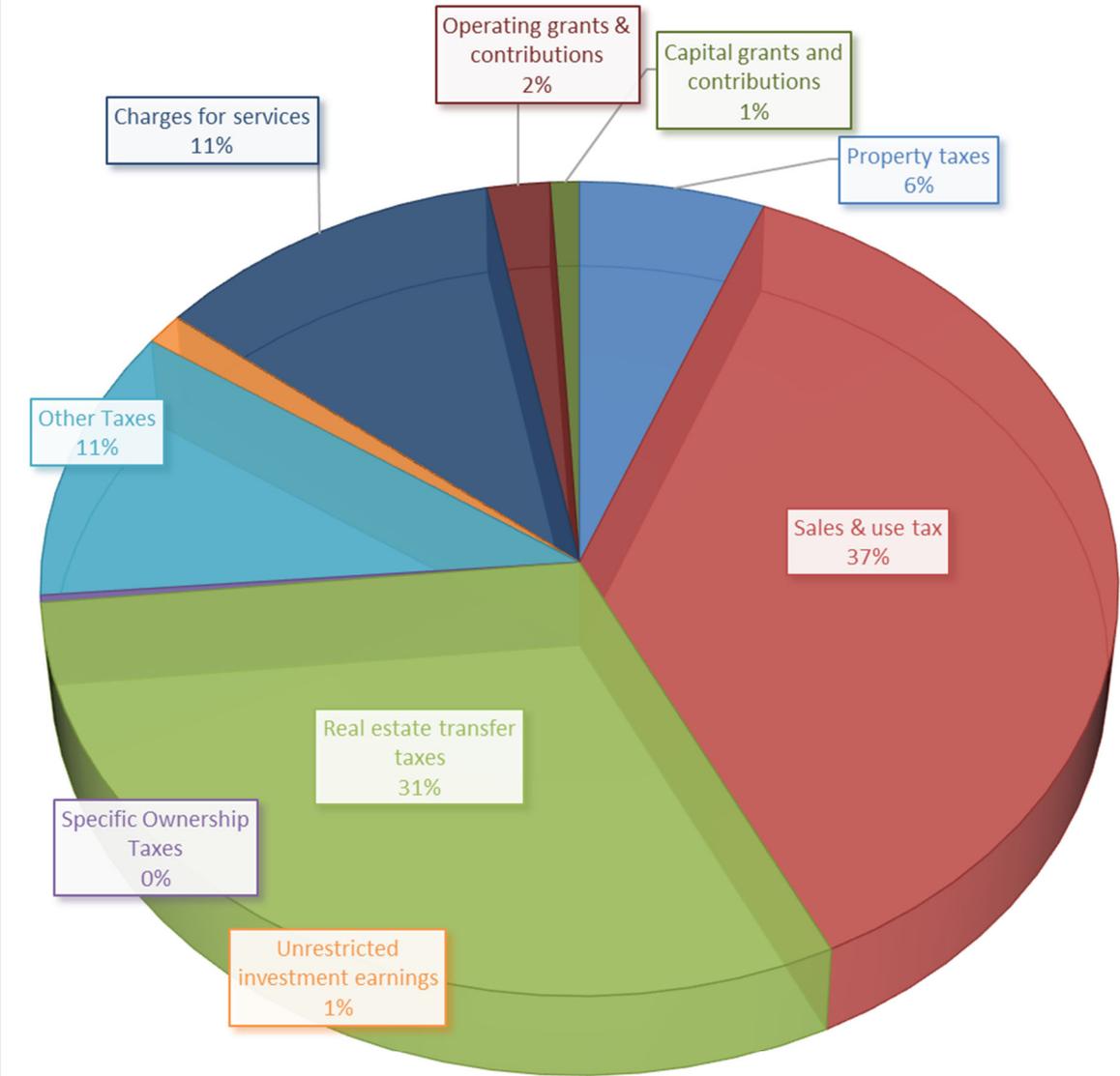
The Telluride Housing Authority (THA) provides housing for employees who work within the boundaries of the Telluride R-1 School District. This includes the Shandoka Apartments and Virginia Placer units. THA is presented as a blended component unit because the members of the Town Council sit as the THA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

Town of Telluride, Colorado December 31, 2019 Changes in Net Position					
	Governmental Activities		Business-type Activities		Total
	2019	2018	2019	2018	
<b>REVENUES</b>					
<b>Program revenues</b>					
Charges for services	\$ 2,596,940	\$ 2,875,427	\$ 6,441,730	\$ 5,004,785	\$ 9,038,670
Operating grants and contributions	464,976	750,001	652,515	600,091	1,117,491
Capital grants and contributions	214,764	288,899	27,391	217,147	242,155
<b>General Revenues</b>					
Property taxes	1,368,878	713,134	651,624	589,517	2,020,502
Other taxes	18,415,756	16,247,222	-	-	18,415,756
Grants and contributions not restricted to specific programs	-	-	-	-	-
Grants restricted to specific programs	(1,299,155)	360,556	763,260	1,055,586	(535,895)
Other	-	-	-	-	-
Debt	-	-	-	-	-
Transfers	(3,838,468)	(847,955)	3,838,468	847,955	-
<b>Total revenues</b>	<b>17,923,691</b>	<b>20,387,284</b>	<b>12,374,988</b>	<b>8,315,081</b>	<b>30,298,679</b>
<b>EXPENSES</b>					
General Government	5,650,993	5,032,735	702,861	177,430	6,353,854
Public Safety	1,902,688	1,870,006	-	-	1,902,688
Public Works	4,997,963	6,019,642	3,355,180	3,936,123	8,353,143
Culture and Recreation	4,389,571	2,135,665	-	-	4,389,571
Economic Development	322,620	987,524	-	-	322,620
Transportation	1,138,382	1,130,552	-	-	1,138,382
Housing	-	-	2,294,287	2,108,537	2,294,287
Interest on Long-term debt	968,148	800,893	-	-	968,148
<b>Total Expenses</b>	<b>19,370,365</b>	<b>17,977,017</b>	<b>6,352,328</b>	<b>6,222,090</b>	<b>25,722,693</b>
Change in net position	(1,446,674)	2,410,267	6,022,660	2,092,991	4,575,986
Beginning net position - previous reported	101,326,949	98,494,282	22,950,483	20,434,259	124,277,432
Prior Period Adjustments	444,000	422,401	-	423,232	444,000
Classification Adjustments	-	-	-	-	-
Net Position - beginning as restated	101,770,949	98,916,683	22,950,483	20,857,491	124,721,432
Ending net position	\$ 100,324,275	\$ 101,326,950	\$ 28,973,143	\$ 22,950,482	\$ 129,297,418
					<b>\$ 124,277,432</b>

**Governmental activities.** Governmental activities decreased Telluride’s net position by \$1,002,674 thereby accounting for a decrease in assets.



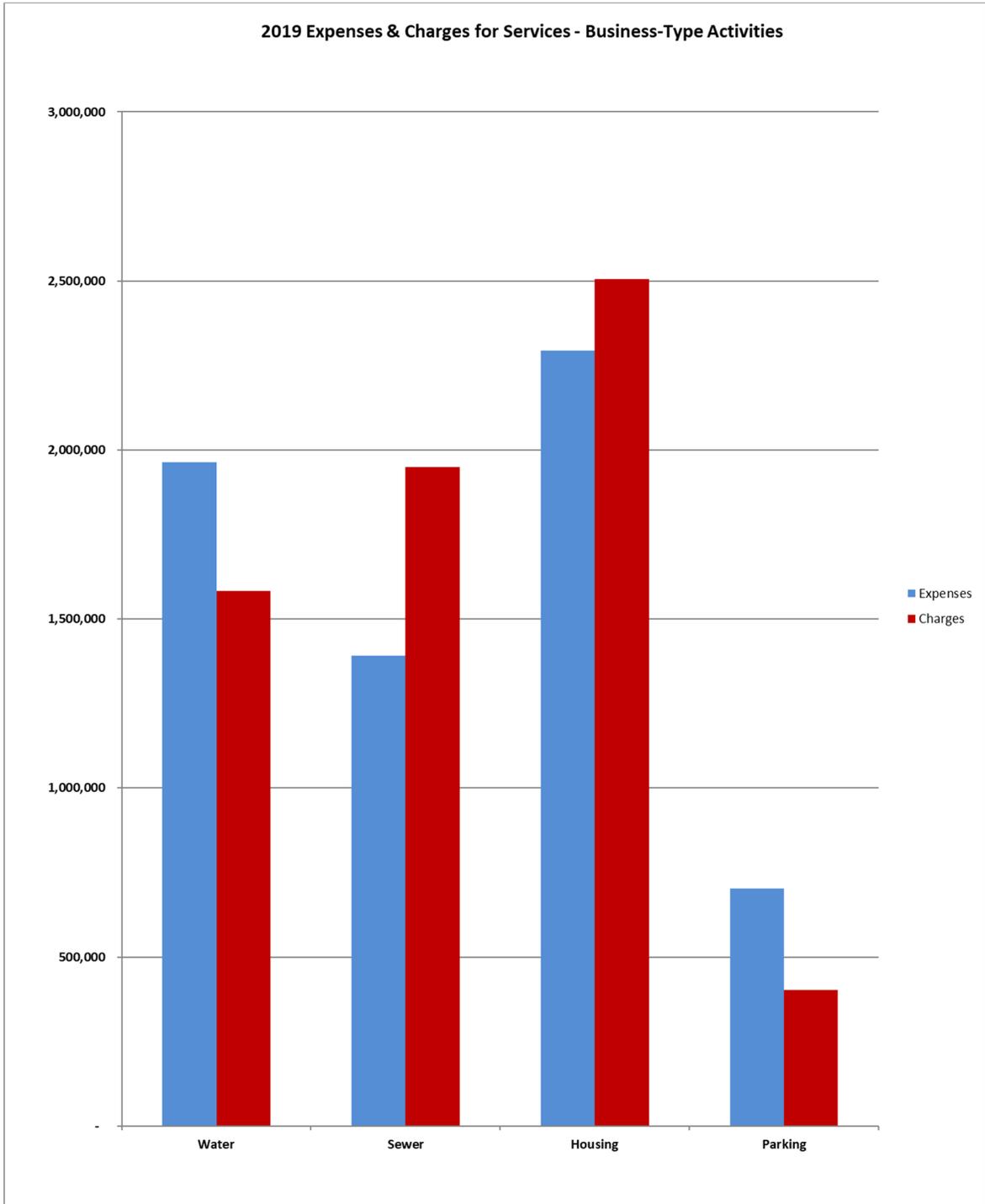
# 2019 REVENUES BY SOURCE GOVERNMENTAL ACTIVATES



Real estate transfer tax increased in 2019 by 18.5 percent from 2018.  
Sales and use taxes increased by 10.5 percent in 2019 from 2018.

**Business activities.** Business-type activities for the year resulted in an increase in net position of \$6,022,661 compared to 2018.

Charges for services accounted for 87 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 governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of 2019, the Town's governmental funds reported combined ending fund balances of \$17,082,227, an increase of \$719,859 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 of Telluride. At the end of 2019, unassigned fund balance of the General Fund was \$5,070,469. The required Colorado TABOR emergency reserve balance was \$703,525 and an assigned balance of \$27,366 for a total fund balance of \$5,801,360. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The fund balance of the Town's General Fund increased by \$188,853 during 2019.

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 2019, the Capital Improvement Fund balance was the same as the assigned balance of \$4,019,706. The Capital Improvement Fund balance increased by \$1,507,355 during 2019.

The Debt Service Fund had a total fund balance of \$401 at the end of 2019, all of which is restricted for debt service.

The Open Space Fund had a total restricted fund balance of \$6,470,739 at the end of 2019. 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 \$822,178.

The Affordable Housing Fund had a total deficit fund balance of \$328,275 at the end of 2019. The fund balance decreased by \$1,493,435 from the prior year. The fund revenue is derived primarily from a one-half (½) percent sales and use tax and a property tax mil levy 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 of Telluride’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 2019 amounted to \$28,973,143 (Water Fund is \$11,920,542, Sewer Fund is \$6,706,616, THA Fund is \$4,852,197 and Parking Fund is \$5,493,788). Total net position increased by \$5,995,270 (Water Fund increased by \$972,267, Sewer Fund increased by \$1,258,745, THA increased by \$111,920, Parking Fund increased by \$3,679,729).

**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 \$839,878. The increase in appropriations is a result of the increase in available fund balance at the end of 2018 which was more than the amount projected during the 2019 budget approval process.

**F. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The Town’s total capital assets for governmental activities in 2019 was \$108,596,741. This represents an increase of \$5,350,563. The Town’s total capital assets for business-type activities in 2019 was \$55,454,888, an increase of \$4,431,486.

**Long-term debt.** At the end of 2019, long-term liabilities totaled \$45,146,087.

**G. ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES**

- The Town of Telluride continues to maintain reserves at levels higher than required in the Town’s budget policy.
- Dollar value of real estate sales increased in 2019 resulting in an increase of 18.5 percent in real estate transfer tax revenues from 2018.
- Due to the COVID crisis 2020 sales tax revenues are projected to decrease from the 2019 year-end actual.

- In 2020, the town will continue construction of an addition to the Hanley Pavilion. As well as continue the design process for the Sunnyside affordable housing project in conjunction with the County.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Telluride'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

## Town of Telluride, Colorado

## STATEMENT OF NET POSITION

December 31, 2019

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 3,028,215	\$ 443,956	\$ 3,472,171
Investments	12,652,662	-	12,652,662
Receivables			
Taxes	1,383,545	638,262	2,021,807
Accounts	505,698	543,995	1,049,693
Intergovernmental	282,122	289,405	571,527
Inventory held for sale	2,480,591	-	2,480,591
Internal balances	3,544,047	(3,544,046)	1
<b>TOTAL CURRENT ASSETS</b>	<b>23,876,880</b>	<b>(1,628,428)</b>	<b>22,248,452</b>
<b>CAPITAL ASSETS</b>			
Land	69,758,317	4,721,011	74,479,328
Construction in progress	935,051	3,423,848	4,358,899
Buildings and systems	11,861,556	31,289,584	43,151,140
Treatment plants and systems - Improvements	12,328,783	38,794,406	51,123,189
Equipment	5,570,133	934,748	6,504,881
Infrastructure	35,612,548	-	35,612,548
Accumulated depreciation	(32,427,104)	(23,708,709)	(56,135,813)
<b>NET CAPITAL ASSETS</b>	<b>103,639,284</b>	<b>55,454,888</b>	<b>159,094,172</b>
<b>NON-CURRENT ASSETS</b>			
Notes receivable	116,981	-	116,981
Restricted cash and investments	-	6,226,874	6,226,874
<b>TOTAL NON-CURRENT ASSETS</b>	<b>116,981</b>	<b>6,226,874</b>	<b>6,343,855</b>
<b>TOTAL ASSETS</b>	<b>127,633,145</b>	<b>60,053,334</b>	<b>187,686,479</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and other liabilities	2,629,818	1,147,776	3,777,594
Accrued interest payable	78,355	108,283	186,638
Deposits	499,626	-	499,626
Unearned revenue	290,356	21,053	311,409
Current portion of long-term debt	4,908,018	1,537,880	6,445,898
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,406,173</b>	<b>2,814,992</b>	<b>11,221,165</b>
<b>LONG-TERM LIABILITIES</b>			
Compensated absences	298,293	43,259	341,552
Long-term debt	17,220,857	27,583,678	44,804,535
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>17,519,150</b>	<b>27,626,937</b>	<b>45,146,087</b>
<b>TOTAL LIABILITIES</b>	<b>25,925,323</b>	<b>30,441,929</b>	<b>56,367,252</b>
<b>DEFERRED INFLOWS</b>			
Property taxes	1,383,546	638,262	2,021,808
<b>TOTAL DEFERRED INFLOWS</b>	<b>1,383,546</b>	<b>638,262</b>	<b>2,021,808</b>
<b>NET POSITION</b>			
Net investment in capital assets	81,510,409	27,086,332	108,596,741
Restricted for:			
Parks and open space	6,570,957	-	6,570,957
Affordable Housing	-	-	-
Energy mitigation	762,275	-	762,275
Debt service	401	6,226,874	6,227,275
Emergency reserve	703,525	-	703,525
Unrestricted	10,776,708	(4,340,063)	6,436,645
<b>TOTAL NET POSITION</b>	<b>\$ 100,324,275</b>	<b>\$ 28,973,143</b>	<b>\$ 129,297,418</b>

See notes to the basic financial statements.

Town of Telluride, Colorado

STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

Function/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
<b>Government Activities</b>							
General government	\$ 5,650,992	\$ 896,377	\$ 84,013	\$ 4,222	\$ (4,666,380)	\$ -	\$ (4,666,380)
Public safety	1,902,688	23,129	-	-	(1,879,559)	-	(1,879,559)
Public works	4,997,963	666,076	27,474	181,568	(4,122,845)	-	(4,122,845)
Culture and recreation	4,389,571	549,038	312	28,974	(3,811,247)	-	(3,811,247)
Economic development	322,620	462,320	-	-	139,700	-	139,700
Transportation	1,138,382	-	353,177	-	(785,205)	-	(785,205)
Interest on long-term debt	968,148	-	-	-	(968,148)	-	(968,148)
<b>Total government activities</b>	<b>19,370,365</b>	<b>2,596,940</b>	<b>464,976</b>	<b>214,764</b>	<b>(16,093,685)</b>	<b>-</b>	<b>(16,093,685)</b>
<b>Business-type Activities</b>							
Water operations	1,963,261	1,583,037	-	27,391	-	(352,833)	(352,833)
Sewer operations	1,391,919	1,950,129	652,515	-	-	1,210,725	1,210,725
Housing	2,294,287	2,505,827	-	-	-	211,540	211,540
Parking	702,861	402,737	-	-	-	(300,124)	(300,124)
<b>Total business-type activities</b>	<b>6,352,328</b>	<b>6,441,730</b>	<b>652,515</b>	<b>27,391</b>	<b>-</b>	<b>769,308</b>	<b>769,308</b>
<b>Total primary government</b>	<b>\$ 25,722,693</b>	<b>\$ 9,038,670</b>	<b>\$ 1,117,491</b>	<b>\$ 242,155</b>	<b>(16,093,685)</b>	<b>769,308</b>	<b>(15,324,377)</b>
<b>General Revenues:</b>							
					1,368,878	651,624	2,020,502
					67,001	-	67,001
					8,490,909	-	8,490,909
					273,287	-	273,287
					7,079,443	-	7,079,443
					1,651,025	-	1,651,025
					273,312	-	273,312
					580,779	-	580,779
					-	583,843	583,843
					-	110,123	110,123
					283,615	69,294	352,909
					(3,838,468)	3,838,468	-
					(1,582,770)	-	(1,582,770)
					<u>14,647,011</u>	<u>5,253,352</u>	<u>21,483,133</u>
					(1,446,674)	6,022,660	4,575,986
					101,326,949	22,950,483	124,277,432
					444,000	-	444,000
					<u>101,770,949</u>	<u>22,950,483</u>	<u>124,721,432</u>
					<u>\$ 100,324,275</u>	<u>\$ 28,973,143</u>	<u>\$ 129,297,418</u>

See notes to the basic financial statements.

Town of Telluride, Colorado

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2019

	General	Capital Improvement	Open Space	Affordable Housing	Block 23 Housing Corp.	Other Governmental Funds	Total
<b>ASSETS</b>							
Cash	\$ 2,897,894	\$ -	\$ 14,155	4,746	\$ 111,420	\$ -	\$ 3,028,215
Investments	7,934,641	1,377,744	1,844,223	1,496,057	-	-	12,652,665
Receivables							
Taxes	756,950	-	-	626,595	-	-	1,383,545
Accounts	131,284	-	-	374,096	-	318	505,698
Notes	-	116,981	-	-	-	-	116,981
Intergovernmental	112,722	168,627	-	-	-	-	281,349
Due from other funds	26,179	3,158,172	4,661,297	-	-	1,247,319	9,092,967
Total assets	11,859,670	4,821,524	6,519,675	2,501,494	111,420	1,247,637	27,061,420
<b>LIABILITIES</b>							
Accounts payable	540,092	684,836	48,936	398,938	76,784	163,576	1,913,162
Due to other funds	3,978,720	-	-	1,570,266	-	-	5,548,986
Deposits	492,192	-	-	7,434	-	-	499,626
Unearned revenue	290,356	-	-	-	-	-	290,356
Total liabilities	5,301,360	684,836	48,936	1,976,638	76,784	163,576	8,252,130
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred for long-term receivables	-	116,981	-	226,536	-	-	343,517
Deferred property taxes	756,950	-	-	626,595	-	-	1,383,545
Total deferred inflows	756,950	116,981	-	853,131	-	-	1,727,062
<b>FUND BALANCE</b>							
Restricted							
Emergency reserve	703,525	-	-	-	-	-	703,525
Open space	-	-	6,470,739	-	-	100,218	6,570,957
Affordable housing	-	-	-	-	-	-	-
Energy mitigation	-	-	-	-	-	762,275	762,275
Debt service	-	-	-	-	-	401	401
Culture and recreation	-	-	-	-	-	138,734	138,734
Assigned							
Affordable housing	-	-	-	-	34,636	-	34,636
Transportation	27,366	-	-	-	-	-	27,366
Capital projects	-	4,019,706	-	-	-	82,433	4,102,139
Unassigned	5,070,469	-	-	(328,275)	-	-	4,742,194
Total fund balance	\$ 5,801,360	\$ 4,019,706	\$ 6,470,739	\$ (328,275)	\$ 34,636	\$ 1,084,061	\$ 17,082,227

Town of Telluride, Colorado

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position

December 31, 2019

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

Total fund balance - governmental funds		\$ 17,082,227
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the funds		
Cost	\$ 136,066,388	
Accumulated depreciation	<u>(32,427,104)</u>	
		103,639,284
Deferred inflows of resources related to long-term receivables are not available to pay for current-period expenditures, and therefore, are not recorded in the funds.		344,352
Housing available for sale is expensed in the funds but capitalized and recognized as an asset in the statement of net position.		2,480,591
Retainage is recognized in the funds when it is due and payable but is recognized in the government wide statements when accrued.		(716,656)
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	(7,195,000)	
2010 Certificates of participation	(7,275,000)	
2009 Sales and Use tax bonds	(1,964,163)	
2013 Certificates of participation	(281,442)	
Block 23 Note Payable	(3,776,963)	
Owner financed loan	(1,460,800)	
Unamortized premium on 2010 excise tax refunding bonds	(163,412)	
Unamortized premium on 2010 certificates of participation	(12,095)	
Accrued interest payable	(78,355)	
Compensated absences	<u>(298,293)</u>	
		<u>(22,505,523)</u>
Total governmental activities net position		<u>\$ 100,324,275</u>

Town of Telluride, Colorado  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

Year Ended December 31, 2019

	General	Capital Improvement	Open Space	Affordable Housing	Block 23 Housing Corp.	Other Governmental Funds	Total
<b>REVENUES</b>							
Taxes	\$ 7,408,282	\$ 5,663,554	\$ 3,081,870	\$ 1,508,211	\$ -	\$ 1,651,025	\$ 19,312,942
Licenses and permits	812,373	-	102,113	-	-	-	914,486
Intergovernmental	778,683	181,568	-	-	-	28,950	989,201
Charges for services	1,119,361	-	-	425,927	16,740	78,787	1,640,815
Fines and forfeitures	98,204	-	-	-	-	-	98,204
Donations	-	-	233	-	-	4,246	4,479
Investment earnings	209,791	-	39,135	34,615	32	-	283,573
Miscellaneous	56,604	37,615	79	49,781	3,008	60,032	207,119
<b>Total revenues</b>	<b>10,483,298</b>	<b>5,882,737</b>	<b>3,223,430</b>	<b>2,018,534</b>	<b>19,780</b>	<b>1,823,040</b>	<b>23,450,819</b>
<b>EXPENDITURES</b>							
<b>Current</b>							
General government	5,107,898	-	-	-	-	237,215	5,345,113
Public safety	1,837,325	-	-	-	-	-	1,837,325
Public works	1,608,983	-	-	-	-	1,958,184	3,567,167
Culture and recreation	2,218,988	-	1,113,258	-	-	109,304	3,441,550
Economic development	-	-	-	6,836,437	18	1,618,005	8,454,460
Transportation	975,974	-	-	-	-	-	975,974
Capital projects	-	1,892,632	-	-	6,510,278	-	8,402,910
Debt service							
Principal	-	-	575,000	501,057	3,425,270	14,490	4,515,817
Interest	-	-	682,994	274,881	-	12,887	970,762
Fees/issuance costs	-	-	-	500	-	-	500
<b>Total expenditures</b>	<b>11,749,168</b>	<b>1,892,632</b>	<b>2,371,252</b>	<b>7,612,875</b>	<b>9,935,566</b>	<b>3,950,085</b>	<b>37,511,578</b>
Revenues in excess (deficiency) of expenditures	(1,265,870)	3,990,105	852,178	(5,594,341)	(9,915,786)	(2,127,045)	(14,060,759)
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from debt issuance	-	-	-	-	6,510,278	-	6,510,278
Proceeds from sale of assets	-	8,877	-	4,116,105	3,423,101	-	7,548,083
Transfers in	1,501,791	-	-	22,799	-	1,838,220	3,362,810
Transfers out	(47,068)	(2,491,626)	(30,000)	(38,000)	-	(33,020)	(2,639,714)
<b>Total other financing sources (uses)</b>	<b>1,454,723</b>	<b>(2,482,749)</b>	<b>(30,000)</b>	<b>4,100,904</b>	<b>9,933,379</b>	<b>1,805,200</b>	<b>14,781,457</b>
Revenues and other sources in excess (deficiency) of expenditures and other sources (uses)	188,853	1,507,356	822,178	(1,493,437)	17,593	(321,845)	720,698
Fund balance, beginning	5,612,507	2,512,350	5,648,561	1,165,162	17,043	1,405,906	16,361,529
<b>Fund balance, ending</b>	<b>\$ 5,801,360</b>	<b>\$ 4,019,706</b>	<b>\$ 6,470,739</b>	<b>\$ (328,275)</b>	<b>\$ 34,636</b>	<b>\$ 1,084,061</b>	<b>\$ 17,082,227</b>

Town of Telluride, Colorado

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities

Year ended December 31, 2019

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

Net change in fund balances - total governmental funds	\$	720,698
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current year:</p>		
Capital outlays	\$	7,514,964
Transfers to business-type activities		-
Depreciation expense		(2,969,550)
		<u>4,545,414</u>
<p>The sale of an affordable housing unit in the funds is recognized as another financing source, however in the government-wide statements is it recognized net of the asset's cost as a gain.</p>		
Cost of housing available for sale		9,034,044
Proceeds of housing inventory sales		(7,548,083)
		<u>1,485,961</u>
The net effect of disposals of capital assets is a decrease net position		(1,582,770)
This is the amount of transfers of capital assets from governmental activities to business type activities during the year.		(4,561,564)
Revenues recognized in the funds related to long-term receivables were recognized at the time those revenues were earned in the government wide statements.		(40,217)
Issuance of long-term debt is recognized as a financing source in the funds but as additional long-term debt in the government wide statements.		(6,512,112)
<p>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.</p>		
Amortization of premiums on long-term debt		-
Debt principal payments		4,526,721
Decrease in accrued interest		3,114
Increase in compensated absences		(31,919)
		<u>4,497,916</u>
Change in net position of governmental activities	\$	<u>(1,446,674)</u>

Town of Telluride, Colorado

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

December 31, 2019

	Water	Sewer	THA	Parking	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ -	\$ -	\$ 262,966	\$ 180,990	\$ 443,956
Receivables					
Taxes	638,262	-	-	-	638,262
Accounts	240,658	283,938	17,391	2,008	543,995
Intergovernmental	-	289,405	-	-	289,405
Due from other funds	-	2,220,940	-	-	2,220,940
Total current assets	878,920	2,794,283	280,357	182,998	4,136,558
<b>NON-CURRENT ASSETS</b>					
Restricted cash and investments	753,002	-	5,268,641	205,231	6,226,874
Total noncurrent assets	753,002	-	5,268,641	205,231	6,226,874
<b>CAPITAL ASSETS</b>					
Land	-	308,011	4,413,000	-	4,721,011
Construction in progress	3,383,948	39,900	-	-	3,423,848
Buildings and building improvements	-	35,475	20,212,157	11,041,952	31,289,584
Treatment plants and systems	26,705,126	11,882,011	207,269	-	38,794,406
Equipment	299,534	414,935	220,279	-	934,748
Less accumulated depreciation	(8,267,931)	(8,684,483)	(6,329,945)	(426,350)	(23,708,709)
Net capital assets	22,120,677	3,995,849	18,722,760	10,615,602	55,454,888
Total assets	23,752,599	6,790,132	24,271,758	11,003,831	65,818,320
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	16,004	65,301	39,340	784,957	905,602
Due to other funds	743,116	-	4,271,784	750,086	5,764,986
Security deposits	-	-	242,174	-	242,174
Accrued interest payable	46,167	-	62,116	-	108,283
Unearned revenue	-	-	21,053	-	21,053
Current portion of long-term debt	704,880	-	599,000	234,000	1,537,880
Total current liabilities	1,510,167	65,301	5,235,467	1,769,043	8,579,978
<b>LONG TERM LIABILITIES</b>					
Compensated absences	9,950	18,215	15,094	-	43,259
Bonds payable	9,673,678	-	14,169,000	3,741,000	27,583,678
Total long-term liabilities	9,683,628	18,215	14,184,094	3,741,000	27,626,937
Total liabilities	11,193,795	83,516	19,419,561	5,510,043	36,206,915
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	638,262	-	-	-	638,262
Total deferred inflows of resources	638,262	-	-	-	638,262
<b>NET POSITION</b>					
Net investment in capital assets	12,495,121	3,995,849	3,954,760	6,640,602	27,086,332
Restricted for debt service	753,002	-	5,268,641	205,231	6,226,874
Unrestricted	(1,327,581)	2,710,767	(4,371,204)	(1,352,045)	(4,340,063)
Total net position	\$ 11,920,542	\$ 6,706,616	\$ 4,852,197	\$ 5,493,788	\$ 28,973,143

Town of Telluride, Colorado

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

For the Year Ended December 31, 2019

	Water	Sewer	THA	Parking	Total
<b>OPERATING REVENUES</b>					
Charges for sales and services	\$ 1,548,154	\$ 1,745,185	\$ 2,434,106	\$ 402,737	\$ 6,130,182
Miscellaneous	1,593	204,944	71,721	-	278,258
Meter sales	33,290	-	-	-	33,290
<b>Total operating revenues</b>	<b>1,583,037</b>	<b>1,950,129</b>	<b>2,505,827</b>	<b>402,737</b>	<b>6,441,730</b>
<b>OPERATING EXPENSES</b>					
Costs of sales and service	449,214	1,004,435	1,036,159	91,749	2,581,557
Depreciation	883,681	387,484	613,485	426,350	2,311,000
<b>Total operating expenses</b>	<b>1,332,895</b>	<b>1,391,919</b>	<b>1,649,644</b>	<b>518,099</b>	<b>4,892,557</b>
<b>Net income (loss) from operations</b>	<b>250,142</b>	<b>558,210</b>	<b>856,183</b>	<b>(115,362)</b>	<b>1,549,173</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Taxes	651,624	-	-	-	651,624
Investment earnings	20,464	-	48,680	150	69,294
Interest rebate, Build America Bonds	110,123	-	-	-	110,123
Capital reimbursement	27,391	-	-	-	27,391
Capital repairs and maintenance	(89,741)	-	-	-	(89,741)
Intergovernmental	-	652,515	-	-	652,515
Treasurer's fees	(12,424)	-	-	-	(12,424)
Interest expense	(528,201)	-	(644,643)	(184,762)	(1,357,606)
<b>Total non-operating revenues (expenses)</b>	<b>179,236</b>	<b>652,515</b>	<b>(595,963)</b>	<b>(184,612)</b>	<b>51,176</b>
<b>Net income (loss) before capital contributions and transfers</b>	<b>429,378</b>	<b>1,210,725</b>	<b>260,220</b>	<b>(299,974)</b>	<b>1,600,349</b>
Capital contributions - tap fees	248,424	335,419	-	-	583,843
Contributed capital assets	581,861	-	-	3,979,703	4,561,564
Transfers(out)	(287,398)	(287,398)	(148,300)	-	(723,096)
<b>Change in net position</b>	<b>972,265</b>	<b>1,258,746</b>	<b>111,920</b>	<b>3,679,729</b>	<b>6,022,660</b>
Net position, beginning	10,948,277	5,447,870	4,740,277	1,814,059	22,950,483
<b>Net position, ending</b>	<b>\$ 11,920,542</b>	<b>\$ 6,706,616</b>	<b>\$ 4,852,197</b>	<b>\$ 5,493,788</b>	<b>\$ 28,973,143</b>

Town of Telluride, Colorado

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended December 31, 2019

	Water	Sewer	THA	Parking	Total
Cash flows from operating activities:					
Charges for sales and services	\$ 1,907,312	\$ 1,784,574	\$ 2,389,755	\$ 756,841	\$ 6,838,482
Other receipts	-	204,944	71,721	-	276,665
Payments to employees	(153,573)	(474,997)	(412,995)	-	(1,041,565)
Payments to suppliers	(720,225)	(538,405)	(620,202)	(1,680,291)	(3,559,123)
Net cash provided by operating activities	1,033,514	976,116	1,428,279	(923,450)	2,514,459
Cash flows from non-capital financing activities:					
Interfund liability activity	(425,889)	(431,134)	1,395,296	1,031,511	1,569,784
Transfers from (to) other funds	(260,006)	(287,398)	(148,300)	-	(695,704)
Net cash provided (used) by non-capital financing activities	(685,895)	(718,532)	1,246,996	1,031,511	874,080
Cash flows from capital and related financing activities					
Taxes	651,624	-	-	-	651,624
Treasurer's fees	(12,424)	-	-	-	(12,424)
Tap fees	248,424	335,419	-	-	583,843
(Acquisition) and disposition of capital assets	(225,602)	(1,144,716)	(146,014)	(58,352)	(1,574,684)
Capital maintenance and repair	(89,741)	-	-	-	(89,741)
Intergovernmental	-	551,713	-	-	551,713
Principal payments on debt	(680,510)	-	(572,000)	(225,000)	(1,477,510)
Interest payments on debt	(528,201)	-	(644,643)	(184,762)	(1,357,606)
Interest rebate - Build America Bonds	110,123	-	-	-	110,123
Net cash provided (used) by capital and related financing activities	(526,307)	(257,584)	(1,362,657)	(468,114)	(2,614,662)
Cash flows from investing activities					
Investment income	20,464	-	48,680	150	69,294
Purchase of investments	-	-	(1,380,419)	-	(1,380,419)
Sale of investments	158,224	-	-	-	158,224
Net cash provided (used) by investing activities	178,688	-	(1,331,739)	150	(1,152,901)
Net increase (decrease) in cash and cash equivalents	-	-	(19,121)	(359,903)	(379,024)
Cash at beginning of year	-	-	282,087	540,893	822,980
Cash at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,966</u>	<u>\$ 180,990</u>	<u>\$ 443,956</u>

Town of Telluride, Colorado

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

Year Ended December 31, 2019

	<u>Water</u>	<u>Sewer</u>	<u>THA</u>	<u>Parking</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 250,143	\$ 571,729	\$ 856,183	\$ (115,362)	\$ 1,562,693
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	883,681	373,965	613,485	426,350	2,297,481
(Increase) decrease in accounts receivable	324,274	39,389	(4,269)	354,104	713,498
Increase (decrease) in accounts payable	(425,766)	-	(3,853)	(1,588,542)	(2,018,161)
Increase (decrease) in unearned revenue	-	-	(23,499)	-	(23,499)
Increase (decrease) in security deposits	-	-	(16,583)	-	(16,583)
Increase (decrease) in accrued liabilities	1,182	(8,967)	6,815	-	(970)
Total adjustments	<u>783,371</u>	<u>404,387</u>	<u>572,096</u>	<u>(808,088)</u>	<u>951,766</u>
Net cash provided by operating activities	<u>\$ 1,033,514</u>	<u>\$ 976,116</u>	<u>\$ 1,428,279</u>	<u>\$ (923,450)</u>	<u>\$ 2,514,459</u>
Reconciliation of cash flow statement to statement of net position					
Cash	\$ -	\$ -	\$ 262,966	\$ 180,990	\$ 443,956
Restricted cash and investments	<u>753,002</u>	<u>-</u>	<u>5,268,641</u>	<u>205,231</u>	<u>6,226,874</u>
	<u>\$ 753,002</u>	<u>\$ -</u>	<u>\$ 5,531,607</u>	<u>\$ 386,221</u>	<u>\$ 6,670,830</u>

NOTES TO FINANCIAL STATEMENTS

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**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 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 Unit

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 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 Corporation 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 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 of Telluride and San Miguel County. The board is comprised of two members from the Town of

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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Telluride 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 unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

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 not properly included among 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. 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, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

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

The Town reports the following major governmental funds:

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- *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 sub-fund 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 taxes.
- *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, and a 2 mil property tax levy 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:

- *Debt Service Fund* - accounts for special assessment debt service requirements, special assessment levies, general obligation debt service and lease purchase agreements.
- *Street and Alley Fund* - accounts for resources to be used for the acquisition and construction of major capital assets.
- *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.
- *Restricted Fund* – accounts for miscellaneous restricted fees and donations.

The Town reports the following major proprietary funds:

- *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 affordable housing units.

Town of Telluride, Colorado

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- *Sewer Fund* - accounts for the revenues from providing sewer services to Town residents as well as residents of several nearby communities and the expenses to provide those services.
- *Water Fund* - accounts for the revenues charged to constituents for water provided by the Town and the expenses to provide those services.
- *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 the 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 transaction 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 the 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 assets acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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Sales tax, use tax, franchise fees, grant revenues, and interest associated with the current fiscal period are 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.

**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 initial maturity of three months or less from date of acquisition.

**Investments**

Investments are stated at fair value based on 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.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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.

**Due to and Due from Other Funds**

Interfund receivables and payable 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 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.

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

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**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 one or more years, and for which the initial, individual value equals or exceeds the following dollar amounts:

<u>Asset Class</u>	<u>Minimum Dollar Value</u>
Land	No Minimum
Buildings	No Minimum
Building and Other Improvements	\$ 20,000
Furniture 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 cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized. Gains or losses on disposition 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:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings	40 years
Building and Other Improvements	15 years
Water and Sewer Systems	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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTES TO FINANCIAL STATEMENTS

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**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 fund types 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.

**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.

Town of Telluride, Colorado

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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. 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 of Telluride has implemented a policy to maintain a general fund balance of 30% of general fund appropriations excluding appropriations for grant expenditures. The 30% minimum includes the 3% reserve required by TABOR.

The Water fund, THA, the Parking fund all have negative unrestricted net assets which is a result of the large amount of debt for the assets held by those funds at December 31, 2019. The Affordable Housing fund also has a negative unassigned fund balance due to construction of housing units that had not full sold at December 31, 2019.

NOTES TO FINANCIAL STATEMENTS

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**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 10<sup>th</sup> day of the month following collection. Property taxes receivable represent 2018 taxes collectible in 2019 and are shown as 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.

**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

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

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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.
- Budget appropriations lapse at the end of each year.

Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (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 under generally accepted accounting principles is included in the Statement of Revenues, Expenses and Changes in Net Position – Enterprise Funds.

Block 23 Affordable Housing does not require a budget.

The Affordable Housing fund expenses exceeded budgeted appropriations by \$4,301,815. This may be a violation of State budget law. The increased expenses were for affordable housing units that are being resold by the Town. The Parking fund exceeded its budgeted appropriations by \$143,859.

NOTES TO FINANCIAL STATEMENTS

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**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 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, 2019, \$759,501 of the Town's deposits were covered under FDIC insurance and \$6,458,501 were collateralized under 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 counterparty to a transaction, a government will not be able to recover the value of the 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 governments may invest, which include the following investment with terms of five year 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, 2019, the Town had \$14,429,760 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 Commissioners. 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. 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

Town of Telluride, Colorado

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the custodial bank. The custodian’s internal records identify the investment 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](http://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 cash and investments held by the Town at December 31, 2019 is as follows:

Cash on hand	\$	1,430
Deposits:		
Cash in checking account(s)		2,127,079
Money market funds		5,783,937
Cash with county treasurer		9,501
	Total deposits	<u>7,920,517</u>
Investment pools		<u>14,429,760</u>
Total cash, deposits, and investments	\$	<u><u>22,351,707</u></u>

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

Cash and cash equivalents	\$	3,472,171
Investments		12,652,662
Restricted cash and investments		6,226,874
	\$	<u><u>22,351,707</u></u>

*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 investment are in public entity investment pools. These investments represent 65% of the Town’s total cash, deposits, and investments at December 31, 2019.

**NOTE D – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019 was as follows:

Town of Telluride, Colorado

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December 31, 2019

	Restated Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital Assets not being depreciated:					
Land	\$ 69,121,645	\$ 636,672	\$ -	\$ -	\$ 69,758,317
Construction in Progress	3,015,392	5,429,769	(2,860,177)	(4,649,933)	935,051
Total non-depreciable	<u>72,137,037</u>	<u>6,066,441</u>	<u>(2,860,177)</u>	<u>(4,649,933)</u>	<u>70,693,368</u>
Capital Assets being Depreciated:					
Buildings	12,009,206	66,847	(147,641)	(66,847)	11,861,565
Infrastructure	33,962,045	1,650,504	-	-	35,612,549
Equipment and Vehicles	5,050,500	565,268	(45,635)	-	5,570,133
Improvements	11,864,360	464,423	-	-	12,328,783
Total depreciable	<u>62,886,111</u>	<u>2,747,042</u>	<u>(193,276)</u>	<u>(66,847)</u>	<u>65,373,030</u>
Less Accumulated Depreciation:					
Buildings	(6,618,094)	(388,436)	3,782	-	(7,002,748)
Infrastructure	(17,812,951)	(1,379,482)	-	-	(19,192,433)
Equipment and Vehicles	(3,133,944)	(454,224)	45,635	-	(3,542,533)
Improvements	(1,941,982)	(747,408)	-	-	(2,689,390)
Total accumulated depreciation	<u>(29,506,971)</u>	<u>(2,969,550)</u>	<u>49,417</u>	<u>-</u>	<u>(32,427,104)</u>
Capital Assets being Depreciated, Net	<u>33,379,140</u>	<u>(222,508)</u>	<u>(143,859)</u>	<u>(66,847)</u>	<u>32,945,926</u>
Total Governmental Activities Net Capital Assets	<u>\$ 105,516,177</u>	<u>\$ 5,843,933</u>	<u>\$ (3,004,036)</u>	<u>\$ (4,716,780)</u>	<u>\$ 103,639,294</u>
<b>Business-Type Activities</b>					
Capital Assets not being depreciated:					
Land	\$ 4,721,011	\$ -	\$ -	\$ -	\$ 4,721,011
Construction in Progress	9,238,027	-	-	(5,814,179)	3,423,848
Total non-depreciable	<u>13,959,038</u>	<u>-</u>	<u>-</u>	<u>(5,814,179)</u>	<u>8,144,859</u>
Capital Assets being Depreciated:					
Treatment Plants and Systems	37,458,826	1,179,566	-	156,013	38,794,405
Buildings and Improvements	20,101,618	813,020	-	10,374,946	31,289,584
Equipment	901,629	33,120	-	-	934,749
Total depreciable	<u>58,462,073</u>	<u>2,025,706</u>	<u>-</u>	<u>10,530,959</u>	<u>71,018,738</u>
Less Accumulated Depreciation:					
Treatment Plants and Systems	(14,842,140)	(966,247)	-	-	(15,808,387)
Buildings and Improvements	(6,001,070)	(1,237,174)	-	-	(7,238,244)
Equipment	(554,199)	(107,879)	-	-	(662,078)
Total accumulated depreciation	<u>(21,397,409)</u>	<u>(2,311,300)</u>	<u>-</u>	<u>-</u>	<u>(23,708,709)</u>
Capital Assets being Depreciated, Net	<u>37,064,664</u>	<u>(285,594)</u>	<u>-</u>	<u>10,530,959</u>	<u>47,310,029</u>
Total Governmental Activities Net Capital Assets	<u>\$ 51,023,702</u>	<u>\$ (285,594)</u>	<u>\$ -</u>	<u>\$ 4,716,780</u>	<u>\$ 55,454,888</u>

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

Depreciation expense was charged to functions as follows:

<b><u>Governmental Activities</u></b>		<b><u>Business-type Activities</u></b>	
General Government	\$ 437,333	Water	\$ 883,681
Public Safety	64,998	Sewer	387,784
Public Works	1,516,458	THA	613,785
Parks and Recreation	822,900	Parking	<u>426,350</u>
Transportation	<u>127,861</u>	Total	<u>\$ 2,311,300</u>
	<u>\$ 2,969,550</u>		

**NOTE E – UNEARNED REVENUES AND DEFERRED INFLOWS**

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:

General Fund	
Business licenses	\$ <u>290,356</u>
Total General Fund	<u>\$ 290,356</u>

Deferred inflows are recognized in the funds for long term-receivables that will be collected outside of the period availability. These are as follows:

Capital Improvements Fund	
San Miguel Community Facilities	\$ 116,981
Total Capital Improvements Fund	<u>\$ 116,981</u>
Affordable Housing Fund	
Lot E Sale	\$ 226,536
Total Affordable Housing Fund	<u>\$ 226,536</u>

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE F – LONG-TERM LIABILITIES**

The following is a summary of long-term liability activity of the Town for the year ended December 31, 2019:

	Restated Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019	Due Within One Year
<b>Governmental Activities</b>					
Excise Tax Revenue Bonds					
Series 2010	\$ 7,485,000	\$ -	\$ (290,000)	\$ 7,195,000	\$ 300,000
Series 2010 Premium	173,601	-	(10,189)	163,412	10,189
Taxable Sales Tax Revenue Bonds:					
Series 2009	2,100,020	-	(135,857)	1,964,163	144,831
Certificates of Participation Series					
2010	7,560,000	-	(285,000)	7,275,000	295,000
Certificates of Participation Series					
2013	295,932	-	(14,490)	281,442	15,120
Premiums on certificates of participation	12,810	-	(715)	12,095	715
Block 23 Construction Note	690,121	6,512,112	(3,425,270)	3,776,963	3,776,963
Owner Financed Loan	1,826,000	-	(365,200)	1,460,800	365,200
Liabilities for Compensated Absences	266,374	31,919	-	298,293	-
Total	<u>\$ 20,409,858</u>	<u>\$ 6,544,031</u>	<u>\$(4,526,721)</u>	<u>\$ 22,427,168</u>	<u>\$ 4,908,018</u>
	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019	Due Within One Year
<b>Business-type Activities</b>					
General Obligation Bonds:					
Taxable GO Bonds Series 2010 B	\$ 6,615,000	\$ -	\$ (465,000)	\$ 6,150,000	\$ 480,000
Multifamily Housing Revenue Bonds, Series 2002	5,340,000	-	(265,000)	5,075,000	280,000
Multifamily Housing Revenue Bonds, Series 2003	1,517,000	-	(63,000)	1,454,000	67,000
Certificates of Participation Series					
2013	4,444,068	-	(215,510)	4,228,558	224,880
Series 2017 THA Virginia Placer Revenue Bond	8,483,000	-	(244,000)	8,239,000	252,000
Parking Revenue Bond Series 2018	4,200,000	-	(225,000)	3,975,000	234,000
Liabilities for Compensated Absences	44,228	-	(969)	43,259	-
Total	<u>\$ 30,643,296</u>	<u>\$ -</u>	<u>\$(1,478,479)</u>	<u>\$ 29,164,817</u>	<u>\$ 1,537,880</u>

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**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 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 \$269,435 in 2010 and \$270,186 thereafter 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>
2019	\$ 444,831	\$ 446,949	\$ 891,780
2020	464,398	428,382	892,780
2021	484,597	405,783	890,380
2022	510,470	382,110	892,580
2023	537,061	356,281	893,342
2024 - 2028	3,117,806	1,345,955	4,463,761
2029 - 2033	2,440,000	663,900	3,103,900
2034 - 2036	1,160,000	87,750	1,247,750
	<u>\$ 9,159,163</u>	<u>\$ 4,117,110</u>	<u>\$ 13,276,273</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 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% and is scheduled to mature in December 2036. Principal and interest are

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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>
2019	\$ 310,120	\$ 355,797	\$ 665,917
2020	320,750	344,077	664,827
2021	336,380	331,192	667,572
2022	347,325	317,679	665,004
2023	362,955	302,076	665,031
2024 - 2028	2,084,687	1,244,165	3,328,852
2029 - 2033	2,604,225	695,129	3,299,354
2034 - 2036	1,190,000	90,000	1,280,000
	<u>\$ 7,556,442</u>	<u>\$ 3,680,115</u>	<u>\$ 11,236,557</u>

Notes Payable

During the year ended December 31, 2018, Block 23 took out a construction loan to fund an affordable housing project, parking garage, and school for the arts with a total available line of credit of \$10,200,000. Interest payments are due monthly as they accrue and are assessed at a variable interest rate that ranged from 3.70% to 5.15% during 2019. The principal balance of the note and any accrued interest are due in full on November 15, 2020. The note is secured by deed of trust on the units being constructed. The outstanding balance on the note at December 31, 2019 was \$3,776,963.

Owner Financed Purchase

On December 21, 2018, the Town purchased real property to be used for affordable housing in Telluride. The purchase price of the property was \$2,270,000. The town paid \$444,000 and the owner financed \$1,826,000. The loan is structured like a year to year lease where each year either party may pull out of the agreement. Principal payments of \$365,000 plus interest are due annually beginning on December 1, 2019 with the last payment due on December 1, 2023. Interest accrued on the note at 1.95%. As part of the financing contract, the Town agreed to convey the land to Block 23 to be used for affordable housing.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 365,200	\$ 28,486	\$ 393,686
2021	365,200	21,364	386,564
2022	365,200	14,243	379,443
2023	365,200	7,121	372,321
	<u>\$ 1,460,800</u>	<u>\$ 71,214</u>	<u>\$ 1,532,014</u>

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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**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 include a net premium of \$51,343 that will be amortized over the life of the 2010A bonds.

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 sub fund 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 sub fund 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 revenue on the housing units. Annual principal and interest payments on the bonds are expected to require approximately 100% of pledged revenues.

During 2018, the Town issued the Series 2018 Parking Revenue Bonds as two term bonds with an aggregate amount of \$4,200,000. The Series 2018 bonds were issued to finance the construction of a parking garage and related facilities in Telluride.

Series 2018 Revenue Bonds require annual debt service payments of about \$410,000 including interest with interest rates of 4.21% on \$1,718,000 of bonds maturing on December 1, 2025 and 4.53% on bonds maturing on December 1, 2032. Pledged revenue represents the parking fees collected by the Town of Telluride. Annual principal and interest payments on the bonds are expected to require approximately 100% of pledged revenues.

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,313,000	\$ 1,095,506	\$ 2,408,506
2021	1,361,000	1,039,256	2,400,256
2022	5,601,000	980,028	6,581,028
2023	1,141,000	697,949	1,838,949
2024	2,265,000	676,240	2,941,240
2025 - 2029	6,119,000	2,383,930	8,502,930
2030 - 2034	3,644,000	870,489	4,514,489
2034 - 2035	3,449,000	203,553	3,652,553
	<u>\$24,893,000</u>	<u>\$ 7,946,951</u>	<u>\$32,839,951</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. \$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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 224,880	\$ 183,825	\$ 408,705
2021	234,250	174,043	408,293
2022	243,620	163,853	407,473
2023	257,675	153,256	410,931
2024	267,045	142,047	409,092
2025 - 2029	1,522,625	525,798	2,048,423
2030 - 2033	1,478,463	163,853	1,642,316
	<u>\$ 4,228,558</u>	<u>\$ 1,506,675</u>	<u>\$ 5,735,233</u>

**NOTE G – SHORT-TERM LIABILITIES**

During 2019, the Town acquired a short-term construction loan for \$6,500,000 to financial construction of 16 affordable housing units in the Town of Telluride. The interest rate on the loan was 3.49% and was due in full on December 31, 2019. The actual activity on the loan during 2019 was as follows:

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

	December 31, 2018	Additions	Reductions	December 31, 2019
Longwill Construction Loan	\$ -	\$ 3,735,760	\$(3,735,760)	\$ -

Total interest paid on the loan was \$38,701 and origination fees were \$16,250.

**NOTE H – RETIREMENT PLANS**

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

Both the employees and the Town contribute 11% upon hire and 12.5% after five years of the employee’s compensation. In 2019, the Town contributed \$83,549 to the plan.

For employees other than marshals, the Town has adopted the Town of Telluride Retirement Plan, created in accordance with the Internal Revenue Code Section 401. In this defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All full-time employees, excluding elected officials, are required to participate in the plan. The Town and employees contribute 3% of employee compensation upon hire, 5% after the 5-year anniversary and 6% after the 10-year anniversary. In 2019, the Town contributed \$191,714 to the plan.

The Town has adopted the Town of Telluride Executive Plan for the manager and attorney, in accordance with Internal Revenue Code Section 401. In this defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Town contributes 3% 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 2019, the Town contributed \$15,423 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 I – 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 four

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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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 2019 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
- 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 J – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to: torts; theft of, damage to and destruction of 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 \$40,000 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. The claims liability of \$131,503, reported in the General Fund at December 31, 2019 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 contribution 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.

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE K – 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 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 L – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of December 31, 2019, is as follows:

Interfund transfers:

	General	Affordable Housing	Street and Alley	Debt Service	Fund 22	Total Transfers Out
General	\$ -	\$ -	\$ -	\$ 4,986	\$ 42,082	\$ 47,068
Capital Improvement	700,474	-	1,791,152	-	-	2,491,626
Open Space	30,000	-	-	-	-	30,000
Affordable Housing	38,000	-	-	-	-	38,000
Airline Guarantee	33,020	-	-	-	-	33,020
Water	287,398	-	-	-	-	287,398
Sewer	287,398	-	-	-	-	287,398
THA	125,501	22,799	-	-	-	148,300
Total Transfers In	<u>\$ 1,501,791</u>	<u>\$ 22,799</u>	<u>\$ 1,791,152</u>	<u>\$ 4,986</u>	<u>\$ 42,082</u>	<u>\$3,362,810</u>

In the statement of activities, transfers between governmental activities and business type activities reflect capital assets that were originally purchased or constructed in governmental funds and then transferred to proprietary funds. The amount of these transfers during the year was \$4,561,564.

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

	Due from Other Funds	Due to Other Funds
General fund	\$ 26,179	\$ -
Capital improvement fund	3,185,562	-
Open space fund	4,661,297	-
Conservation trust fund	100,218	-
Airline guarantee fund	41,465	-
Energy mitigation fund	874,485	-
Street and Alley fund	92,334	-
Debt service fund	401	-
Fund 22	138,416	-
Sewer fund	2,220,940	-
Parking fund	-	750,086
General fund	-	3,978,654
Affordable housing fund	-	1,570,266
Water fund	-	770,507
THA fund	-	4,271,784
Total	<u>\$ 11,341,297</u>	<u>\$ 11,341,297</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 M – 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 N – 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. Until October 1, 2017, SMCF will pay interest on the principal balance of the loan at an annual rate of 2.5%. Beginning October

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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1, 2017, SMCF pays 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. No payments were received on this balance during 2019. The principal balance on the note receivable was \$116,981 at December 31, 2019.

**NOTE O – PRIOR PERIOD ADJUSTMENTS**

Capital assets and long-term debt are recognized as sources of funds and expenditures in the year of purchase, but in the statement of net position they are recognized as long term assets and liabilities. In December 2018, the Town of Telluride purchased a property in Telluride, Colorado to be used for an affordable housing project. The purchase was financed through an owner financed arrangement over five years. The land and associated loan were not recognized in the statement of net position or footnotes disclosures in the prior year. The prior period adjustment to recognize the effect this purchase had on net position in the prior year, is an addition to net position of \$444,000 which is reported in the statement of activities and brings restated net position from \$98,494,282 to \$98,938,282.

**NOTE P – SUBSEQUENT EVENTS**

On March 13, 2020, an emergency was declared for the COVID-19 pandemic. The State of Colorado subsequently declared a statewide emergency and enacted shutdown orders for significant portions of the economy, including ski resorts beginning March 15, 2020. At the time of the issuance of these financial statements, the full economic impact of the events surrounding the pandemic are unknown, but are expected to be significant.

REQUIRED SUPPLEMENTAL INFORMATION

Town of Telluride, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND AND RELATED SUB-FUND

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Taxes				
Sales taxes	\$ 6,361,411	\$ 7,098,112	\$ 5,681,120	\$(1,416,992)
Use taxes	400,500	400,500	316,550	(83,950)
Motor vehicle use taxes	220,000	220,000	167,989	(52,011)
Property taxes	709,050	811,688	667,167	(144,521)
Specific ownership tax	26,500	26,500	39,829	13,329
Penalties and interest on property tax	1,000	1,000	1,744	744
Franchise tax	240,000	240,000	273,287	33,287
Festival attendance tax	230,000	230,000	258,697	28,697
Occupation tax	4,000	4,000	1,899	(2,101)
	<u>8,192,461</u>	<u>9,031,800</u>	<u>7,408,282</u>	<u>(1,623,518)</u>
Licenses and permits				
Business licenses	462,100	522,600	437,915	(84,685)
Building licenses and permits	265,000	288,000	218,848	(69,152)
Other	243,290	243,290	155,610	(87,680)
	<u>970,390</u>	<u>1,053,890</u>	<u>812,373</u>	<u>(241,517)</u>
Intergovernmental				
State				
Mineral leasing	26,500	26,500	44,487	17,987
Highway users	66,972	66,972	85,048	18,076
Tobacco tax	14,500	14,500	14,012	(488)
Motor vehicle licenses	8,000	8,000	8,648	648
County				
Highway and streets	263,950	263,950	273,312	9,362
Other	451,563	451,563	353,176	(98,387)
	<u>831,485</u>	<u>831,485</u>	<u>778,683</u>	<u>(52,802)</u>
Charges for services				
General government	628,400	675,400	655,644	(19,756)
Public works	9,890	9,890	15,377	5,487
Parks and recreation fees	404,950	406,995	448,340	41,345
Transportation	-	-	-	-
	<u>1,043,240</u>	<u>1,092,285</u>	<u>1,119,361</u>	<u>27,076</u>
Fines and forfeitures	94,000	94,000	98,204	4,204
Investment earnings	150,000	150,000	209,791	59,791
Miscellaneous	33,691	49,739	56,604	6,865
Total revenues	<u>11,315,267</u>	<u>12,303,199</u>	<u>10,483,298</u>	<u>(1,819,901)</u>

Town of Telluride, Colorado

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

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Expenditures				
General government				
Council	217,740	217,740	219,357	(1,617)
Court	43,210	43,210	42,029	1,181
Manager	368,470	385,550	373,178	12,372
Finance	455,325	458,355	455,555	2,800
Town attorney	367,420	382,370	381,312	1,058
Clerk	347,310	347,310	331,386	15,924
Planning	246,360	246,360	203,304	43,056
Building division	343,230	343,230	314,564	28,666
General services	909,945	951,945	994,915	(42,970)
Administrative services	470,470	441,457	441,441	16
Building maintenance	328,420	348,420	390,535	(42,115)
Community support	311,780	311,780	311,780	-
Contract services	634,684	698,980	629,542	69,438
Salary reserve	19,000	19,000	19,000	-
	<u>5,063,364</u>	<u>5,195,707</u>	<u>5,107,898</u>	<u>87,809</u>
Public safety				
Law enforcement	1,912,335	1,919,535	1,837,325	82,210
Public works				
Roads and utility	1,083,820	1,083,820	1,043,283	40,537
Administration and engineering	593,620	593,620	565,700	27,920
	<u>1,677,440</u>	<u>1,677,440</u>	<u>1,608,983</u>	<u>68,457</u>
Culture and recreation				
Parks	841,890	841,890	797,394	44,496
Historic preservation	203,930	203,930	187,177	16,753
Recreation	1,034,610	1,034,610	1,004,992	29,618
CASE	230,000	230,000	229,425	575
	<u>2,310,430</u>	<u>2,310,430</u>	<u>2,218,988</u>	<u>91,442</u>
Transportation	1,017,322	1,017,322	975,974	41,348
	<u>11,980,891</u>	<u>12,120,434</u>	<u>11,749,168</u>	<u>371,266</u>
Excess of revenue over (under) expenditures	(665,624)	182,765	(1,265,870)	(1,448,635)
Other Financing sources (uses)				
Transfers in (out), net	(202,603)	(319,078)	1,454,723	1,773,801
	<u>(202,603)</u>	<u>(319,078)</u>	<u>1,454,723</u>	<u>1,773,801</u>
Total other financing sources (uses)	<u>(202,603)</u>	<u>(319,078)</u>	<u>1,454,723</u>	<u>1,773,801</u>
Net change in fund balance	(868,227)	(136,313)	188,853	325,166
Fund balance beginning	5,504,542	5,612,507	5,612,507	-
Fund balance, ending	<u>\$ 4,636,315</u>	<u>\$ 5,476,194</u>	<u>\$ 5,801,360</u>	<u>\$ 325,166</u>

Town of Telluride, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - OPEN SPACE FUND

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
<b>Revenues</b>				
Taxes and licenses				
Real estate transfer tax	\$ 888,141	\$ 1,208,107	\$ 1,415,889	\$ 207,782
Sales tax	1,365,942	1,523,702	1,522,129	(1,573)
Property taxes	126,029	144,000	143,852	(148)
Business building license	84,412	101,990	102,113	123
Miscellaneous	-	-	312	312
	<u>2,464,524</u>	<u>2,977,799</u>	<u>3,184,295</u>	<u>206,496</u>
Investment earnings	<u>26,000</u>	<u>26,000</u>	<u>39,135</u>	<u>13,135</u>
Total revenues	2,490,524	3,003,799	3,223,430	219,631
<b>Expenditures</b>				
Administrative expense	152,448	152,448	146,865	5,583
Stewardship expense	3,335,340	4,180,620	966,393	3,214,227
Principal payments on debt	575,000	575,000	575,000	-
Interest payments on debt	<u>682,994</u>	<u>682,994</u>	<u>682,994</u>	<u>-</u>
Total expenditures	<u>4,745,782</u>	<u>5,591,062</u>	<u>2,371,252</u>	<u>3,219,810</u>
Revenues in excess (deficiency) of expenditures	(2,255,258)	(2,587,263)	852,178	3,439,441
<b>Other financing sources (uses)</b>				
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	(2,285,258)	(2,617,263)	822,178	3,439,441
Fund balance, beginning	<u>5,648,561</u>	<u>5,648,561</u>	<u>5,648,561</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 3,363,303</u></u>	<u><u>\$ 3,031,298</u></u>	<u><u>\$ 6,470,739</u></u>	<u><u>\$ 3,439,441</u></u>

Town of Telluride, Colorado

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

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
<b>Revenues</b>				
<b>Taxes</b>				
Sales taxes	\$ 777,331	\$ 868,018	\$ 875,917	\$ 7,899
Property taxes	555,684	555,683	556,115	432
Specific ownership taxes	-	-	27,172	27,172
Use taxes	49,500	49,500	49,007	(493)
	<u>1,382,515</u>	<u>1,473,201</u>	<u>1,508,211</u>	<u>35,010</u>
Housing mitigation and THA fees	410,000	410,000	425,927	15,927
Investment earnings	20,000	20,000	34,615	14,615
Rent income	<u>15,600</u>	<u>15,600</u>	<u>49,781</u>	<u>34,181</u>
Total revenues	1,828,115	1,918,801	2,018,534	99,733
<b>Expenditures</b>				
Housing set aside	2,831,481	2,656,882	6,717,892	(4,061,010)
Administration	94,888	94,888	106,010	(11,122)
Operating support	7,000	7,000	12,535	(5,535)
Principal payments on debt	135,857	135,857	501,057	(365,200)
Interest payments on debt	134,329	134,329	274,881	140,552
Fiscal agent fees	-	-	500	500
	<u>3,203,555</u>	<u>3,028,956</u>	<u>7,612,875</u>	<u>(4,301,815)</u>
Revenues in excess (deficiency) of expenditures	(1,375,440)	(1,110,155)	(5,594,341)	(4,202,082)
<b>Other financing sources (uses)</b>				
Proceeds from sale of property	50,885	50,886	50,886	-
Proceeds from sale of housing units	-	586,800	4,065,219	3,478,419
Transfers in	22,799	22,799	22,799	-
Transfers out	<u>(38,000)</u>	<u>(38,000)</u>	<u>(38,000)</u>	<u>-</u>
Total other financing sources (uses)	35,684	622,485	4,100,904	3,478,419
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	(1,339,756)	(487,670)	(1,493,437)	(723,663)
Fund balance, beginning	<u>1,339,756</u>	<u>1,165,162</u>	<u>1,165,162</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 677,492</u>	<u>\$ (328,275)</u>	<u>\$ (723,663)</u>

SUPPLEMENTAL INFORMATION

Town of Telluride, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Taxes				
Real estate transfer tax	\$ 4,440,707	\$ 6,040,535	\$ 5,663,554	\$ (376,981)
	<u>4,440,707</u>	<u>6,040,535</u>	<u>5,663,554</u>	<u>(376,981)</u>
Intergovernmental	78,080	181,568	181,568	-
Other revenues	337,500	337,500	37,615	(299,885)
	<u>4,856,287</u>	<u>6,559,603</u>	<u>5,882,737</u>	<u>(676,866)</u>
Total revenues				
Expenditures				
Equipment and other	573,600	798,861	753,527	45,334
Capital construction	1,472,004	1,749,851	1,139,105	610,746
	<u>2,045,604</u>	<u>2,548,712</u>	<u>1,892,632</u>	<u>656,080</u>
Total expenditures				
Revenues in excess (deficiency) of expenditures	<u>2,810,683</u>	<u>4,010,891</u>	<u>3,990,105</u>	<u>(20,786)</u>
Other financing sources (uses)				
Proceeds from sale of assets	12,000	12,000	8,877	(3,123)
Transfers in	41,000	-	-	-
Transfers out	(3,428,534)	(4,024,733)	(2,491,626)	1,533,107
	<u>(3,375,534)</u>	<u>(4,012,733)</u>	<u>(2,482,749)</u>	<u>1,529,984</u>
Total other financing sources (uses)				
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	(564,851)	(1,842)	1,507,356	1,509,198
Fund balance, beginning	<u>2,512,350</u>	<u>2,512,350</u>	<u>2,512,350</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,947,499</u>	<u>\$ 2,510,508</u>	<u>\$ 4,019,706</u>	<u>\$ 1,509,198</u>

Town of Telluride, Colorado

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

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
State of Colorado Lottery	\$ 25,000	\$ 25,000	\$ 28,950	\$ 3,950
Other	38	38	44	6
Total Revenues	25,038	25,038	28,994	3,956
Expenditures				
Parks improvements	25,038	25,038	5,155	19,883
Total Expenditures	25,038	25,038	5,155	19,883
Revenues in excess (deficiency) of expenditures	-	-	23,839	23,839
Fund balance, beginning	76,379	76,379	76,379	-
Fund balance, ending	<u>\$ 76,379</u>	<u>\$ 76,379</u>	<u>\$ 100,218</u>	<u>\$ 23,839</u>

Town of Telluride, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - AIRLINE GUARANTEE FUND

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Excise taxes	\$ 1,445,535	\$ 1,650,000	\$ 1,651,025	\$ 1,025
Expenditures				
Economic development	1,416,624	1,617,000	1,618,005	(1,005)
Revenues in excess (deficiency) of expenditures	28,911	33,000	33,020	20
Other financing (uses) Transfers out	(28,911)	(33,000)	(33,020)	(20)
Revenues in excess (deficiency) of expenditures and other financing (uses)	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

Town of Telluride, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - ENERGY MITIGATION FUND

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Fees	\$ 175,000	\$ 175,000	\$ 71,850	\$ (103,150)
Credits	3,000	3,000	7,652	4,652
Total revenues	178,000	178,000	79,502	(98,498)
Expenditures				
Energy projects	53,500	53,500	237,215	(183,715)
Total expenditures	53,500	53,500	237,215	(183,715)
Revenues in excess (deficiency) of expenditures	124,500	124,500	(157,713)	(282,213)
Fund balance, beginning	919,988	919,988	919,988	-
Fund balance, ending	<u>\$ 1,044,488</u>	<u>\$ 1,044,488</u>	<u>\$ 762,275</u>	<u>\$ (282,213)</u>

Town of Telluride, Colorado

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

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Miscellaneous revenue	\$ -	\$ 52,336	\$ 52,336	\$ -
	-	52,336	52,336	-
Expenditures				
Public works expenditures	1,815,180	1,968,020	1,958,184	9,836
Revenues in excess (deficiency) of expenditures	(1,815,180)	(1,915,684)	(1,905,848)	9,836
Other financing sources (uses)				
Transfers in	1,591,753	1,791,152	1,791,152	-
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	(223,427)	(124,532)	(114,696)	9,836
Fund balance, beginning	197,129	197,129	197,129	-
Fund balance, ending	<u>\$ (26,298)</u>	<u>\$ 72,597</u>	<u>\$ 82,433</u>	<u>\$ 9,836</u>

Town of Telluride, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
<b>Revenues</b>				
Charges for services	\$ 1,650	\$ 1,650	\$ 1,976	\$ 326
Total revenues	<u>1,650</u>	<u>1,650</u>	<u>1,976</u>	<u>326</u>
<b>Expenditures</b>				
Debt service				
Principal	14,490	14,490	14,490	-
Interest	<u>12,887</u>	<u>12,887</u>	<u>12,887</u>	<u>-</u>
Total expenditures	<u>27,377</u>	<u>27,377</u>	<u>27,377</u>	<u>-</u>
Revenues in excess (deficiency) of expenditures	(25,727)	(25,727)	(25,401)	326
Other financing sources (uses)				
Transfers in	<u>4,986</u>	<u>4,986</u>	<u>4,986</u>	<u>-</u>
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	(20,741)	(20,741)	(20,415)	326
Fund balance, beginning	<u>20,816</u>	<u>20,816</u>	<u>20,816</u>	<u>-</u>
Fund balance, ending	<u>\$ 75</u>	<u>\$ 75</u>	<u>\$ 401</u>	<u>\$ 326</u>

Town of Telluride

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION -  
BUDGET AND ACTUAL - RESTRICTED FUND

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Charges	\$ 6,200	\$ 6,200	\$ 4,961	\$ (1,239)
Donations	2,500	2,500	4,246	1,746
Total revenues	8,700	8,700	9,207	507
Expenditures				
Culture and recreation	246,492	249,260	104,149	145,111
Revenues in excess (deficiency) of expenditures	(237,792)	(240,560)	(94,942)	145,618
Other financing sources (uses)				
Transfers in	42,082	42,082	42,082	-
Total other financing sources (uses)	42,082	42,082	42,082	-
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	(195,710)	(198,478)	(52,860)	145,618
Fund balance, beginning	191,594	191,594	191,594	-
Fund balance, ending	\$ (4,116)	\$ (6,884)	\$ 138,734	\$ 145,618

Town of Telluride, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION -  
BUDGET AND ACTUAL - WATER FUND

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
<b>Revenues</b>				
Charges for services	\$ 1,451,060	\$ 1,451,060	\$ 1,458,343	\$ 7,283
Tap fees	350,000	350,000	248,424	(101,576)
Meter sales	18,500	18,500	33,290	14,790
Property taxes	619,898	619,898	619,678	(220)
Specific Ownership taxes	20,000	20,000	30,443	10,443
Penalties and interest on property taxes	2,000	2,000	1,503	(497)
Interest income	15,000	15,000	20,464	5,464
Other charges for services	53,100	53,100	89,811	36,711
Capital reimbursement	-	-	27,391	27,391
Other revenues	121,324	121,324	111,716	(9,608)
<b>Total revenues</b>	<b>2,650,882</b>	<b>2,650,882</b>	<b>2,641,063</b>	<b>(9,819)</b>
<b>Expenditures</b>				
Personal services	166,775	166,775	154,755	12,020
Purchased services	354,935	354,935	294,459	60,476
Principal	680,510	680,510	680,510	-
Interest	528,201	528,201	528,201	-
Fiscal agent fees	14,000	14,000	12,424	1,576
Capital repairs and maintenance	28,000	28,000	89,741	(61,741)
Capital outlay	490,000	490,000	225,605	264,395
Transfers out	287,398	287,398	287,398	-
<b>Total expenditures</b>	<b>2,549,819</b>	<b>2,549,819</b>	<b>2,273,093</b>	<b>276,726</b>
<b>Net Income - Budgetary Basis</b>	<b>\$ 101,063</b>	<b>\$ 101,063</b>	<b>367,970</b>	<b>\$ 266,907</b>
<b>Adjustments to GAAP basis</b>				
Principal payments on debt			680,510	
Contributed capital asset			581,861	
Capital outlay			225,605	
Depreciation expense			(883,681)	
<b>Net income - GAAP Basis</b>			<b>972,265</b>	
Net position, beginning			10,948,277	
Net position, ending			<u>\$ 11,920,542</u>	

Town of Telluride, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION -  
BUDGET AND ACTUAL- SEWER FUND

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
<b>Revenues</b>				
Charges for services	\$ 1,739,780	\$ 1,739,780	\$ 1,745,185	\$ 5,405
Tap fees	350,000	350,000	335,419	(14,581)
Mountain Village Metropolitan District	1,172,584	1,172,584	652,515	(520,069)
Other revenues	915,000	245,000	204,944	(40,056)
<b>Total revenues</b>	<b>4,177,364</b>	<b>3,507,364</b>	<b>2,938,063</b>	<b>(569,301)</b>
<b>Expenses</b>				
Personal services	456,415	456,415	466,030	(9,615)
Purchased services	831,505	831,505	538,405	293,100
Capital outlay	2,324,000	2,324,000	1,016,706	1,307,294
Transfers out	287,397	287,397	287,398	(1)
<b>Total expenses</b>	<b>3,899,317</b>	<b>3,899,317</b>	<b>2,308,539</b>	<b>1,590,778</b>
<b>Net income - Budgetary Basis</b>	<b>\$ 278,047</b>	<b>\$ (391,953)</b>	<b>629,524</b>	<b>\$ 1,021,477</b>
<b>Adjustments to GAAP basis</b>				
Capital outlay			1,016,706	
Depreciation expense			(387,484)	
<b>Net income (loss) - GAAP Basis</b>			<b>1,258,746</b>	
<b>Net position, beginning</b>			<b>5,447,870</b>	
<b>Net position, ending</b>			<b>\$ 6,706,616</b>	

Town of Telluride, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL - PARKING FUND

For the year ended December 31, 2019

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Operating Revenues				
Charges for services	\$ 454,416	\$ 454,416	\$ 402,737	\$ (51,679)
Total revenues	454,416	454,416	402,737	(51,679)
Operating Expenses				
Costs of sales and service	43,000	43,000	91,749	(48,749)
Capital outlay	648,740	648,740	792,599	(143,859)
Debt service				
Principal	225,000	225,000	225,000	-
Interest	184,762	184,762	184,762	-
Total expenses	1,101,502	1,101,502	1,294,110	(192,608)
Operating income (loss)	(647,086)	(647,086)	(891,373)	(244,287)
Non-operating Revenues and Expenses				
Investment earnings	-	-	150	150
Total non-operating revenues (expenses)	-	-	150	150
Change in net position -budgetary basis	\$ (647,086)	\$ (647,086)	(891,223)	\$ (244,137)
Adjustments to GAAP basis				
Principal payment on debt			225,000	
Depreciation expense			(426,350)	
Capital contribution			3,979,703	
Capital outlay			792,599	
Net income - GAAP basis			3,679,729	
Net position, beginning			1,814,059	
Net position, ending			\$ 5,493,788	

Town of Telluride, Colorado

GENERAL FUND AND RELATED SUB-FUNDS  
COMBINING BALANCE SHEET

December 31, 2019

	General	Transportation	Total
<b>ASSETS</b>			
Cash	\$ 2,897,894	\$ -	\$ 2,897,894
Investments	7,934,641	-	7,934,641
Receivables			
Taxes	756,950	-	756,950
Accounts	131,284	-	131,284
Intergovernmental	105,503	7,219	112,722
Due from other funds	-	26,179	26,179
Total assets	<u>11,826,272</u>	<u>33,398</u>	<u>11,859,670</u>
<b>LIABILITIES</b>			
Accounts payable	534,060	6,032	540,092
Deposits	492,192	-	492,192
Unearned revenue	290,356	-	290,356
Due to other funds	3,978,720	-	3,978,720
Total liabilities	<u>5,295,328</u>	<u>6,032</u>	<u>5,301,360</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - property taxes	756,950	-	756,950
Total deferred inflows of resources	<u>756,950</u>	<u>-</u>	<u>756,950</u>
<b>FUND BALANCE</b>			
Restricted			
Emergency	653,000	-	653,000
Assigned			
Transportation	-	27,366	27,366
Unassigned	5,120,994	-	5,120,994
Total fund balance	<u>\$ 5,773,994</u>	<u>\$ 27,366</u>	<u>\$ 5,801,360</u>

Town of Telluride, Colorado

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND AND RELATED SUB-FUNDS

For the Year Ended December 31, 2019

	General Fund				Transportation Fund				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	Actual
Revenues									
Taxes									
Sales taxes	\$ 6,361,411	\$ 7,098,112	\$ 5,681,120	\$ (1,416,992)	\$ -	\$ -	\$ -	\$ -	\$ 5,681,120
Use taxes	400,500	400,500	316,550	(83,950)	-	-	-	-	316,550
Motor vehicle use taxes	220,000	220,000	167,989	(52,011)	-	-	-	-	167,989
Property taxes	709,050	811,688	667,167	(144,521)	-	-	-	-	667,167
Specific ownership tax	26,500	26,500	39,829	13,329	-	-	-	-	39,829
Penalties and interest on property tax	1,000	1,000	1,744	744	-	-	-	-	1,744
Franchise tax	240,000	240,000	273,287	33,287	-	-	-	-	273,287
Festival attendance tax	230,000	230,000	258,697	28,697	-	-	-	-	258,697
Occupation tax	4,000	4,000	1,899	(2,101)	-	-	-	-	1,899
	8,192,461	9,031,800	7,408,282	(1,623,518)	-	-	-	-	7,408,282
Licenses and permits									
Business licenses	462,100	522,600	437,915	(84,685)	-	-	-	-	437,915
Building licenses and permits	265,000	288,000	218,848	(69,152)	-	-	-	-	218,848
Other	243,290	243,290	155,610	(87,680)	-	-	-	-	155,610
	970,390	1,053,890	812,373	(241,517)	-	-	-	-	812,373
Intergovernmental									
State and federal									
Mineral leasing	26,500	26,500	44,487	17,987	-	-	-	-	44,487
Highway users	66,972	66,972	85,048	18,076	-	-	-	-	85,048
Tobacco tax	14,500	14,500	14,012	(488)	-	-	-	-	14,012
Motor vehicle licenses	8,000	8,000	8,648	648	-	-	-	-	8,648
County									
Highway and streets	263,950	263,950	273,312	9,362	-	-	-	-	273,312
Other	4,000	4,000	-	(4,000)	447,563	447,563	353,176	(94,387)	353,176
	383,922	383,922	425,507	41,585	447,563	447,563	353,176	(94,387)	778,683
Charges for services									
General government	628,400	675,400	655,644	(19,756)	-	-	-	-	655,644
Public works	9,890	9,890	15,377	5,487	-	-	-	-	15,377
Parks and recreation fees	404,950	406,995	448,340	41,345	-	-	-	-	448,340
	1,043,240	1,092,285	1,119,361	27,076	-	-	-	-	1,119,361
Fines and forfeitures	94,000	94,000	98,204	4,204	-	-	-	-	98,204
Investment earnings	150,000	150,000	209,791	59,791	-	-	-	-	209,791
Miscellaneous	33,691	39,739	46,450	6,711	-	10,000	10,154	154	56,604
Total Revenues	10,867,704	11,845,636	10,119,968	(1,725,668)	447,563	457,563	363,330	(94,233)	10,483,298

Town of Telluride, Colorado

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND AND RELATED SUB-FUNDS

For the Year Ended December 31, 2019

	General Fund				Transportation Fund				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	Actual
Expenditures									
General government									
Council	217,740	217,740	219,357	(1,617)	-	-	-	-	219,357
Court	43,210	43,210	42,029	1,181	-	-	-	-	42,029
Manager	368,470	385,550	373,178	12,372	-	-	-	-	373,178
Finance	455,325	458,355	455,555	2,800	-	-	-	-	455,555
Town attorney	367,420	382,370	381,312	1,058	-	-	-	-	381,312
Clerk	347,310	347,310	331,386	15,924	-	-	-	-	331,386
Planning	246,360	246,360	203,304	43,056	-	-	-	-	203,304
Building division	343,230	343,230	314,564	28,666	-	-	-	-	314,564
General services	909,945	951,945	994,915	(42,970)	-	-	-	-	994,915
Administrative services	470,470	441,457	441,441	16	-	-	-	-	441,441
Building maintenance	328,420	348,420	390,535	(42,115)	-	-	-	-	390,535
Community support	311,780	311,780	311,780	-	-	-	-	-	311,780
Contract services	634,684	698,980	629,542	69,438	-	-	-	-	629,542
Salary reserve	19,000	19,000	19,000	-	-	-	-	-	19,000
	<u>5,063,364</u>	<u>5,195,707</u>	<u>5,107,898</u>	<u>87,809</u>	-	-	-	-	<u>5,107,898</u>
Public safety									
Law enforcement	1,912,335	1,919,535	1,837,325	82,210	-	-	-	-	1,837,325
Public works									
Roads and utility	1,083,820	1,083,820	1,043,283	40,537	-	-	-	-	1,043,283
Administration and engineering	593,620	593,620	565,700	27,920	-	-	-	-	565,700
	<u>1,677,440</u>	<u>1,677,440</u>	<u>1,608,983</u>	<u>68,457</u>	-	-	-	-	<u>1,608,983</u>
Culture and recreation									
Parks	841,890	841,890	797,394	44,496	-	-	-	-	797,394
Historic preservation	203,930	203,930	187,177	16,753	-	-	-	-	187,177
Recreation	1,034,610	1,034,610	1,004,992	29,618	-	-	-	-	1,004,992
CASE	230,000	230,000	229,425	575	-	-	-	-	229,425
	<u>2,310,430</u>	<u>2,310,430</u>	<u>2,218,988</u>	<u>91,442</u>	-	-	-	-	<u>2,218,988</u>
Transportation	-	-	-	-	1,017,322	1,017,322	975,974	41,348	975,974
Total expenditures	<u>10,963,569</u>	<u>11,103,112</u>	<u>10,773,194</u>	<u>329,918</u>	<u>1,017,322</u>	<u>1,017,322</u>	<u>975,974</u>	<u>41,348</u>	<u>11,749,168</u>
Excess of revenue over (under) expenditures	<u>(95,865)</u>	<u>742,524</u>	<u>(653,226)</u>	<u>(1,395,750)</u>	<u>(569,759)</u>	<u>(559,759)</u>	<u>(612,644)</u>	<u>(52,885)</u>	<u>(1,265,870)</u>

Town of Telluride, Colorado

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND AND RELATED SUB-FUNDS

For the Year Ended December 31, 2019

	General Fund				Transportation Fund				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	Actual
Other Financing sources (uses)									
Transfers in	965,638	965,638	969,747	4,109	562,272	639,106	639,106	-	1,608,853
Transfers out	(1,623,451)	(1,816,760)	(47,068)	1,769,692	(107,062)	(107,062)	(107,062)	-	(154,130)
Total other financing sources (uses)	(657,813)	(851,122)	922,679	1,773,801	455,210	532,044	532,044	-	1,454,723
Net change in fund balance	(753,678)	(108,598)	269,453	378,051	(114,549)	(27,715)	(80,600)	(52,885)	188,853
Fund balance beginning	5,504,541	5,504,541	5,504,541	-	1	107,966	107,966	(1)	5,612,507
Fund balance, ending	<u>\$ 4,750,863</u>	<u>\$ 5,395,943</u>	<u>\$ 5,773,994</u>	<u>\$ 378,051</u>	<u>\$ (114,548)</u>	<u>\$ 80,251</u>	<u>\$ 27,366</u>	<u>\$ (52,886)</u>	<u>\$ 5,801,360</u>

## Town of Telluride

THA FUND  
COMBINING BALANCE SHEET

December 31, 2019

	Shandoka	Virginia Placer	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 632	\$ 262,334	\$ 262,966
Receivables			
Trade	9,000	8,391	17,391
Restricted cash and investments	5,268,641	-	5,268,641
Capital assets:			
Non-depreciable			
Land	4,413,000	-	4,413,000
Depreciable, net of accumulated depreciation			
Buildings	11,585,156	8,627,001	20,212,157
Equipment	220,279	-	220,279
Infrastructure	207,269	-	207,269
Accumulated depreciation	(5,866,397)	(463,548)	(6,329,945)
Net capital assets	10,559,307	8,163,453	18,722,760
Total assets	15,837,580	8,434,178	24,271,758
<b>LIABILITIES</b>			
Accounts payable	32,789	6,551	39,340
Due to other funds	4,778,154	(506,370)	4,271,784
Security deposits	187,269	54,905	242,174
Unearned revenue	15,587	5,466	21,053
Accrued interest payable	62,116	-	62,116
Accrued compensated absences	14,853	241	15,094
Noncurrent liabilities			
Due within one year	347,000	252,000	599,000
Due after one year	6,182,000	7,987,000	14,169,000
Total liabilities	11,619,768	7,799,793	19,419,561
<b>NET POSITION</b>			
Net investment in capital assets	4,030,307	(75,547)	3,954,760
Restricted for debt service	5,268,641	-	5,268,641
Unrestricted (deficit)	(5,081,136)	709,932	(4,371,204)
	\$ 4,217,812	\$ 634,385	\$ 4,852,197

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, 2019

	Shandoka Fund				Virginia Placer Fund				Total Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	
Operating Revenues									
Charges for sales and services	\$ 1,836,264	\$ 1,836,264	\$ 1,913,970	\$ 77,706	\$ 525,016	\$ 525,016	\$ 520,136	\$ (4,880)	\$ 2,434,106
Miscellaneous	73,800	73,800	67,765	(6,035)	4,000	4,000	3,956	(44)	71,721
Total operating revenue	1,910,064	1,910,064	1,981,735	71,671	529,016	529,016	524,092	(4,924)	2,505,827
Operating Expenses									
Costs of sales and service	1,057,095	1,057,095	916,937	140,158	106,349	119,749	119,222	527	1,036,159
Capital outlay	190,000	190,000	146,014	43,986	-	-	-	-	146,014
Debt service:									
Principal	368,216	368,216	368,216	-	244,000	244,000	244,000	-	612,216
Interest	371,230	371,230	371,229	1	272,889	272,889	273,414	(525)	644,643
Total operating expenses	1,986,541	1,986,541	1,802,396	184,145	623,238	636,638	636,636	2	2,439,032
Operating income (loss)	(76,477)	(76,477)	179,339	255,816	(94,222)	(107,622)	(112,544)	(4,922)	66,795
Non-operating Revenues (Expenses)									
Investment earnings	7,500	7,500	47,952	40,452	500	500	728	(228)	48,680
Transfers in	-	-	-	-	95,000	95,000	95,000	-	95,000
Transfers out	(243,300)	(243,300)	(243,300)	-	-	-	-	-	(243,300)
Total non-operating revenues (expenses)	(235,800)	(235,800)	(195,348)	40,452	95,500	95,500	95,728	(228)	(99,620)
Change in net position - budgetary basis	\$ (312,277)	\$ (312,277)	(16,009)	\$ 296,268	\$ 1,278	\$ (12,122)	(16,816)	\$ (5,150)	(32,825)
Capital outlay			146,014				-		146,014
Depreciation expense			(321,266)				(292,219)		(613,485)
Debt service principal			368,216				244,000		612,216
Change in Net Position - GAAP Basis			176,955				(65,035)		111,920
Net Position, beginning of year			4,040,857				699,420		4,740,277
Net Position, end of year			\$ 4,217,812				\$ 634,385		\$ 4,852,197

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Town of Telleride
		YEAR ENDING : December 2019
This Information From The Records Of (example - City of _ or County of		Prepared By: Kailey Ranta Phone: (970) 728-2163

**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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,656,156
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,092,882
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	158,377
2. General fund appropriations	1,575,350	b. Snow and ice removal	260,821
3. Other local imposts (from page 2)	1,859,190	c. Other	
4. Miscellaneous local receipts (from page 2)	5,297	d. Total (a. through c.)	419,198
5. Transfers from toll facilities		4. General administration & miscellaneous	209,309
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	155,989
a. Bonds - Original Issues		6. Total (1 through 5)	3,533,534
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	3,439,838	b. Redemption	0
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government (from page 2)</b>	93,697	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	3,533,534	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	0
		<b>D. Payments to toll facilities</b>	0
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	3,533,534

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
0	3,533,534	3,533,534	0	0

Notes and Comments:

