

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

December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

June 22, 2021

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, 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. 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, 2020, 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.

Emphasis of Matter

The Town reported a restatement of beginning net position for the correction of an error, as described in Note N to the financial statements. Our opinion is not modified with respect to the restatement.



Honorable Mayor and Town Council
Town of Telluride, Colorado

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 50–53 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2021 on our consideration of the Town of Telluride, Colorado's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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, 2020

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, 2020. 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 \$147,702,850 (i.e., net position) at the close of 2020 fiscal year, an increase of \$18,405,432 compared to 2019.
- Governmental funds reported combined ending fund balances of \$23,049,671 an increase of \$5,967,444 compared to 2019.
- Telluride's fund balance for the General Fund was \$6,983,755, an increase of \$1,182,395 compared to 2019.
- Telluride's general fund balance includes a restricted three percent emergency reserve of \$990,000, as required by Colorado state statute (TABOR), assigned \$76,563 and the unassigned fund balance of \$5,917,192.
- The Town's General Fund policy, as stated in the 2020 budget, is to have a minimum fund balance equal to at least 30 percent of the General Fund appropriations net of transfers. 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 2020, total net position was \$147,702,850, an increase of \$18,405,432 from prior year. The largest portion of net position is the net investment in capital assets (net of related debt) of \$115,698,424. 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 2020 and 2019.

STATEMENT OF NET POSITION

Town of Telluride, Colorado
December 31, 2020
Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 29,565,240	\$ 23,904,270	\$ 3,786,283	\$ (1,628,428)	\$ 33,351,523	\$ 22,275,842
Capital assets	106,887,525	103,639,284	52,874,779	55,454,888	159,762,304	159,094,172
Other Assets	116,981	116,981	12,058,691	6,226,874	12,175,672	6,343,855
Total assets	136,569,746	127,660,535	68,719,753	60,053,334	205,289,499	187,713,869
Liabilities						
Current liabilities	3,579,363	8,433,564	3,039,214	2,814,992	6,618,577	11,248,556
Non-current Liabilities:						
Due within one year	369,494	298,293	44,770	43,259	414,264	341,552
Due in more than one year	15,519,195	17,220,857	33,074,270	27,583,678	48,593,465	44,804,535
Total liabilities	19,468,052	25,952,714	36,158,254	30,441,929	55,626,306	56,394,643
Deferred Inflows						
Property taxes	1,403,270	1,383,546	557,073	638,262	1,960,343	2,021,808
Total Deferred Inflows	1,403,270	1,383,546	557,073	638,262	1,960,343	2,021,808
Net Position:						
Net Investment in capital assets, net of related debt	90,127,380	81,510,409	25,501,027	27,086,332	115,628,407	108,596,741
Restricted	9,956,336	8,037,158	1,429,943	6,226,874	11,386,279	14,264,032
Unrestricted	15,614,708	10,776,708	2,073,456	(4,340,063)	17,688,164	6,436,645
Total net position	115,698,424	100,324,275	32,004,426	28,973,143	147,702,850	129,297,418

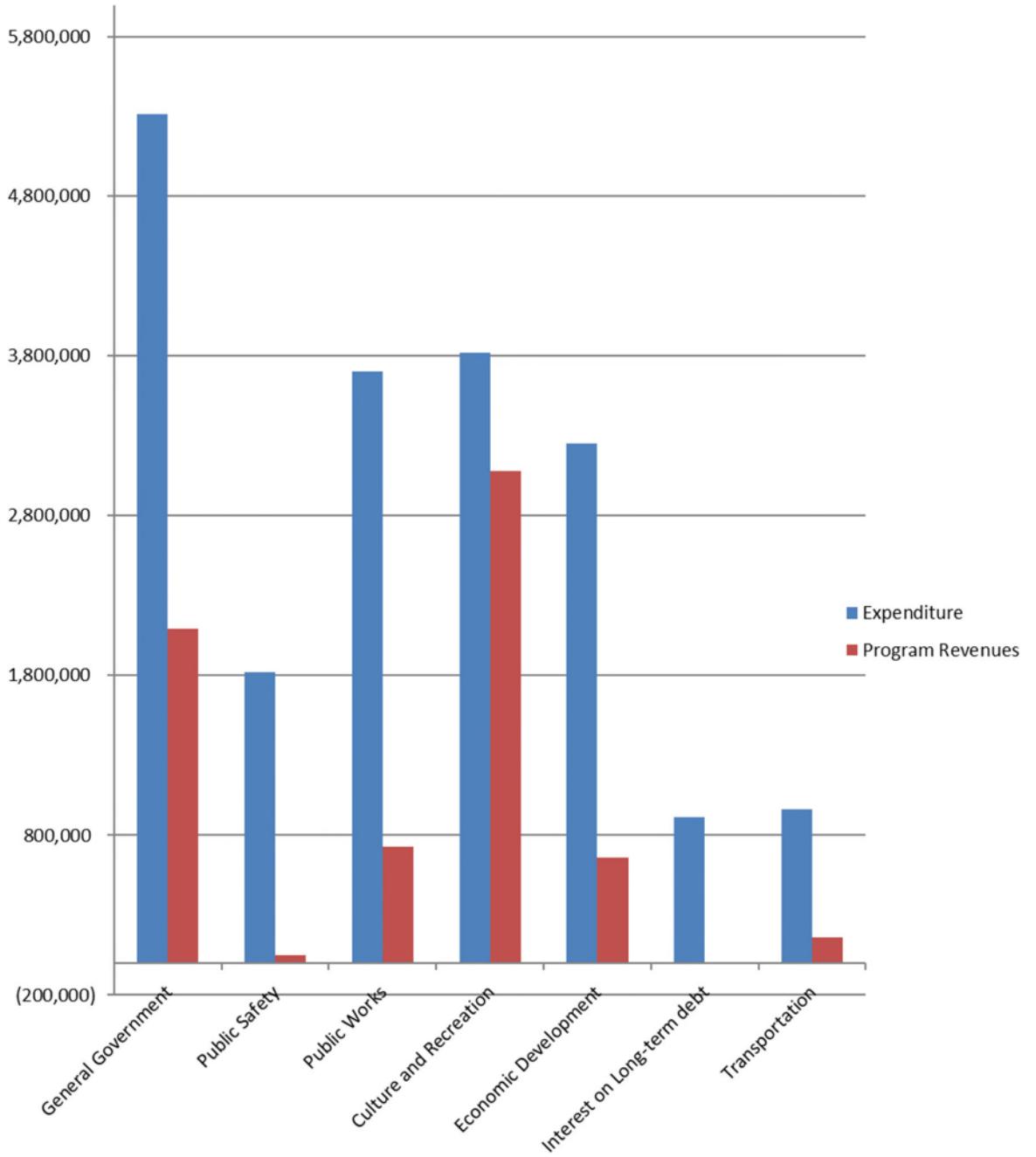
Changes in net position. Governmental and business-type activities increased the Town's net position by \$18,405,432 in 2020.

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.

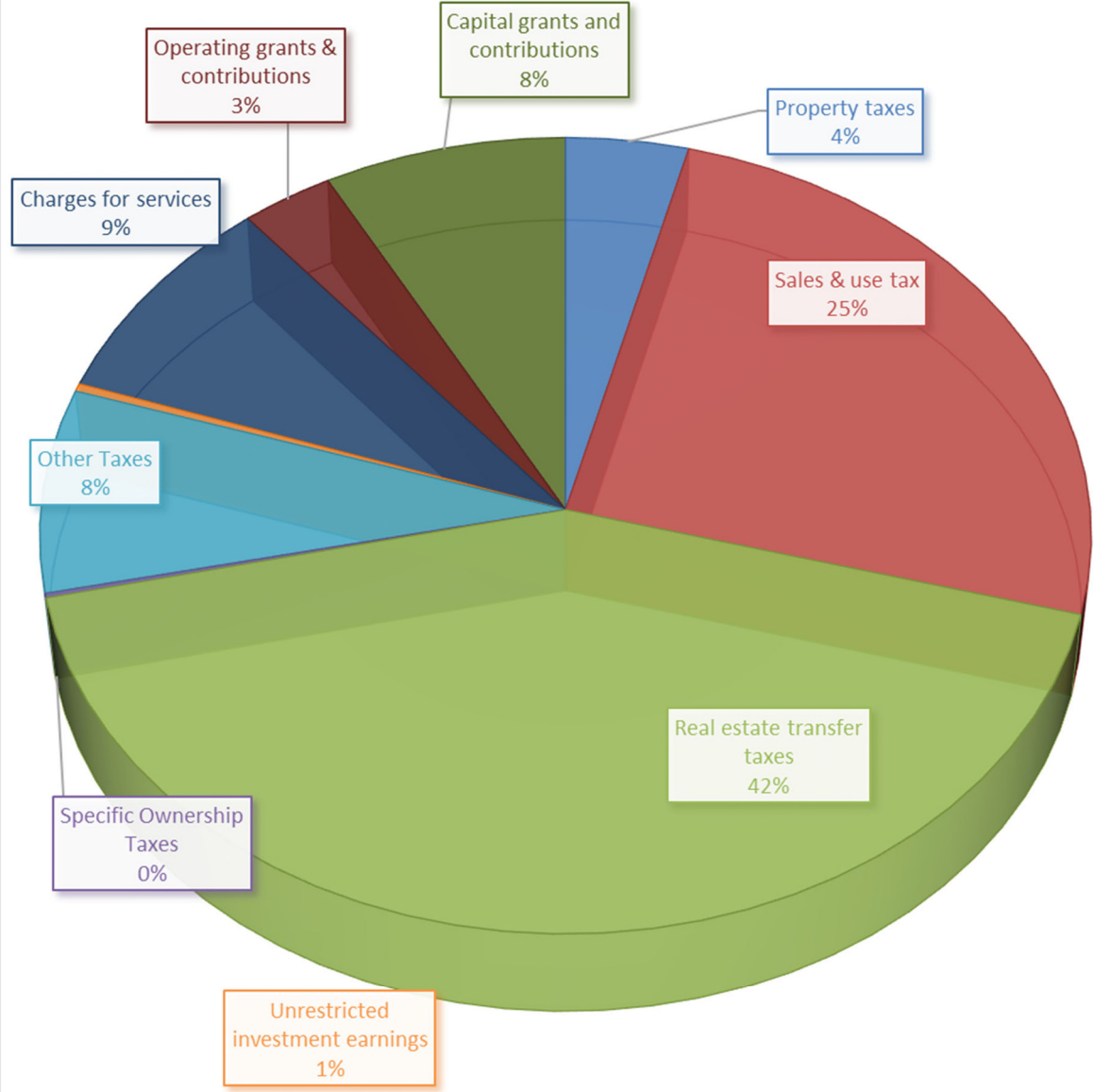
Town of Telluride, Colorado December 31, 2020 Changes in Net Position					
	Governmental Activities		Business-type Activities		Total
	2020	2019	2020	2019	2020
REVENUES					
Program revenues					
Charges for services	\$ 3,010,430	\$ 2,596,940	\$ 6,656,470	\$ 6,441,730	\$ 9,666,900
Operating grants and contributions	1,036,634	464,976	560,211	652,515	1,596,845
Capital grants and contributions	2,724,820	214,764	250,000	27,391	2,974,820
General Revenues					
Property taxes	1,379,200	1,368,878	664,963	651,624	2,044,163
Other taxes	26,027,996	18,415,756			26,027,996
Grants and contributions not restricted to specific programs					-
Grants restricted to specific programs	428,643	(1,299,155)	2,866,187	763,260	3,294,830
Other					-
Debt					-
Transfers	365,913	(3,838,468)	(365,913)	3,838,468	-
Total revenues	34,973,636	17,923,691	10,631,918	12,374,988	45,605,554
EXPENSES					
General Government	5,316,607	5,650,993	1,013,855	702,861	6,330,462
Public Safety	1,818,557	1,902,688			1,818,557
Public Works	3,702,454	4,997,963	4,269,199	3,355,180	7,971,653
Culture and Recreation	3,822,578	4,389,571			3,822,578
Economic Development	3,254,108	322,620			3,254,108
Transportation	913,661	1,138,382			913,661
Housing			2,416,858	2,294,287	2,416,858
Interest on Long-term debt	965,256	968,148			965,256
Total Expenses	19,793,221	19,370,365	7,699,912	6,352,328	27,493,133
Change in net position	15,180,415	(1,446,674)	2,932,006	6,022,660	18,112,421
Beginning net position-previous reported	100,324,275	101,326,949	28,973,143	22,950,483	129,297,418
Prior Period Adjustments	193,734	444,000	99,277		293,011
Classification Adjustments					
Net Position - beginning as restated	100,518,009	101,770,949	29,072,420	22,950,483	129,590,429
Ending net position	\$ 115,698,424	\$ 100,324,275	\$ 32,004,426	\$ 28,973,143	\$ 147,702,850

Governmental activities. Governmental activities increased Telluride's net position by \$15,374,149 thereby accounting for an increase in assets.

2020 Expense and Program Revenues Governmental Activities

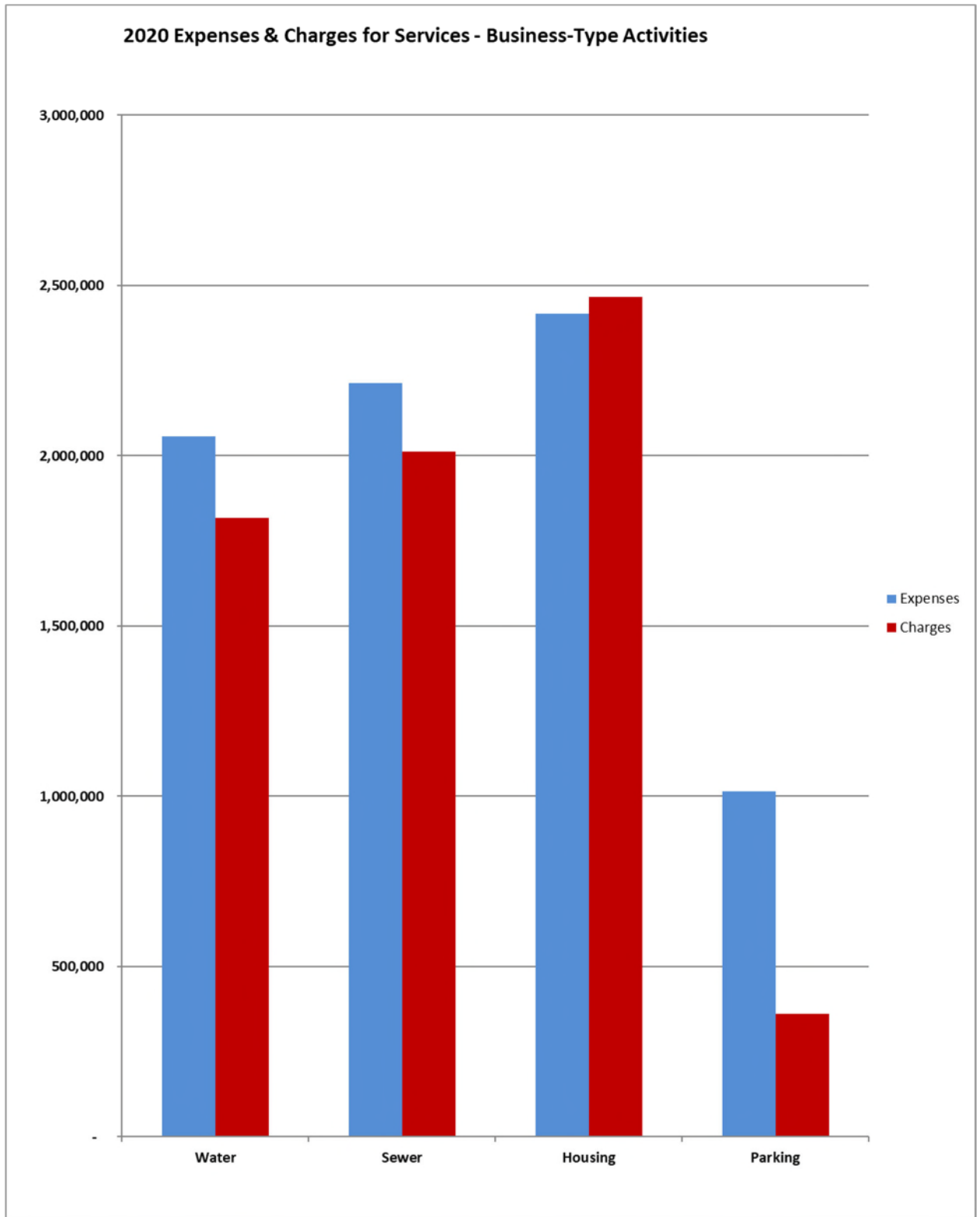


2020 REVENUES BY SOURCE GOVERNMENTAL ACTIVATES



Real estate transfer tax increased in 2020 by 104.8 percent from 2019.
Sales and use taxes increased by 1.64 percent in 2020 from 2019.

Business activities. Business-type activities for the year resulted in an increase in net position of \$3,031,283 compared to 2019.



D. FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

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

Governmental funds. The focus of government funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, 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 2020, the Town's governmental funds reported combined ending fund balances of \$23,049,671, an increase of \$5,697,444 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 2020, unassigned fund balance of the General Fund was \$5,917,192. The required Colorado TABOR emergency reserve balance was \$990,000 and an assigned balance of \$76,563 for a total fund balance of \$6,983,755. 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 \$1,182,395 during 2020.

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 2020, the Capital Improvement Fund balance was the same as the assigned balance of \$6,839,643. The Capital Improvement Fund balance increased by \$2,819,937 during 2020.

The Debt Service Fund had a total fund balance of \$479 at the end of 2020, all of which is restricted for debt service.

The Open Space Fund had a total restricted fund balance of \$5,585,732 at the end of 2020. 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 decreased by \$885,007.

The Affordable Housing Fund had a total fund balance of \$2,503,421 at the end of 2020. The fund balance increased by \$2,831,696 from the prior year. The fund revenue is derived primarily from a one-half (½) percent sales and use tax, a 2.5 percent affordable housing excise 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 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 2020 amounted to \$32,004,426 (Water Fund is \$12,981,147, Sewer Fund is \$9,601,730, THA Fund is \$4,856,348 and Parking Fund is \$4,565,202). Total net position increased by \$3,031,283 (Water Fund increased by \$614,825, Sewer Fund increased by \$2,895,114, THA increased by \$449,932, Parking Fund decreased by \$1,027,863).

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 \$129,882. The increase in appropriations is a result of the increase in available fund balance at the end of 2019 which was more than the amount projected during the 2020 budget approval process.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Town’s total capital assets for governmental activities in 2020 was \$106,877,525. This represents an increase of \$3,248,241. The Town’s total capital assets for business-type activities in 2020 was \$52,874,779, a decrease of \$2,580,109.

Long-term debt. At the end of 2020, long-term liabilities totaled \$49,007,729.

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 2020 resulting in an increase of 104.8 percent in real estate transfer tax revenues from 2019.
- In 2021 sales tax revenues are projected to increase from the 2020 year-end actual.

- In 2021, the town will begin construction on a remodel of the campground restrooms and improvements of the Town Park core area. As well as begin construction on the Sunnyside affordable housing project.

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, 2020

	Governmental Activities	Business- Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 9,182,609	\$ 3,749,799	\$ 12,932,408
Investments	17,245,382	-	17,245,382
Receivables			
Taxes	1,403,270	557,073	1,960,343
Accounts	424,993	725,086	1,150,079
Intergovernmental	230,606	251,565	482,171
Other	2,667,530	-	2,667,530
Internal balances	(1,589,150)	1,589,150	-
TOTAL CURRENT ASSETS	29,565,240	6,872,673	36,437,913
CAPITAL ASSETS			
Land	73,200,681	4,721,011	77,921,692
Construction in progress	846,313	2,986,033	3,832,346
Buildings and systems	11,928,403	28,662,281	40,590,684
Treatment plants and systems - Improvements	14,850,689	41,718,642	56,569,331
Equipment	5,604,947	1,015,694	6,620,641
Infrastructure	35,674,077	-	35,674,077
Accumulated depreciaton	(35,217,585)	(26,228,882)	(61,446,467)
NET CAPITAL ASSETS	106,887,525	52,874,779	159,762,304
NON-CURRENT ASSETS			
Notes receivable	116,981	-	116,981
Restricted cash and investments	-	8,972,301	8,972,301
TOTAL NON-CURRENT ASSETS	116,981	8,972,301	9,089,282
TOTAL ASSETS	136,569,746	68,719,753	205,289,499
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other liabilities	1,419,437	1,053,847	2,473,284
Accrued interest payable	78,355	108,283	186,638
Deposits	563,767	-	563,767
Unearned revenue	276,854	2,834	279,688
Current portion of long-term debt	1,241,139	1,853,212	3,094,351
TOTAL CURRENT LIABILITIES	3,579,552	3,018,176	6,597,728
LONG-TERM LIABILITIES			
Compensated absences	369,494	44,770	414,264
Long-term debt	15,519,006	33,068,308	48,587,314
TOTAL LONG-TERM LIABILITIES	15,888,500	33,113,078	49,001,578
TOTAL LIABILITIES	19,468,052	36,131,254	55,599,306
DEFERRED INFLOWS			
Property taxes	1,403,270	557,073	1,960,343
TOTAL DEFERRED INFLOWS	1,403,270	557,073	1,960,343
NET POSITION			
Net investment in capital assets	90,127,380	25,501,027	115,628,407
Restricted for:			
Parks and open space	5,712,843	-	5,712,843
Affordable Housing	2,503,421	-	2,503,421
Energy mitigation	633,539	-	633,539
Debt service	479	1,429,943	1,430,422
Culture and Recreation	116,054	-	116,054
Emergency reserve	990,000	-	990,000
Unrestricted	15,614,708	5,073,456	20,688,164
TOTAL NET POSITION	\$ 115,698,424	\$ 32,004,426	\$ 147,702,850

See notes to the basic financial statements.

Town of Telluride, Colorado

STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

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
Government Activities							
General government	\$ 5,316,607	\$ 1,189,342	\$ 870,220	\$ 30,491	\$ (3,226,554)	\$ -	\$ (3,226,554)
Public safety	1,818,557	40,705	7,776	-	(1,770,076)	-	(1,770,076)
Public works	3,702,454	729,977	-	-	(2,972,477)	-	(2,972,477)
Culture and recreation	3,822,578	387,726	-	2,694,329	(740,523)	-	(740,523)
Economic development	3,254,108	662,680	-	-	(2,591,428)	-	(2,591,428)
Transportation	913,661	-	158,638	-	(755,023)	-	(755,023)
Interest on long-term debt	965,256	-	-	-	(965,256)	-	(965,256)
Total government activities	19,793,221	3,010,430	1,036,634	2,724,820	(13,021,337)	-	(13,021,337)
Business-type Activities							
Water operations	2,056,385	1,817,235	-	-	-	(239,150)	(239,150)
Sewer operations	2,212,814	2,011,765	560,211	250,000	-	609,162	609,162
Housing	2,416,858	2,465,292	-	-	-	48,434	48,434
Parking	1,013,855	362,178	-	-	-	(651,677)	(651,677)
Total business-type activities	7,699,912	6,656,470	560,211	250,000	-	(233,231)	(233,231)
Total primary government	\$ 27,493,133	\$ 9,666,900	\$ 1,596,845	\$ 2,974,820	(13,021,337)	(233,231)	(13,254,568)
General Revenues:							
Property taxes					1,379,200	664,963	2,044,163
Specific ownership taxes					62,368	-	62,368
Sales and use tax					8,629,805	-	8,629,805
Franchise taxes					264,398	-	264,398
Real estate transfer taxes					14,498,050	-	14,498,050
Excise tax					1,890,115	-	1,890,115
Road and Bridge tax					296,538	-	296,538
Other taxes					386,722	-	386,722
Tap fees					-	1,027,392	1,027,392
Build America Bonds Rebate					-	104,437	104,437
Investment earnings					108,053	21,259	129,312
Transfers					365,913	(365,913)	-
Gain (loss) on asset disposal					320,590	1,713,099	2,033,689
Total general revenues					28,201,752	3,165,237	29,333,300
Change in net position					15,180,415	2,932,006	18,112,421
Net position, beginning					100,324,275	28,973,143	129,297,418
Prior period adjustment					193,734	99,277	293,011
Net position, beginning, restated					100,518,009	29,072,420	129,590,429
Net position, ending					\$ 115,698,424	\$ 32,004,426	\$ 147,702,850

See notes to the basic financial statements.

Town of Telluride, Colorado

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2020

	General	Capital Improvement	Open Space	Affordable Housing	Block 23 Housing Corp.	Other Governmental Funds	Total
ASSETS							
Cash	\$ 9,055,212	\$ -	25,935	\$ 14,894	\$ 86,568	\$ -	\$ 9,182,609
Investments	12,511,304	1,387,804	1,839,293	1,506,981	-	-	17,245,382
Receivables							
Taxes	782,988	-	-	620,282	-	-	1,403,270
Accounts	94,730	-	-	10,082	2,000	318,181	424,993
Notes	-	116,981	-	-	-	-	116,981
Intergovernmental	230,606	-	-	-	-	-	230,606
Other receivables	-	-	2,667,530	-	-	-	2,667,530
Due from other funds	78,596	5,805,582	3,779,418	1,209,205	-	1,035,518	11,908,319
Total assets	<u>22,753,436</u>	<u>7,310,367</u>	<u>8,312,176</u>	<u>3,361,444</u>	<u>88,568</u>	<u>1,353,699</u>	<u>43,179,690</u>
LIABILITIES							
Accounts payable	651,937	353,743	58,914	49,696	-	305,147	1,419,437
Due to other funds	13,497,469	-	-	-	-	-	13,497,469
Deposits	560,433	-	-	3,334	-	-	563,767
Unearned revenue	276,854	-	-	-	-	-	276,854
Total liabilities	<u>14,986,693</u>	<u>353,743</u>	<u>58,914</u>	<u>53,030</u>	<u>-</u>	<u>305,147</u>	<u>15,757,527</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred for long-term receivables	-	116,981	2,667,530	184,711	-	-	2,969,222
Deferred property taxes	782,988	-	-	620,282	-	-	1,403,270
Total deferred inflows	<u>782,988</u>	<u>116,981</u>	<u>2,667,530</u>	<u>804,993</u>	<u>-</u>	<u>-</u>	<u>4,372,492</u>
FUND BALANCE							
Restricted							
Emergency reserve	990,000	-	-	-	-	-	990,000
Open space	-	-	5,585,732	-	-	127,111	5,712,843
Affordable housing	-	-	-	2,503,421	-	-	2,503,421
Energy mitigation	-	-	-	-	-	633,539	633,539
Debt service	-	-	-	-	-	479	479
Culture and recreation	-	-	-	-	-	116,054	116,054
Assigned							
Affordable housing	-	-	-	-	88,568	-	88,568
Transportation	76,563	-	-	-	-	-	76,563
Capital projects	-	6,839,643	-	-	-	171,369	7,011,012
Unassigned	5,917,192	-	-	-	-	-	5,917,192
Total fund balance	<u>\$ 6,983,755</u>	<u>\$ 6,839,643</u>	<u>\$ 5,585,732</u>	<u>\$ 2,503,421</u>	<u>\$ 88,568</u>	<u>\$ 1,048,552</u>	<u>\$ 23,049,671</u>

Town of Telluride, Colorado

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

December 31, 2020

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

Total fund balance - governmental funds		\$ 23,049,671
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the funds		
Cost	\$ 142,105,110	
Accumulated depreciation	<u>(35,217,585)</u>	
		106,887,525
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.		2,969,222
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	(6,895,000)	
2020 Valley Floor Refunding Certificates of Participation	(6,450,000)	
2020 Taxable Refunding Bonds	(1,900,000)	
2013 Certificates of participation	(266,322)	
Owner financed loan	(1,095,600)	
Unamortized premium on 2010 excise tax refunding bonds	(153,223)	
Accrued interest payable	(78,355)	
Compensated absences	<u>(369,494)</u>	
		<u>(17,207,994)</u>
Total governmental activities net position		<u><u>\$ 115,698,424</u></u>

Town of Telluride, Colorado

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended December 31, 2020

	General	Capital Improvement	Open Space	Affordable Housing	Block 23 Housing Corp.	Other Governmental Funds	Total
REVENUES							
Taxes	\$ 7,295,914	\$ 11,598,440	\$ 4,597,000	\$ 2,005,100	\$ -	\$ 1,474,549	\$ 26,971,003
Licenses and permits	822,749	-	106,762	-	-	-	929,511
Intergovernmental	1,006,998	-	-	-	-	378,824	1,385,822
Charges for services	1,013,870	-	-	670,855	56,450	179,379	1,920,554
Fines and forfeitures	113,847	-	-	-	-	-	113,847
Grants and contributions	-	-	-	-	-	3,240	3,240
Investment earnings	86,784	-	10,256	10,925	31	-	107,996
Miscellaneous	92,405	-	-	33,110	-	6,035	131,550
Total revenues	10,432,567	11,598,440	4,714,018	2,719,990	56,481	2,042,027	31,563,523
EXPENDITURES							
Current							
General government	4,991,546	-	-	-	-	135,536	5,127,082
Public safety	1,735,999	-	-	-	-	-	1,735,999
Public works	1,613,160	-	-	-	-	462,877	2,076,037
Culture and recreation	1,987,639	-	3,593,781	-	-	380,365	5,961,785
Economic development	-	-	-	1,741,558	3,440	1,445,058	3,190,056
Transportation	789,260	-	-	-	-	-	789,260
Capital projects	-	3,429,892	-	-	149,395	-	3,579,287
Debt service							
Principal	-	-	595,000	510,031	5,062,876	15,120	6,183,027
Interest	-	-	665,032	163,695	35,041	12,360	876,128
Fees/issuance costs	-	-	110,912	500	-	-	111,412
Total expenditures	11,117,604	3,429,892	4,964,725	2,415,784	5,250,752	2,451,316	29,630,073
Revenues in excess (deficiency) of expenditures	(685,037)	8,168,548	(250,707)	304,206	(5,194,271)	(409,289)	1,933,450
OTHER FINANCING SOURCES (USES)							
Proceeds from debt issuance	-	-	6,450,000	1,900,000	1,285,913	-	9,635,913
Payments to escrow for debt refunding	-	-	(6,980,000)	(1,819,332)	-	-	(8,799,332)
Proceeds from sale of assets	-	348,261	-	50,886	2,499,200	-	2,898,347
Transfers in	1,894,890	176,000	-	2,508,236	4,345,061	579,271	9,503,458
Transfers out	(27,458)	(5,872,872)	(104,300)	(112,300)	(2,881,971)	(205,491)	(9,204,392)
Total other financing sources (uses)	1,867,432	(5,348,611)	(634,300)	2,527,490	5,248,203	373,780	4,033,994
Revenues and other sources in excess (deficiency) of expenditures and other sources (uses)	1,182,395	2,819,937	(885,007)	2,831,696	53,932	(35,509)	5,967,444
Fund balance, beginning	5,801,360	4,019,706	6,470,739	(328,275)	34,636	1,084,061	17,082,227
Fund balance, ending	\$ 6,983,755	\$ 6,839,643	\$ 5,585,732	\$ 2,503,421	\$ 88,568	\$ 1,048,552	\$ 23,049,671

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, 2020

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

Net change in fund balances - total governmental funds \$ 5,967,444

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:

Capital outlays	\$ 6,793,786	
Costs recognized in retainage payable in prior year	-	
Depreciation expense	<u>(3,088,060)</u>	3,705,726

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.
Proceeds of housing inventory sales (2,481,427)

The net effect of disposals of capital assets is a decrease net position (1,410)

This is the amount of transfers of capital assets to governmental activities from
business type activities during the year. 66,847

Revenues are recognized in the fund financial statements when they are earned and collected
within the period of availability. This is the difference between what has been
recognized in the fund financial statements and the statement of activities 2,625,706

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. (9,635,913)

The repayment of the principal of long-term debt consumes the current financial resources of
of governmental funds, however, this transaction has no effect on net assets. Also,
governmental funds report the effect of issuance costs, premiums, discounts, and similar
items when debt is first issued, whereas these amounts are deferred and amortized in
the statement of activities. This amount is the net effect of these differences in the
treatment of long-term debt and related items.

Amortization of premiums on long-term debt	22,284	
Payments to escrow	8,799,332	
Debt principal payments	6,183,027	
Decrease in accrued interest	-	
Increase in compensated absences	<u>(71,201)</u>	<u>14,933,442</u>

Change in net position of governmental activities \$ 15,180,415

Town of Telluride, Colorado

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

December 31, 2020

	Water	Sewer	THA	Parking	Total
ASSETS					
CURRENT ASSETS					
Cash and investments	\$ -	\$ -	\$ 3,374,346	\$ 375,453	\$ 3,749,799
Receivables					
Taxes	557,073	-	-	-	557,073
Accounts	270,446	427,579	27,061	-	725,086
Intergovernmental	-	251,565	-	-	251,565
Due from other funds	-	4,241,555	-	783,623	5,025,178
Total current assets	827,519	4,920,699	3,401,407	1,159,076	10,308,701
NON-CURRENT ASSETS					
Restricted cash and investments	5,410	7,542,358	1,424,533	-	8,972,301
Total noncurrent assets	5,410	7,542,358	1,424,533	-	8,972,301
CAPITAL ASSETS					
Land	-	308,011	4,413,000	-	4,721,011
Construction in progress	2,986,033	-	-	-	2,986,033
Buildings and building improvements	-	665,572	19,892,004	8,104,705	28,662,281
Treatment plants and systems	28,666,355	12,845,018	207,269	-	41,718,642
Equipment	299,534	495,881	220,279	-	1,015,694
Less accumulated depreciation	(9,162,642)	(9,135,781)	(6,979,907)	(950,552)	(26,228,882)
Net capital assets	22,789,280	5,178,701	17,752,645	7,154,153	52,874,779
Total assets	23,622,209	17,641,758	22,578,585	8,313,229	72,155,781
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	603,996	139,677	43,281	7,027	793,981
Due to other funds	272,710	-	3,163,318	-	3,436,028
Security deposits	-	-	259,866	-	259,866
Accrued interest payable	46,167	-	62,116	-	108,283
Unearned revenue	-	-	2,834	-	2,834
Current portion of long-term debt	708,880	311,332	599,000	234,000	1,853,212
Total current liabilities	1,631,753	451,009	4,130,415	241,027	6,454,204
LONG TERM LIABILITIES					
Compensated absences	14,126	8,821	21,823	-	44,770
Bonds payable	8,438,110	7,580,198	13,543,000	3,507,000	33,068,308
Total long-term liabilities	8,452,236	7,589,019	13,564,823	3,507,000	33,113,078
Total liabilities	10,083,989	8,040,028	17,695,238	3,748,027	39,567,282
DEFERRED INFLOWS OF RESOURCES					
Property taxes	557,073	-	-	-	557,073
Total deferred inflows of resources	557,073	-	-	-	557,073
NET POSITION					
Net investment in capital assets	13,647,700	4,829,529	3,610,645	3,413,153	25,501,027
Restricted for debt service	5,410	-	1,424,533	-	1,429,943
Unrestricted	(671,964)	4,772,201	(178,830)	1,152,049	5,073,456
Total net position	\$ 12,981,146	\$ 9,601,730	\$ 4,856,348	\$ 4,565,202	\$ 32,004,426

Town of Telluride, Colorado

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

Year Ended December 31, 2020

	Water	Sewer	THA	Parking	Total
OPERATING REVENUES					
Charges for sales and services	\$ 1,763,185	\$ 1,974,834	\$ 2,383,215	\$ 362,178	\$ 6,483,412
Miscellaneous	29,745	36,931	82,077	-	148,753
Meter sales	24,305	-	-	-	24,305
Total operating revenues	1,817,235	2,011,765	2,465,292	362,178	6,656,470
OPERATING EXPENSES					
Costs of sales and service	600,608	1,356,902	1,148,324	125,808	3,231,642
Depreciation	894,711	451,298	649,962	524,202	2,520,173
Total operating expenses	1,495,319	1,808,200	1,798,286	650,010	5,751,815
Net income (loss) from operations	321,916	203,565	667,006	(287,832)	904,655
NONOPERATING REVENUES (EXPENSES)					
Taxes	664,963	-	-	-	664,963
Investment earnings	5,408	-	14,762	1,089	21,259
Capital grants	-	250,000	-	-	250,000
Interest rebate, Build America Bonds	104,437	-	-	-	104,437
Gain on sale of assets	-	-	-	1,713,099	1,713,099
Capital repairs and maintenance	(47,753)	-	-	(188,587)	(236,340)
Intergovernmental agreement	-	560,211	-	-	560,211
Treasurer's fees	(12,725)	-	-	-	(12,725)
Bond issuance costs	-	(324,033)	-	-	(324,033)
Interest expense	(500,588)	(80,581)	(618,572)	(175,258)	(1,374,999)
Total non-operating revenues (expenses)	213,742	405,597	(603,810)	1,350,343	1,365,872
Net income (loss) before capital contributions and transfers	535,658	609,162	63,196	1,062,511	2,270,527
Capital contributions - tap fees	363,193	664,199	-	-	1,027,392
Capital asset transfer	-	-	-	(66,847)	(66,847)
Transfers in	540,000	2,000,000	-	2,993,780	5,533,780
Transfers(out)	(378,247)	(378,247)	(59,045)	(5,017,307)	(5,832,846)
Change in net position	1,060,604	2,895,114	4,151	(1,027,863)	2,932,006
Net position, beginning	11,920,542	6,706,616	4,852,197	5,493,788	28,973,143
Prior period adjustment	-	-	-	99,277	99,277
Net position, beginning restated	11,920,542	6,706,616	4,852,197	5,593,065	29,072,420
Net position, ending	\$ 12,981,146	\$ 9,601,730	\$ 4,856,348	\$ 4,565,202	\$ 32,004,426

Town of Telluride, Colorado

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended December 31, 2020

	Water	Sewer	THA	Parking	Total
Cash flows from operating activities:					
Charges for sales and services	\$ 1,784,759	\$ 1,831,193	\$ 2,373,020	\$ 364,186	\$ 6,353,158
Other receipts	-	36,931	82,077	-	119,008
Payments to employees	(191,443)	(573,041)	(435,672)	-	(1,200,156)
Payments to suppliers	(343,021)	(718,879)	(701,984)	(169,488)	(1,933,372)
Net cash provided by operating activities	1,250,295	576,204	1,317,441	194,698	3,338,638
Cash flows from non-capital financing activities:					
Interfund liability activity	(916,187)	(2,020,615)	(662,685)	(1,533,712)	(5,133,199)
Transfers from (to) other funds	161,753	1,621,753	(59,045)	(2,424,905)	(700,444)
Net cash provided (used) by non-capital financing activities	(754,434)	(398,862)	(721,730)	(3,958,617)	(5,833,643)
Cash flows from capital and related financing activities					
Taxes	664,963	-	-	-	664,963
Treasurer's fees	(12,725)	-	-	-	(12,725)
Tap fees	363,193	664,199	-	-	1,027,392
Proceeds from sale of capital assets	-	-	-	5,084,154	5,084,154
Purchase of capital assets	(588,819)	(1,634,150)	(125,629)	(734,247)	(3,082,845)
Capital maintenance and repair	(50,441)	-	-	-	(50,441)
Capital grants	-	250,000	-	-	250,000
Intergovernmental agreements	-	598,051	-	-	598,051
Bond issuance costs	-	(324,033)	-	-	(324,033)
Proceeds from debt issuance	-	7,891,530	-	-	7,891,530
Principal payments on debt	(1,231,568)	-	(599,000)	(234,000)	(2,064,568)
Interest payments on debt	(500,588)	(80,581)	(618,572)	(363,845)	(1,563,586)
Interest rebate - Build America Bonds	104,437	-	-	-	104,437
Net cash provided (used) by capital and related financing activities	(1,251,548)	7,365,016	(1,343,201)	3,752,062	8,522,329
Cash flows from investing activities					
Investment income	5,408	-	14,762	1,089	21,259
Sale of investments	755,689	-	757,718	205,231	1,718,638
Net cash provided (used) by investing activities	761,097	-	772,480	206,320	1,739,897
Net increase (decrease) in cash and cash equivalents	5,410	7,542,358	24,990	194,463	7,767,221
Cash at beginning of year	-	-	262,966	180,990	443,956
Cash at end of year	\$ 5,410	\$ 7,542,358	\$ 287,956	\$ 375,453	\$ 8,211,177

Town of Telluride, Colorado

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Year Ended December 31, 2020

	Water	Sewer	THA	Parking	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 321,916	\$ 203,565	\$ 667,006	\$ (287,829)	\$ 904,658
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	894,711	451,298	649,962	524,202	2,520,173
(Increase) decrease in accounts receivable	(29,788)	(143,641)	(9,670)	2,008	(181,091)
Increase (decrease) in accounts payable	59,280	74,376	3,941	(43,683)	93,914
Increase (decrease) in unearned revenue	-	-	(18,219)	-	(18,219)
Increase (decrease) in security deposits	-	-	17,692	-	17,692
Increase (decrease) in accrued liabilities	4,176	(9,394)	6,729	-	1,511
Total adjustments	<u>928,379</u>	<u>372,639</u>	<u>650,435</u>	<u>482,527</u>	<u>2,433,980</u>
Net cash provided by operating activities	<u>\$ 1,250,295</u>	<u>\$ 576,204</u>	<u>\$ 1,317,441</u>	<u>\$ 194,698</u>	<u>\$ 3,338,638</u>
Reconciliation of cash flow statement to statement of net position					
Cash and investments	\$ -	\$ -	\$ 3,374,346	\$ 375,453	\$ 3,749,799
Restricted cash and investments	5,410	7,542,358	1,424,533	-	8,972,301
	<u>\$ 5,410</u>	<u>\$ 7,542,358</u>	<u>\$ 4,798,879</u>	<u>\$ 375,453</u>	<u>\$ 12,722,100</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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

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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, a two and one-half (2.5) percent Affordable Housing short-term rental excise 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:

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- *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.
- *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

Town of Telluride, Colorado

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acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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Housing Held for Resale

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

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of 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.

NOTES TO FINANCIAL STATEMENTS

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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.

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).

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

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

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

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

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

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

Unassigned fund balance represents the residual portion of fund balance that does not meet any of the above criteria. 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 and THA have negative unrestricted net position which is a result of the large of amount of debt carried for the assets held by those funds at December 31, 2020.

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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 10th day of the month following collection. Property taxes receivable represent 2019 taxes collectible in 2020 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

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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.

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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, 2020, \$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, 2020, 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.

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, 2020 is as follows:

Cash on hand	\$	1,979
Deposits:		
Cash in checking account(s)		10,508,300
Money market funds		10,319,132
Cash with county treasurer		22,538
		<u>20,849,970</u>
Total deposits		20,849,970
Investment pools		18,298,142
Total cash, deposits, and investments	\$	<u><u>39,150,091</u></u>

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

Cash and cash equivalents	\$	9,846,018
Investments		17,245,382
Restricted cash and investments		12,058,691
	\$	<u><u>39,150,091</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, 2020.

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

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	Restated Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital Assets not being depreciated:					
Land	\$ 69,758,317	\$ 3,442,364	\$ -	\$ -	\$ 73,200,681
Construction in Progress	935,052	627,918	(716,656)	-	846,314
Total non-depreciable	<u>70,693,369</u>	<u>4,070,282</u>	<u>(716,656)</u>	<u>-</u>	<u>74,046,995</u>
Capital Assets being Depreciated:					
Buildings	11,861,556	-	-	66,847	11,928,403
Infrastructure	35,612,549	61,529	-	-	35,674,078
Equipment and Vehicles	5,467,709	292,069	(154,831)	-	5,604,947
Improvements	12,480,783	2,369,906	-	-	14,850,689
Total depreciable	<u>65,422,597</u>	<u>2,723,504</u>	<u>(154,831)</u>	<u>66,847</u>	<u>68,058,117</u>
Less Accumulated Depreciation:					
Buildings	(6,928,628)	(314,301)	-	-	(7,242,929)
Infrastructure	(18,732,633)	(1,458,249)	-	-	(20,190,882)
Equipment and Vehicles	(3,932,295)	(477,880)	153,421	-	(4,256,754)
Improvements	(2,689,391)	(837,630)	-	-	(3,527,021)
Total accumulated depreciation	<u>(32,282,947)</u>	<u>(3,088,060)</u>	<u>153,421</u>	<u>-</u>	<u>(35,217,586)</u>
Capital Assets being Depreciated, Net	<u>33,139,650</u>	<u>(364,556)</u>	<u>(1,410)</u>	<u>66,847</u>	<u>32,840,531</u>
Total Governmental Activities Net Capital Assets	<u>\$ 103,833,019</u>	<u>\$ 3,705,726</u>	<u>\$ (718,066)</u>	<u>\$ 66,847</u>	<u>\$ 106,887,526</u>
Business-Type Activities					
Capital Assets not being depreciated:					
Land	\$ 4,721,011	\$ -	\$ -	\$ -	\$ 4,721,011
Construction in Progress	2,986,033	-	-	-	2,986,033
Total non-depreciable	<u>7,707,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,707,044</u>
Capital Assets being Depreciated:					
Treatment Plants and Systems	25,340,662	1,226,295	-	-	26,566,957
Buildings and Improvements	45,240,518	2,011,351	(3,371,054)	(66,847)	43,813,968
Equipment	934,748	80,946	-	-	1,015,694
Total depreciable	<u>71,515,928</u>	<u>3,318,592</u>	<u>(3,371,054)</u>	<u>(66,847)</u>	<u>71,396,619</u>
Less Accumulated Depreciation:					
Treatment Plants and Systems	(7,377,763)	(823,942)	-	-	(8,201,705)
Buildings and Improvements	(15,685,009)	(1,567,419)	-	-	(17,252,428)
Equipment	(662,077)	(112,672)	-	-	(774,749)
Total accumulated depreciation	<u>(23,724,849)</u>	<u>(2,504,033)</u>	<u>-</u>	<u>-</u>	<u>(26,228,882)</u>
Capital Assets being Depreciated, Net	<u>47,791,079</u>	<u>814,559</u>	<u>(3,371,054)</u>	<u>(66,847)</u>	<u>45,167,737</u>
Total Governmental Activities Net Capital Assets	<u>\$ 55,498,123</u>	<u>\$ 814,559</u>	<u>\$ (3,371,054)</u>	<u>\$ (66,847)</u>	<u>\$ 52,874,781</u>

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Depreciation expense was charged to functions as follows:

<u>Governmental Activities</u>		<u>Business-type Activities</u>	
General Government	\$ 179,391	Water	\$ 894,711
Public Safety	82,558	Sewer	451,298
Public Works	1,626,417	THA	633,822
Parks and Recreation	1,075,292	Parking	<u>524,202</u>
Transportation	<u>124,402</u>	Total	<u>\$ 2,504,033</u>
	<u>\$ 3,088,060</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>276,854</u>
Total General Fund	<u>\$ 276,854</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	\$ 184,711
Total Affordable Housing Fund	<u>\$ 184,711</u>
Open Space Fund	
Grants received outside period of availability	\$ 2,667,530
Total Open Space Fund	<u>\$ 2,667,530</u>

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE F – LONG-TERM LIABILITIES

The following is a summary of long-term liability activity of the Town for the year ended December 31, 2020:

	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Governmental Activities					
Excise Tax Revenue Bonds					
Series 2010	\$ 7,195,000	\$ -	\$ (300,000)	\$ 6,895,000	\$ 310,000
Series 2010 Premium	163,412	-	(10,189)	153,223	10,189
Taxable Sales Tax Revenue Bonds:					
Series 2009, direct placement	1,964,163	-	(1,964,163)	-	-
Series 2020, direct placement	-	1,900,000	-	1,900,000	195,000
Certificates of Participation					
Series 2010	7,275,000	-	(7,275,000)	-	-
Certificates of Participation					
Series 2013, direct placement	281,442	-	(15,120)	266,322	15,750
Certificates of Participation					
Series 2020, direct placement		6,450,000	-	6,450,000	345,000
Series 2020 Premium	12,095	-	(12,095)	-	-
Block 23 Construction Note, direct borrowing	3,776,963	1,285,913	(5,062,876)	-	-
Owner Financed Loan	1,460,800	-	(365,200)	1,095,600	365,200
Liabilities for Compensated Absences	298,293	71,201	-	369,494	-
Total	<u>\$22,427,168</u>	<u>\$ 9,707,114</u>	<u>\$(15,004,643)</u>	<u>\$ 17,129,639</u>	<u>\$1,241,139</u>

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

	Balance December 31, 2019			Balance December 31, 2020		Due Within One Year
		Additions	Reductions			
Business-type Activities						
General Obligation Bonds:						
Taxable GO Bonds Series 2010 B	\$ 6,150,000	\$ -	\$ (6,150,000)	\$ -	\$ -	
Refunding GO Bonds						
Series 2020, direct placement	-	5,146,000	-	5,146,000	484,000	
Water Resources Revenue Bonds						
Series 2020, direct placement	-	7,400,000	-	7,400,000	285,000	
Premium on Revenue Bonds	-	517,862	(26,332)	491,530	26,332	
Multifamily Housing Revenue Bonds,						
Series 2002, direct placement	5,075,000	-	(280,000)	4,795,000	280,000	
Multifamily Housing Revenue Bonds,						
Series 2003, direct placement	1,454,000	-	(67,000)	1,387,000	67,000	
Certificates of Participation Series						
2013, direct placement	4,228,558	-	(227,568)	4,000,990	224,880	
Series 2017 THA Virginia Placer						
Revenue Bonds, direct placement	8,239,000	-	(252,000)	7,987,000	252,000	
Parking Revenue Bond Series 2018						
Series 2018, direct placement	3,975,000	-	(234,000)	3,741,000	234,000	
Liabilities for Compensated Absences	43,259	1,511	-	44,770	-	
Total	\$29,164,817	\$ 13,065,373	\$ (7,236,900)	\$ 34,993,290	\$1,853,212	

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, 2020 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.

The Town issued Taxable Sales Tax Revenue Bonds, Series 2020 for \$1,900,000 on December 1, 2020 to refund the Taxable Sales Tax Revenue Bonds, Series 2009. The bonds mature on November 1, 2029 and

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

are subject to mandatory sinking fund redemption, payable semi-annually on May 1 and November 1. The bonds carry an interest rate of 2.03%. This bond is subject to redemption prior to its maturity at the option of the Town, in whole but not in part, on November 1, 2025, and on any May 1 or November 1 thereafter, at a redemption price equal to the principal amount of this Bond then outstanding plus accrued interest to the redemption date without a premium. The refunding reduced total debt service payments over the next 9 years by \$336,657. This refunding resulted in an economic gain of \$315,967.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 505,000	\$ 347,950	\$ 852,950
2022	520,000	334,805	854,805
2023	535,000	317,945	852,945
2024	555,000	299,648	854,648
2025	575,000	280,611	855,611
2026-2030	2,945,000	1,096,375	4,041,375
2031-2035	2,565,000	545,750	3,110,750
2036	595,000	29,750	624,750
	<u>\$ 8,795,000</u>	<u>\$ 3,252,834</u>	<u>\$ 12,047,834</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 payable semiannually on June 1 and December 1. The COPs were issued to refund the Adjustable Rate Excise Tax Revenue Bonds, Series 2007. These COPs were refunded in 2020.

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

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

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

	Principal	Interest	Total
2021	360,750	147,152	507,902
2022	366,380	139,222	505,602
2023	372,325	131,159	503,484
2024	382,955	122,951	505,906
2025	388,585	114,505	503,090
2026-2030	2,102,100	438,509	2,540,609
2031-2033	2,275,915	196,751	2,472,666
2034-2036	470,000	9,870	479,870
	<u>\$ 6,719,010</u>	<u>\$ 1,300,119</u>	<u>\$ 8,019,129</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 2020. The principal balance of the Note and all accrued interest were paid in full during 2020.

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.

	Principal	Interest	Total
2021	365,200	21,364	386,564
2022	365,200	14,243	379,443
2023	365,200	7,121	372,321
	<u>\$ 1,095,600</u>	<u>\$ 42,728</u>	<u>\$ 1,138,328</u>

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.

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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. These bonds were refunded in 2020.

The Town took out a General Obligation Refunding Loan, Series 2020 for the purpose of refunding the Town's outstanding Taxable Sales Tax Revenue Bonds, Series 2009. Certain Affordable Housing sales, and Use Tax revenues are pledged for the payment of the loan. The total amount of bonds issued were \$5,146,000 and the total amount paid to escrow, including a contribution from the Town, was \$5,670,000. The interest rate on the bonds is 1.42% and principal and interest payments are due semiannually on June 1 and December 1, commencing on June 1, 2021 with final payment on December 1, 2030. This refunding reduced total debt service payments over the next 10 years by approximately \$1,500,000. The net present value of the savings from the bond refunding was \$627,986.

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 bonds are secured by property situated in San Miguel County, Colorado, known as the Shandoka Apartments.

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. The Bonds are secured by the land on which the Virginia Placer affordable housing units are constructed.

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.

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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.

Water Resources Revenue Bonds 2020, Series A from the Colorado Water Resources and Power Development Authority, were issued on May 1, 2020 for \$7,400,000 to fund the acquisition, construction and completion of certain near-term improvements to the Telluride Regional Wastewater Treatment Plan. Payments of interest and principal are due semiannually and interest rates vary from 2% to 4%. These bonds carry a premium of \$517,862 that will be amortized over the life of the bonds. The Bonds are to be paid from fees collected in the Water fund and from any other Town source as necessary.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	1,640,000	1,055,996	1,613,173
2022	5,868,000	1,005,071	5,799,771
2023	1,405,000	733,080	1,065,416
2024	2,524,000	722,975	2,177,147
2025	1,400,000	605,104	929,333
2026-2030	7,558,000	2,387,028	4,635,231
2031-2035	4,661,000	1,277,686	3,406,186
2036	5,400,000	276,144	3,135,094
	<u>\$ 30,456,000</u>	<u>\$ 8,063,084</u>	<u>\$22,761,351</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>
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	276,415	130,430	406,845

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

2026-2030	1,592,900	459,563	2,052,463
2031-2033	<u>1,129,085</u>	<u>99,657</u>	<u>1,228,742</u>
	<u>\$ 4,000,990</u>	<u>\$ 1,322,849</u>	<u>\$ 5,323,839</u>

NOTE G – 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 2020, the Town contributed \$90,980 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 2020, the Town contributed \$203,224 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 2020, the Town contributed \$15,963 to the plan.

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

NOTE H – PUBLIC ENTITY RISK POOL

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA) property and casualty pool, a public entity risk pool. CIRSA provides property, casualty and cyber insurance coverage to the Town. The coverage is provided through joint self-insurance, insurance and reinsurance, or any combination thereof. CIRSA’s rate setting policies are established by the Board of Directors, in consultation with independent actuaries. The Board of Directors is elected by the membership for four

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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 2020 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 I – 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 \$50,180, reported in the General Fund at December 31, 2020 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, 2020

NOTE J – CONTINGENCIES AND COMMITMENTS

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

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

NOTE K – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2020, is as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 78,596	\$13,497,469
Capital improvement fund	5,805,582	-
Open space fund	3,779,418	-
Conservation trust fund	127,111	-
Airline guarantee fund	31,866	-
Energy mitigation fund	641,178	-
Street and Alley fund	194,464	-
Debt service fund	479	-
Restricted fund	40,420	-
Sewer fund	4,241,555	-
Parking fund	783,623	-
Affordable housing fund	1,209,205	-
Water fund	-	272,710
THA fund	508,496	3,671,814
Total	<u>\$ 17,441,993</u>	<u>\$17,441,993</u>

Due to and due from balances between the funds are primarily related to pooled cash.

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.

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Interfund transfers are as follows:

Fund	Transfers In	Transfers Out
General	\$ 1,894,890	\$ 27,458
Capital Improvement	176,000	5,872,872
Open Space	-	104,300
Affordable Housing	2,508,236	112,300
Block 23	4,345,061	2,881,971
Debt service	27,458	-
Street and Alley	551,813	-
Airline Guarantee	-	29,491
Energy Mitigation	-	176,000
Water	540,000	378,247
Sewer	2,000,000	378,247
Parking	2,993,780	5,017,307
THA	-	59,045
Total	\$ 15,037,238	\$15,037,238

NOTE L – TAX, SPENDING AND DEBT LIMITATIONS

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

NOTE M – RELATED PARTY TRANSACTIONS

On September 19, 2012 the Town of Telluride made a loan to the San Miguel Community Facilities, Inc. (SMCF) in the amount of \$140,000 for the construction of a childcare facility. Until October 1, 2017, SMCF will pay interest on the principal balance of the loan at an annual rate of 2.5%. Beginning October 1, 2017, SMCF 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 2020. The principal balance on the note receivable was \$116,981 at December 31, 2020.

Town of Telluride, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE N – PRIOR PERIOD ADJUSTMENTS

The Town purchased additions in previous years that were excluded from capital asset additions in the government wide financial statements in the amount of \$193,734. A prior period adjustment in the current year was made in the amount of \$193,734 to increase governmental wide capital assets and increase beginning net position.

In the parking fund there is a prior period adjustment of \$99,275 to recognize expenses related to the parking garage that were not capitalized in the prior year and should have been recognized as part of the asset.

NOTE O – SUBSEQUENT EVENTS

On January 21, 2021 The Town of Telluride issued Tax-Exempt Revenue Bonds Series 2021A and Taxable Revenue Bonds Series 2021 B for the Sunnyside Housing Project in the amount of \$11,965,000.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Telluride, Colorado

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Taxes				
Sales taxes	\$ 6,627,816	\$ 6,811,388	\$ 5,671,523	\$(1,139,865)
Use taxes	445,445	445,445	405,088	(40,357)
Motor vehicle use taxes	253,000	253,000	293,545	40,545
Property taxes	751,870	751,870	623,316	(128,554)
Specific ownership tax	29,600	29,600	34,129	4,529
Penalties and interest on property tax	1,375	1,375	2,092	717
Franchise tax	270,000	270,000	264,398	(5,602)
Festival attendance tax	248,561	248,561	140	(248,421)
Occupation tax	2,000	2,000	1,683	(317)
	<u>8,629,667</u>	<u>8,813,239</u>	<u>7,295,914</u>	<u>(1,517,325)</u>
Licenses and permits				
Business licenses	505,750	535,250	441,161	(94,089)
Building licenses and permits	242,000	265,000	296,397	31,397
Other	143,278	143,278	85,191	(58,087)
	<u>891,028</u>	<u>943,528</u>	<u>822,749</u>	<u>(120,779)</u>
Intergovernmental				
Federal				
Other	-	683,382	458,520	(224,862)
State				
Mineral leasing	26,500	26,500	1,564	(24,936)
Highway users	68,807	68,807	64,453	(4,354)
Tobacco tax	14,000	14,000	15,445	1,445
Motor vehicle licenses	8,000	8,000	9,892	1,892
County				
Highway and streets	298,350	298,350	296,538	(1,812)
Other	162,636	162,636	160,586	(2,050)
	<u>578,293</u>	<u>1,261,675</u>	<u>1,006,998</u>	<u>(254,677)</u>
Charges for services				
General government	684,000	684,000	714,708	30,708
Public works	13,500	13,500	17,798	4,298
Parks and recreation fees	415,965	415,965	281,364	(134,601)
	<u>1,113,465</u>	<u>1,113,465</u>	<u>1,013,870</u>	<u>(99,595)</u>
Fines and forfeitures	94,300	94,300	113,847	19,547
Investment earnings	157,240	157,240	86,784	(70,456)
Miscellaneous	20,491	46,791	92,405	45,614
Total revenues	<u>11,484,484</u>	<u>12,430,238</u>	<u>10,432,567</u>	<u>(1,997,671)</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, 2020

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Expenditures				
General government				
Council	256,536	250,382	196,288	54,094
Court	44,430	44,258	43,143	1,115
Manager	384,820	401,652	373,976	27,676
Finance	503,455	508,878	497,036	11,842
Town attorney	378,000	378,420	377,875	545
Clerk	341,470	354,938	313,300	41,638
Planning	237,910	236,534	169,380	67,154
Building division	342,860	344,181	332,597	11,584
General services	953,700	1,338,431	1,122,228	216,203
Administrative services	471,070	375,824	354,416	21,408
Building maintenance	254,200	316,200	286,651	29,549
Community support	311,780	311,780	311,780	-
Contract services	505,087	581,131	556,655	24,476
Salary reserve	17,510	56,019	56,221	(202)
	<u>5,002,828</u>	<u>5,498,628</u>	<u>4,991,546</u>	<u>507,082</u>
Public safety				
Law enforcement	1,871,765	1,903,972	1,735,999	167,973
Public works				
Roads and utility	1,104,790	1,103,500	1,062,790	40,710
Administration and engineering	553,000	563,258	550,370	12,888
	<u>1,657,790</u>	<u>1,666,758</u>	<u>1,613,160</u>	<u>53,598</u>
Culture and recreation				
Parks	864,215	863,355	701,717	161,638
Historic preservation	203,680	202,579	187,898	14,681
Recreation	1,073,365	1,072,161	875,361	196,800
CASE	230,000	230,000	222,663	7,337
	<u>2,371,260</u>	<u>2,368,095</u>	<u>1,987,639</u>	<u>380,456</u>
Transportation	948,700	948,700	789,260	159,440
	<u>11,852,343</u>	<u>12,386,153</u>	<u>11,117,604</u>	<u>1,268,549</u>
Excess of revenue over (under) expenditures	(367,859)	44,085	(685,037)	(729,122)
Other Financing sources (uses)				
Transfers in (out), net	411,346	129,284	1,867,432	1,738,148
	<u>411,346</u>	<u>129,284</u>	<u>1,867,432</u>	<u>1,738,148</u>
Net change in fund balance	43,487	173,369	1,182,395	1,009,026
Fund balance beginning	5,801,360	5,801,360	5,801,360	-
Fund balance, ending	<u>\$ 5,844,847</u>	<u>\$ 5,974,729</u>	<u>\$ 6,983,755</u>	<u>\$ 1,009,026</u>

Town of Telluride, Colorado

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Taxes and licenses				
Real estate transfer tax	\$ 926,911	\$ 2,445,036	\$ 2,899,610	\$ 454,574
Sales tax	1,450,832	1,504,974	1,568,250	63,276
Property taxes	129,646	129,646	129,140	(506)
Business building license	95,880	105,750	106,762	1,012
Grants and contributions	2,630,000	2,630,000	-	(2,630,000)
	<u>5,233,269</u>	<u>6,815,406</u>	<u>4,703,762</u>	<u>(2,111,644)</u>
Investment earnings	19,500	19,500	10,256	(9,244)
	<u>5,252,769</u>	<u>6,834,906</u>	<u>4,714,018</u>	<u>(2,120,888)</u>
Expenditures				
Administrative expense	160,616	160,616	134,473	26,143
Stewardship expense	7,318,531	7,680,537	3,459,308	4,221,229
Principal payments on debt	595,000	595,000	595,000	-
Interest payments on debt	665,032	665,032	665,032	-
Fees/issuance costs	-	-	110,912	(110,912)
	<u>8,739,179</u>	<u>9,101,185</u>	<u>4,964,725</u>	<u>4,136,460</u>
Revenues in excess (deficiency) of expenditures	(3,486,410)	(2,266,279)	(250,707)	2,015,572
Other financing sources (uses)				
Bond proceeds	-	-	6,450,000	6,450,000
Payments to escrow	-	-	(6,980,000)	(6,980,000)
Transfers out	(104,300)	(104,300)	(104,300)	-
	<u>(104,300)</u>	<u>(104,300)</u>	<u>(634,300)</u>	<u>(530,000)</u>
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	(3,590,710)	(2,370,579)	(885,007)	1,485,572
Fund balance, beginning	<u>6,470,739</u>	<u>6,470,739</u>	<u>6,470,739</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 2,880,029</u></u>	<u><u>\$ 4,100,160</u></u>	<u><u>\$ 5,585,732</u></u>	<u><u>\$ 1,485,572</u></u>

Town of Telluride, Colorado

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Taxes				
Sales taxes	\$ 819,465	\$ 1,292,411	\$ 1,289,625	\$ (2,786)
Property taxes	628,108	628,107	624,652	(3,455)
Specific ownership taxes	24,000	24,000	28,239	4,239
Use taxes	55,055	55,055	62,584	7,529
	<u>1,526,628</u>	<u>1,999,573</u>	<u>2,005,100</u>	<u>5,527</u>
Housing mitigation and THA fees	549,000	549,000	670,855	121,855
Investment earnings	27,000	27,000	10,925	(16,075)
Rent income	<u>7,000</u>	<u>7,000</u>	<u>33,110</u>	<u>26,110</u>
Total revenues	2,109,628	2,582,573	2,719,990	137,417
Expenditures				
Housing set aside	2,980,893	1,807,264	1,622,699	184,565
Administration	106,888	106,888	105,119	1,769
Operating support	8,400	8,400	13,740	(5,340)
Principal payments on debt	144,831	144,831	510,031	(365,200)
Interest payments on debt	125,355	125,355	163,695	38,340
Fiscal agent fees	-	-	500	500
	<u>3,366,367</u>	<u>2,192,738</u>	<u>2,415,784</u>	<u>(145,366)</u>
Revenues in excess (deficiency) of expenditures	(1,256,739)	389,835	304,206	(7,949)
Other financing sources (uses)				
Proceeds from bond issuance	-	-	1,900,000	1,900,000
Payments to escrow for bond refunding	-	-	(1,819,332)	(1,819,332)
Proceeds from sale of property	50,885	50,886	50,886	-
Proceeds from sale of housing units	450,000	2,480,591	-	(2,480,591)
Transfers in	22,799	22,799	2,508,236	2,485,437
Transfers out	<u>(112,300)</u>	<u>(112,300)</u>	<u>(112,300)</u>	<u>-</u>
Total other financing sources (uses)	411,384	2,441,976	2,527,490	85,514
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	(845,355)	2,831,811	2,831,696	77,565
Fund balance, beginning	<u>1,339,756</u>	<u>(328,275)</u>	<u>(328,275)</u>	<u>-</u>
Fund balance, ending	<u>\$ 494,401</u>	<u>\$ 2,503,536</u>	<u>\$ 2,503,421</u>	<u>\$ 77,565</u>

SUPPLEMENTARY INFORMATION

Town of Telluride, Colorado

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Taxes				
Real estate transfer tax	\$ 4,634,554	\$ 12,225,180	\$ 11,598,440	\$ (626,740)
	<u>4,634,554</u>	<u>12,225,180</u>	<u>11,598,440</u>	<u>(626,740)</u>
Other revenues	75,000	75,000	-	(75,000)
Total revenues	<u>4,709,554</u>	<u>12,300,180</u>	<u>11,598,440</u>	<u>(701,740)</u>
Expenditures				
Equipment and other	780,758	1,232,634	941,326	291,308
Capital construction	2,931,000	3,241,000	2,488,566	752,434
Total expenditures	<u>3,711,758</u>	<u>4,473,634</u>	<u>3,429,892</u>	<u>1,043,742</u>
Revenues in excess (deficiency) of expenditures	<u>997,796</u>	<u>7,826,546</u>	<u>8,168,548</u>	<u>342,002</u>
Other financing sources (uses)				
Proceeds from sale of assets	12,000	333,646	348,261	14,615
Transfers in	176,000	176,000	176,000	-
Transfers out	(3,131,183)	(7,992,908)	(5,872,872)	2,120,036
Total other financing sources (uses)	<u>(2,943,183)</u>	<u>(7,483,262)</u>	<u>(5,348,611)</u>	<u>2,134,651</u>
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	<u>(1,945,387)</u>	<u>343,284</u>	<u>2,819,937</u>	<u>2,476,653</u>
Fund balance, beginning	<u>4,019,706</u>	<u>4,019,706</u>	<u>4,019,706</u>	<u>-</u>
Fund balance, ending	<u>\$ 2,074,319</u>	<u>\$ 4,362,990</u>	<u>\$ 6,839,643</u>	<u>\$ 2,476,653</u>

Town of Telluride, Colorado

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
State of Colorado Lottery	\$ 25,000	\$ 25,000	\$ 26,799	\$ 1,799
Other	38	38	57	19
Total Revenues	25,038	25,038	26,856	1,818
Expenditures				
Parks improvements	25,038	37,038	(37)	37,075
Total Expenditures	25,038	37,038	(37)	37,075
Revenues in excess (deficiency) of expenditures	-	(12,000)	26,893	38,893
Fund balance, beginning	100,218	100,218	100,218	-
Fund balance, ending	<u>\$ 100,218</u>	<u>\$ 88,218</u>	<u>\$ 127,111</u>	<u>\$ 38,893</u>

Town of Telluride, Colorado

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Excise taxes	\$ 1,585,633	\$ 1,585,633	\$ 1,474,549	\$ (111,084)
Expenditures				
Economic development	1,553,920	1,553,920	1,445,058	108,862
Revenues in excess (deficiency) of expenditures	31,713	31,713	29,491	(2,222)
Other financing (uses)				
Transfers out	(31,713)	(31,713)	(29,491)	2,222
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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Fees	\$ 184,000	\$ 184,000	\$ 176,822	\$ (7,178)
Credits	10,300	10,300	5,978	(4,322)
Total revenues	194,300	194,300	182,800	(11,500)
Expenditures				
Energy projects	119,750	188,500	135,536	52,964
Total expenditures	119,750	188,500	135,536	52,964
Revenues in excess (deficiency) of expenditures	74,550	5,800	47,264	41,464
Other financing sources (uses)				
Transfers out	(176,000)	(176,000)	(176,000)	-
Total other financing sources (uses)	(176,000)	(176,000)	(176,000)	-
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	(101,450)	(170,200)	(128,736)	41,464
Fund balance, beginning	762,275	762,275	762,275	-
Fund balance, ending	\$ 660,825	\$ 592,075	\$ 633,539	\$ 41,464

Town of Telluride, Colorado

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
Expenditures				
Public works expenditures	551,813	551,813	462,877	88,936
Revenues in excess (deficiency) of expenditures	(551,813)	(551,813)	(462,877)	88,936
Other financing sources (uses)				
Transfers in	551,813	551,813	551,813	-
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	-	-	88,936	88,936
Fund balance, beginning	82,433	82,433	82,433	-
Fund balance, ending	<u>\$ 82,433</u>	<u>\$ 82,433</u>	<u>\$ 171,369</u>	<u>\$ 88,936</u>

Town of Telluride, Colorado

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Charges for services	\$ 1,650	\$ 1,650	\$ 100	\$ (1,550)
Total revenues	<u>1,650</u>	<u>1,650</u>	<u>100</u>	<u>(1,550)</u>
Expenditures				
Debt service				
Principal	15,120	15,120	15,120	-
Interest	12,360	12,360	12,360	-
Total expenditures	<u>27,480</u>	<u>27,480</u>	<u>27,480</u>	<u>-</u>
Revenues in excess (deficiency) of expenditures	(25,830)	(25,830)	(27,380)	(1,550)
Other financing sources (uses)				
Transfers in	<u>25,808</u>	<u>27,458</u>	<u>27,458</u>	<u>-</u>
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	(22)	1,628	78	(1,550)
Fund balance, beginning	<u>401</u>	<u>401</u>	<u>401</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 379</u></u>	<u><u>\$ 2,029</u></u>	<u><u>\$ 479</u></u>	<u><u>\$ (1,550)</u></u>

Town of Telluride

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Charges	\$ 6,200	\$ 6,200	\$ 2,457	\$ (3,743)
Intergovernmental	-	483,900	352,025	(131,875)
Donations	2,500	2,500	3,240	740
Total revenues	8,700	492,600	357,722	(134,878)
Expenditures				
Culture and recreation	68,175	661,942	380,402	281,540
Revenues in excess (deficiency) of expenditures	(59,475)	(169,342)	(22,680)	146,662
Other financing sources (uses)				
Transfers in	40,000	-	-	-
Total other financing sources (uses)	40,000	-	-	-
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	(19,475)	(169,342)	(22,680)	146,662
Fund balance, beginning	138,734	138,734	138,734	-
Fund balance, ending	\$ 119,259	\$ (30,608)	\$ 116,054	\$ 146,662

Town of Telluride, Colorado

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Charges for services	\$ 1,632,443	\$ 1,632,443	\$ 1,739,564	\$ 107,121
Tap fees	275,000	275,000	363,193	88,193
Meter sales	22,000	22,000	24,305	2,305
Penalties and interest on property taxes	1,200	1,200	2,026	826
Interest income	16,600	16,600	5,408	(11,192)
Other charges for services	63,100	63,100	48,358	(14,742)
Total revenues	<u>2,010,343</u>	<u>2,010,343</u>	<u>2,182,854</u>	<u>172,511</u>
Expenditures				
Personal services	206,360	206,360	195,619	10,741
Purchased services	369,835	369,835	404,989	(35,154)
Principal	704,880	704,880	704,880	-
Interest	500,588	500,588	500,588	-
Capital repairs and maintenance	10,000	10,000	47,753	(37,753)
Capital outlay	1,500,600	1,500,600	1,117,532	383,068
Total expenditures	<u>3,292,263</u>	<u>3,292,263</u>	<u>2,971,361</u>	<u>320,902</u>
Operating income (loss)	(1,281,920)	(1,281,920)	(788,507)	(148,391)
Non-operating Revenues and Expenses				
Property taxes	638,262	638,262	634,159	(4,103)
Specific ownership taxes	28,000	28,000	28,778	778
Interest rebate	106,326	106,326	109,446	3,120
Treasurer's Fees	(12,300)	(12,300)	(12,725)	425
Transfers in	540,000	540,000	540,000	-
Transfers out	(378,247)	(378,247)	(378,247)	-
Total non-operating revenues (expenses)	<u>922,041</u>	<u>922,041</u>	<u>921,411</u>	<u>220</u>
Net Income - Budgetary Basis	<u>\$ (1,281,920)</u>	<u>\$ (1,281,920)</u>	132,904	<u>\$ 493,413</u>
Adjustments to GAAP basis				
Principal payments on debt			704,880	
Capital outlay			1,117,532	
Depreciation expense			(894,711)	
Net income - GAAP Basis			<u>1,060,605</u>	
Net position, beginning			<u>11,920,542</u>	
Net position, ending			<u>\$ 12,981,147</u>	

Town of Telluride, Colorado

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Charges for services	\$ 1,878,963	\$ 1,878,962	\$ 1,974,834	\$ 95,872
Tap fees	350,000	350,000	664,199	314,199
Mountain Village Metropolitan District	1,256,545	1,256,545	560,211	(696,334)
Other revenues	45,000	45,000	36,931	(8,069)
Total revenues	<u>3,530,508</u>	<u>3,530,507</u>	<u>3,236,175</u>	<u>(294,332)</u>
Expenses				
Personal services	518,180	518,180	563,647	(45,467)
Purchased services	1,188,075	642,075	793,255	(151,180)
Capital outlay	2,454,500	3,117,100	1,674,050	1,443,050
Debt service principal	190,000	190,000	-	190,000
Debt service interest	357,256	357,256	80,581	276,675
Total expenses	<u>4,708,011</u>	<u>4,824,611</u>	<u>3,111,533</u>	<u>1,713,078</u>
Operating income (loss)	(1,177,503)	(1,294,104)	124,642	(2,007,410)
Non-operating Revenues and Expenses				
Bond proceeds	6,670,075	7,593,825	7,400,000	(193,825)
Premium on bonds	-	-	517,862	517,862
Grant proceeds	-	250,000	250,000	-
Bond issuance costs	-	(324,033)	(324,033)	-
Transfers in	-	2,000,000	2,000,000	-
Transfers out	(378,247)	(378,247)	(378,247)	-
Total non-operating revenues (expenses)	<u>6,291,828</u>	<u>9,141,545</u>	<u>9,465,582</u>	<u>324,037</u>
Net income - Budgetary Basis	<u>\$ (1,177,503)</u>	<u>\$ (1,294,104)</u>	<u>9,590,224</u>	<u>\$ 1,418,746</u>
Adjustments to GAAP basis				
Bond proceeds			(7,400,000)	
Bond principal			-	
Proceeds from bond premium			(517,862)	
Capital outlay			1,674,050	
Depreciation expense			(451,298)	
Net income (loss) - GAAP Basis			<u>2,895,114</u>	
Net position, beginning			6,706,616	
Net position, ending			<u>\$ 9,601,730</u>	

Town of Telluride, Colorado

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Operating Revenues				
Charges for services	\$ 814,416	\$ 814,416	\$ 362,178	\$ (452,238)
Total revenues	<u>814,416</u>	<u>814,416</u>	<u>362,178</u>	<u>(452,238)</u>
Operating Expenses				
Costs of sales and service	174,575	174,575	125,808	48,767
Capital repairs and outlay	-	186,000	188,587	(2,587)
Debt service				
Principal	234,000	234,000	234,000	-
Interest	175,258	175,258	175,258	-
Total expenses	<u>583,833</u>	<u>769,833</u>	<u>723,653</u>	<u>46,180</u>
Operating income (loss)	<u>230,583</u>	<u>44,583</u>	<u>(361,475)</u>	<u>(406,058)</u>
Non-operating Revenues and Expenses				
Debt proceeds	-	208,321	-	(208,321)
Investment earnings	-	-	1,089	1,089
Gain on sale of assets	-	-	1,713,099	1,713,099
Capital asset transfer	-	-	(66,847)	(66,847)
Transfers in	100,000	1,600,000	2,993,780	1,393,780
Transfers out	-	-	(5,017,307)	(5,017,307)
Total non-operating revenues (expenses)	<u>100,000</u>	<u>1,808,321</u>	<u>(376,186)</u>	<u>(2,184,507)</u>
Change in net position -budgetary basis	<u>\$ 330,583</u>	<u>\$ 1,852,904</u>	<u>(737,661)</u>	<u>\$ (2,590,565)</u>
Adjustments to GAAP basis				
Principal payment on debt			234,000	
Depreciation expense			(524,202)	
Net income - GAAP basis			<u>(1,027,863)</u>	
Net position, beginning			5,493,788	
Prior period adjustment			99,277	
Net position, beginning restated			<u>5,593,065</u>	
Net position, ending			<u>\$ 4,565,202</u>	

Town of Telluride, Colorado

GENERAL FUND AND RELATED SUB-FUNDS
COMBINING BALANCE SHEET

December 31, 2020

	General	Transportation	Total
ASSETS			
Cash	\$ 9,055,210	\$ -	\$ 9,055,210
Investments	12,511,304	-	12,511,304
Receivables			
Taxes	782,988	-	782,988
Accounts	94,730	-	94,730
Intergovernmental	223,557	7,049	230,606
Due from other funds	-	78,598	78,598
Total assets	<u>22,667,789</u>	<u>85,647</u>	<u>22,753,436</u>
LIABILITIES			
Accounts payable	642,853	9,084	651,937
Deposits	560,433	-	560,433
Unearned revenue	276,854	-	276,854
Due to other funds	13,497,469	-	13,497,469
Total liabilities	<u>14,977,609</u>	<u>9,084</u>	<u>14,986,693</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - property taxes	782,988	-	782,988
Total deferred inflows of resources	<u>782,988</u>	<u>-</u>	<u>782,988</u>
FUND BALANCE			
Restricted			
Emergency	990,000	-	990,000
Assigned			
Transportation	-	76,563	76,563
Unassigned	5,917,192	-	5,917,192
Total fund balance	<u>\$ 6,907,192</u>	<u>\$ 76,563</u>	<u>\$ 6,983,755</u>

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

Year Ended December 31, 2020

	General Fund				Transportation Fund				Favorable (Unfavorable) Variance	Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual			
Revenues										
Taxes										
Sales taxes	\$ 6,627,816	\$ 6,811,388	\$ 5,671,523	\$ (1,139,865)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,671,523
Use taxes	445,445	445,445	405,088	(40,357)	-	-	-	-	-	405,088
Motor vehicle use taxes	253,000	253,000	293,545	40,545	-	-	-	-	-	293,545
Property taxes	751,870	751,870	623,316	(128,554)	-	-	-	-	-	623,316
Specific ownership tax	29,600	29,600	34,129	4,529	-	-	-	-	-	34,129
Penalties and interest on property tax	1,375	1,375	2,092	717	-	-	-	-	-	2,092
Franchise tax	270,000	270,000	264,398	(5,602)	-	-	-	-	-	264,398
Festival attendance tax	248,561	248,561	140	(248,421)	-	-	-	-	-	140
Occupation tax	2,000	2,000	1,683	(317)	-	-	-	-	-	1,683
	8,629,667	8,813,239	7,295,914	(1,517,325)	-	-	-	-	-	7,295,914
Licenses and permits										
Business licenses	505,750	535,250	441,161	(94,089)	-	-	-	-	-	441,161
Building licenses and permits	242,000	265,000	296,397	31,397	-	-	-	-	-	296,397
Other	143,278	143,278	85,191	(58,087)	-	-	-	-	-	85,191
	891,028	943,528	822,749	(120,779)	-	-	-	-	-	822,749
Intergovernmental										
State and federal										
Mineral leasing	26,500	26,500	1,564	(24,936)	-	-	-	-	-	1,564
Highway users	68,807	68,807	64,453	(4,354)	-	-	-	-	-	64,453
Tobacco tax	14,000	14,000	15,445	1,445	-	-	-	-	-	15,445
Motor vehicle licenses	8,000	8,000	9,892	1,892	-	-	-	-	-	9,892
Other	-	426,982	312,365	(114,617)	-	256,400	146,155	-	-	458,520
County										
Highway and streets	298,350	298,350	296,538	(1,812)	-	-	-	-	-	296,538
Other	4,000	4,000	1,948	(2,052)	158,636	158,636	158,638	2	2	160,586
	419,657	846,639	702,205	(144,434)	158,636	415,036	304,793	2	2	1,006,998
Charges for services										
General government	684,000	684,000	714,708	30,708	-	-	-	-	-	714,708
Public works	13,500	13,500	17,798	4,298	-	-	-	-	-	17,798
Parks and recreation fees	415,965	415,965	281,364	(134,601)	-	-	-	-	-	281,364
	1,113,465	1,113,465	1,013,870	(99,595)	-	-	-	-	-	1,013,870
Fines and forfeitures	94,300	94,300	113,847	19,547	-	-	-	-	-	113,847
Investment earnings	157,240	157,240	86,784	(70,456)	-	-	-	-	-	86,784
Miscellaneous	20,491	46,791	92,405	45,614	-	-	-	-	-	92,405
Total Revenues	11,325,848	12,015,202	10,127,774	(1,887,428)	158,636	415,036	304,793	2	2	10,432,567

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, 2020

	General Fund			Transportation Fund			Favorable (Unfavorable) Variance	Actual
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual		
Expenditures								
General government								
Council	256,536	250,382	196,288	-	-	-	-	196,288
Court	44,430	44,258	43,143	-	-	-	-	43,143
Manager	384,820	401,652	373,976	-	-	-	-	373,976
Finance	503,455	508,878	497,036	-	-	-	-	497,036
Town attorney	378,000	378,420	377,875	-	-	-	-	377,875
Clerk	341,470	354,938	313,300	-	-	-	-	313,300
Planning	237,910	236,534	169,380	-	-	-	-	169,380
Building division	342,860	344,181	332,597	-	-	-	-	332,597
General services	953,700	1,338,431	1,122,228	-	-	-	-	1,122,228
Administrative services	471,070	375,824	354,416	-	-	-	-	354,416
Building maintenance	254,200	316,200	286,651	-	-	-	-	286,651
Community support	311,780	311,780	311,780	-	-	-	-	311,780
Contract services	505,087	581,131	556,655	-	-	-	-	556,655
Salary reserve	17,510	56,019	56,221	-	-	-	-	56,221
	5,002,828	5,498,628	4,991,546	-	-	-	-	4,991,546
Public safety								
Law enforcement	1,871,765	1,903,972	1,735,999	-	-	-	-	1,735,999
Public works								
Roads and utility	1,104,790	1,103,500	1,062,790	-	-	-	-	1,062,790
Administration and engineering	553,000	563,258	550,370	-	-	-	-	550,370
	1,657,790	1,666,758	1,613,160	-	-	-	-	1,613,160
Culture and recreation								
Parks	864,215	863,355	701,717	-	-	-	-	701,717
Historic preservation	203,680	202,579	187,898	-	-	-	-	187,898
Recreation	1,073,365	1,072,161	875,361	-	-	-	-	875,361
CASE	230,000	230,000	222,663	-	-	-	-	222,663
	2,371,260	2,368,095	1,987,639	-	-	-	-	1,987,639
Transportation	-	-	-	948,700	948,700	789,260	159,440	789,260
Total expenditures	10,903,643	11,437,453	10,328,344	948,700	948,700	789,260	159,440	11,117,604
Excess of revenue over (under) expenditures	422,205	577,749	(200,570)	(778,319)	(533,664)	(484,467)	159,442	(685,037)

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, 2020

	General Fund			Transportation Fund			Favorable (Unfavorable) Variance	Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget		
Other Financing sources (uses)								
Transfers in	1,363,448	1,363,448	1,361,226	(2,222)	901,106	644,706	-	2,005,932
Transfers out	(1,742,166)	(1,767,828)	(27,458)	1,740,370	(111,042)	(111,042)	-	(138,500)
Total other financing sources (uses)	(378,718)	(404,380)	1,333,768	1,738,148	790,064	533,664	-	1,867,432
Net change in fund balance	43,487	173,369	1,133,198	959,829	-	49,197	159,442	1,182,395
Fund balance beginning	5,773,994	5,773,994	5,773,994	-	27,366	27,366	-	5,801,360
Fund balance, ending	\$ 5,817,481	\$ 5,947,363	\$ 6,907,192	\$ 959,829	\$ 27,366	\$ 76,563	\$ 159,442	\$ 6,983,755

Town of Telluride

THA FUND
COMBINING BALANCE SHEET

December 31, 2020

	Shandoka	Virginia Placer	Total
ASSETS			
Cash and cash equivalents	3,112,930	\$ 261,416	\$ 3,374,346
Receivables			
Trade	12,513	14,548	27,061
Restricted cash and investments	1,423,264	1,269	1,424,533
Capital assets:			
Non-depreciable			
Land	4,413,000	-	4,413,000
Depreciable, net of accumulated depreciation			
Buildings	11,265,003	8,627,001	19,892,004
Equipment	220,279	-	220,279
Infrastructure	207,269	-	207,269
Accumulated depreciation	(6,228,792)	(751,115)	(6,979,907)
Net capital assets	9,876,759	7,875,886	17,752,645
Total assets	14,425,466	8,153,119	22,578,585
LIABILITIES			
Accounts payable	35,420	7,861	43,281
Due to (from) other funds	3,671,814	(508,496)	3,163,318
Security deposits	203,461	56,405	259,866
Unearned revenue	2,834	-	2,834
Accrued interest payable	62,116	-	62,116
Accrued compensated absences	21,006	817	21,823
Noncurrent liabilities			
Due within one year	366,000	260,000	626,000
Due after one year	5,816,000	7,727,000	13,543,000
Total liabilities	10,178,651	7,543,587	17,722,238
NET POSITION			
Net investment in capital assets	3,694,759	(111,114)	3,583,645
Restricted for debt service	1,423,264	1,269	1,424,533
Unrestricted (deficit)	(871,207)	719,377	(151,830)
	\$ 4,246,816	\$ 609,532	\$ 4,856,348

Town of Telluride

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET TO ACTUAL - THA FUND

Year Ended December 31, 2020

	Shandoka Fund			Virginia Placer Fund			Total Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	Original Budget	Final Budget	
Operating Revenues							
Charges for sales and services	\$ 1,864,958	\$ 1,861,203	\$ 1,908,998	\$ 47,795	\$ 496,374	\$ 526,388	\$ 474,217
Miscellaneous	53,470	74,270	79,957	5,687	3,400	3,400	2,120
Total operating revenue	1,918,428	1,935,473	1,988,955	53,482	499,774	529,788	476,337
Operating Expenses							
Costs of sales and service	1,001,306	1,009,306	999,794	9,512	140,651	150,881	148,530
Capital outlay	210,000	210,000	125,629	84,371	20,000	20,000	-
Debt service:							
Principal	388,825	388,825	388,825	-	252,000	252,000	252,000
Interest	352,028	352,028	353,128	(1,100)	265,444	265,444	265,444
Total operating expenses	1,952,159	1,960,159	1,867,376	92,783	678,095	688,825	665,974
Operating income (loss)	(33,731)	(24,686)	121,579	146,265	(178,321)	(159,037)	(189,637)
Non-operating Revenues (Expenses)							
Investment earnings	38,000	38,000	14,411	(23,589)	-	-	351
Transfers in	-	-	-	-	82,763	200,000	200,000
Transfers out	(241,808)	(259,045)	(259,045)	-	-	-	-
Total non-operating revenues (expenses)	(203,808)	(221,045)	(244,634)	(23,589)	82,763	200,000	200,351
Change in net position - budgetary basis	\$ (237,539)	\$ (245,731)	\$ (123,055)	\$ 122,676	\$ (95,558)	\$ 40,963	\$ 10,714
Capital outlay							
Depreciation expense			125,629				
Debt service principal			(362,395)				(287,567)
Change in Net Position - GAAP Basis			388,825				252,000
Net Position, beginning of year			29,004				(24,853)
Net Position, end of year			4,217,812				634,385
			\$ 4,246,816				\$ 609,532
							\$ 4,856,348

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Telleride
		YEAR ENDING : December 2020
This Information From The Records Of (example - City of _ or County of	Prepared By: Phone:	Kailey Ranta (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
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	272,025
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	923,883
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	149,643
2. General fund appropriations	1,571,910	b. Snow and ice removal	265,698
3. Other local imposts (from page 2)	305,638	c. Other	
4. Miscellaneous local receipts (from page 2)	10,376	d. Total (a. through c.)	415,341
5. Transfers from toll facilities		4. General administration & miscellaneous	203,636
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	147,386
a. Bonds - Original Issues		6. Total (1 through 5)	1,962,271
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	1,887,925	b. Redemption	0
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	74,346	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,962,271	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	1,962,271

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

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	1,962,271	1,962,271	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2020	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	0	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	10,376
1. Sales Taxes	(25,029)	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	296,538	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	34,129	g. Other Misc. Receipts	
6. Total (1. through 5.)	305,638	h. Other	
c. Total (a. + b.)	305,638	i. Total (a. through h.)	10,376
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	64,453	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	9,892	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	9,892	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	74,345	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		272,025	272,025
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		0	272,025
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	272,025
			(Carry forward to page 1)
Notes and Comments:			